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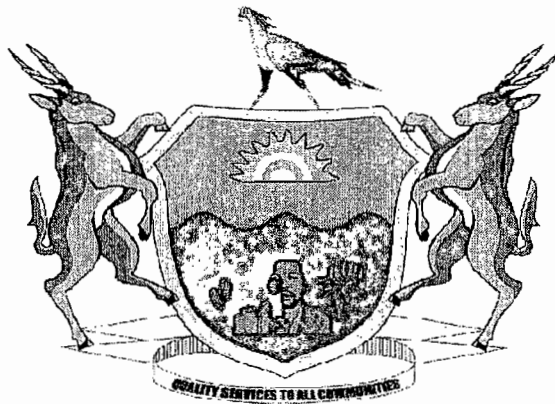
**LOCAL AUTHORITY NOTICES**

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No. 71

**KING SABATA DALINDYEBO  
LOCAL MUNICIPALITY****LOCAL AUTHORITY NOTICE - CREDIT CONTROL AND DEBT  
COLLECTION BY-LAW**

**KING SABATA DALINDYEBO Local Municipality hereby makes  
the following By-law in terms of section 98(1) of the Local  
Government: Municipal Systems Act no. 32 of 2000.**



**TO REGULATE CUSTOMER CARE MANAGEMENT,  
CREDIT CONTROL AND DEBT COLLECTION POLICIES**

**APPROVED: 29 MAY 2010**

KING SABATA DALINDYEBO LOCAL MUNICIPALITY  
 DRAFT BY-LAW TO REGULATE CUSTOMER CARE MANAGEMENT, CREDIT CONTROL  
 AND DEBT COLLECTION  
 (25 MARCH 2010)



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**KING SABATA DALINDYEBO LOCAL MUNICIPALITY PRINCIPLES AND BY-LAW 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 by-law 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 by-law, by-laws that give effect to the by-law, Supervisory authority and Implementing authority, respectively.

**1.2 Scope Of The By-Law**

- (a) This By-law applies to all administrations within the defined boundaries of the King Sabata Dalindyebo Local Municipality and all debtors of these administrations.
- (b) The Credit Control & Debt Collection by-law as approved by Council, has been enshrined in a Municipal by-law in terms of the Local Government: Municipal System Act No. 32 of 2000 and such By-law will be binding on the public, officials and Councilors of the Local Municipality of King Sabata Dalindyebo and no interference in the process will be permitted.

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- (c) The By-law is applicable until such time as it is reviewed and any revisions to the By-law approved by Council.
- (d) All acts performed in terms of the above approved By-law, will not be invalidated due to the timing differences between approval and promulgation.
- (e) All acts performed as mentioned in the previous paragraph will be ratified with the promulgation of the Municipal By-Law.

### **1.3. Objective Of The By-Law**

The objective of this by-law is to:

- (a) Focus on all outstanding debt as raised on the debtor's account.
- (b) Provide for a common credit control, debt collection and indigent By-law throughout the King Sabata Dalindyebo Municipality.
- (c) Facilitate implementation of this By-law throughout the King Sabata Dalindyebo Local Municipality.
- (d) Promote a culture of good payment habits amongst King Sabata Dalindyebo Local Municipality debtors and instill a sense of responsibility towards the payment of municipal accounts and reduction of municipal debt.
- (e) To ensure that the Council of King Sabata Dalindyebo Local Municipality uses innovative, cost effective, efficient and appropriate methods to collect as much of the debt in the shortest possible time without any interference in the process; and
- (f) To ensure that KSD effectively and efficiently deal with defaulters in accordance with the terms and conditions of this By-law.

## **2. DEFINITIONS**

In this by-law 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-

**"Account"** means an account rendered specifying charges for municipal services provided by the municipality, or any authorised and contracted service provider, and which account may include assessment rates levies;

**"Arrangement"** means a written agreement entered into between the municipality and the debtor where specific repayment parameters are agreed to, and where necessary are subject to the National Credit Act.

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

**"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.

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**"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.

**"Consolidated account"** means an account which is a consolidation of any separate accounts of a person who is liable for payment to the municipality.

**"Council"** means the Council of the King Sabata Dalindyebo Municipality.

**"Customer"** means the occupier of any premises to which the municipality has agreed to supply or is actually supplying municipal services, or if no occupier can be identified or located, 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 who owes arrears to the municipality.

**"Delivery date"** shall mean the date on which the periodic account is delivered to the consumer or 3 days after the date the account was posted, whichever is the first.

**"Due date"** in relation to -

- (a) rates due in respect of any immovable property, means:-
  - (i) the thirtieth (30<sup>th</sup>) day of September of the financial year for which such rate is made, in the case where rates are levied on an annual basis;
  - (ii) the date for payment indicated on the account, in the case where rates are levied on a monthly basis; or
  - (iii) any other date determined by Council in terms of a public notice in the Provincial Gazette, and
- (b) service charges due in respect of any immovable property, means the date for payment indicated on the account, provided that the due date for refuse charges means the thirtieth (30<sup>th</sup>) day of September in the case where refuse charges are levied annually; and



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(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 By-law for the provision of services from the municipality; and
  - (ii) who makes application for indigent support in terms of Council's Indigent Support By-law 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 Bylaw.

**"Indigent Support By-law"** means the Indigent Support By-law adopted by the Council of the municipality.

**"Interest"** means the charge levied on arrears, calculated as the prime rate, charged by the bank which holds the municipality's primary bank account, plus one percent or such other percentage as may be 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 by-law.

**"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 King Sabata Dalindyebo 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 Manager"** means the Municipal Manager of the King Sabata Dalindyebo 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.

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**"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.

**"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, and which is situated within the area of jurisdiction of the municipality.
- (c) A register held by a tribal authority.

**"Prescribed"** means prescribed by this by-law 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 a municipal rate on property envisaged in section 229 (1) of the Constitution.

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"**Refuse charges**" means service charges in respect of the collection and disposal of refuse.

"**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 by-law 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 by-law.

"**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 Mayor of the municipality or his or her nominee, acting in terms of Section 99 of the Municipal Systems Act 32 of 2000.

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

"**Tariff By-law**" means a Tariff By-law 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 of credit management in the municipality are: -

1. The administrative integrity of the municipality must be maintained at all times.
2. This by-law must have the full support of Councillors.
3. Councillors must have full knowledge of the implementation and enforcement of the by-law.
4. The Executive Mayor oversees and monitors the implementation and enforcement of this by-law.
5. The Municipal Manager implements and enforces this by-law.
6. The Municipal Manager may delegate the implementation and enforcement of this by-law to the Chief Financial Officer who may in turn delegate duties and responsibilities in terms of this by-law to the Manager Income.
7. Consumers must be informed of the contents of this by-law.
8. Consumers must apply for services from the municipality by the completion of the prescribed application form.

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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.
14. It shall be the duty of all consumers to ensure that they have the correct information regarding all due amounts.

**4. SUPERVISORY AUTHORITY**

- (1) The Executive Mayor oversees and monitors -
  - (a) The implementation and enforcement of the municipality's credit control and debt collection by-law.
  - (b) The performance of the Municipal Manager in implementing the credit control and debt collection by-law.
- (2) The Executive Mayor shall at least once a year cause an evaluation or review of the credit control and debt collection by-law 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 by-law.
- (3) The Executive Mayor shall submit a report to Council regarding the implementation of the credit control and debt collection by-law at such intervals as Council may determine.

**5. IMPLEMENTING AUTHORITY**

- (1) The Municipal Manager:-
  - (a) Implements and enforces the credit control and debt collection by-law.
  - (b) Is accountable to the Executive Mayor for the enforcement of the by-law and shall submit a report to the Executive Mayor regarding the implementation and enforcement of the credit control and debt collection by-law 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.

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- (d) Where necessary make recommendations to the Executive Mayor 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 by-law, and the general exercise of his powers in terms of this by-law.
- (4) The Manager Income shall be accountable to the Chief Financial Officer for the sections of this by-law 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 Mayor) 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.

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#### 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 (included as annexure "A") 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 on an attorney / client basis;
  - (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.

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- (12) No rates clearance certificate will be provided to a new owner of any property unless the agreement is signed by the new owner.

#### **8. DEPOSITS AND GUARANTEES**

- (1) On application for the provision of municipal services the consumer deposit prescribed by council shall be paid.
- (2) A guarantee in lieu of a deposit will 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 annually and may be increased or decreased upon written notice to consumers. The deposit will be the equivalent of 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) If the chief financial officer intends increasing the minimum deposit payable by the owner, then he or she shall, in the aforesaid notice, state full reasons for the increase, and allow the owner an opportunity to make written representations in this regard.
- (8) An aggrieved owner may, within a period of 21 (twenty one) days of having been notified of an increase in the minimum deposit payable, lodge an appeal against the decision of the chief financial officer with the municipal manager.
- (9) The municipal manager shall, in his or her capacity as the appeal authority, consider the appeal, and confirm, vary or revoke the decision of the chief financial officer, within a reasonable period.
- (10) The chief financial officer may, in respect of business premises, accept an irrevocable bank guarantee in lieu of a deposit.

#### **9. ACCOUNTS AND BILLING**

- (1) The municipality shall provide all customers with a monthly consolidated account for municipal service rendered, which account shall be generated on a monthly basis in cycles of approximately thirty (30) days.

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- (2) The monthly consolidated account can include property rates charges, in which case they shall comply with section 27 of the Municipal Property Rates Act No. 6 of 2004.
- (3) All accounts rendered by the municipality shall be payable on the due date.
- (4) Account balances which remain unpaid 30 days after the due date shall attract interest on arrears, irrespective of the reasons for non-payment.
- (5) All accounts are payable as above regardless of the fact that the customer has not received the account, the onus being on the customer to obtain a copy of the account before the due date.

**10. RATES AND REFUSE CHARGES**

- (1) Rates and refuse charges shall be billed annually or monthly, as agreed by the municipality with the customer.
- (2) Property rates and refuse charges which are levied annually shall be billed in terms of the July account of each year.
- (3) Property rates and refuse charges which are levied on a monthly basis shall be billed in terms of monthly accounts.
- (4) The tariffs to calculate property rates and refuse charges are determined annually, approved by Council and contained in the tariff book produced by the municipality.

**11. ELECTRICITY CHARGES**

- (1) The provisions of this by-law, in respect of the supply of electricity to a customer, shall constitute the payment conditions of the municipality as licensee, contemplated in section 21(5) of the Electricity Regulation Act No. 4 of 2006.
- (2) Service charges in respect of electricity shall be determined in accordance with metered consumption.
- (3) Monthly accounts shall be rendered for electricity consumption and the customer shall effect payment thereof by the due date.
- (4) The tariffs to calculate the electricity charges are determined annually, approved by Council and contained in the tariff book prepared and kept by the municipality.

**12. FIRE LEVY**

- (1) Owners and occupiers shall be charged a fire levy, as determined annually, approved by Council and contained in the tariff book prepared and kept by the municipality.
- (2) The fire levy shall be charged monthly in terms of the consolidated account produced by the municipality.



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- (3) The municipality may enter into service level agreements with neighbouring municipalities to allow for the recovery of costs for the provision of fire prevention and fire fighting services to these municipalities.

**13. SUNDRY DEBTOR ACCOUNTS**

- (1) Sundry debtor accounts may be rendered by the municipality from time to time.
- (2) Any sundry debtor account shall be included in the monthly consolidated account produced by the municipality.

**14. FINAL ACCOUNTS**

- (1) Upon receipt of a customer's application for the termination of municipal services, the municipality shall –
- (a) take final readings in respect of metered municipal services;
- (b) prepare and render a final account;
- (c) appropriate the consumer deposit for the reduction or settlement of any outstanding amount owed by the customer; and
- (d) return the consumer deposit to the customer in the event that no amount is owed to the municipality.

**15. METERING OF MUNICIPAL SERVICES**

- (1) The municipality may introduce various metering equipment and may encourage consumers to convert to a system which is preferred by the Council when Council considers this to be beneficial to its functioning and operations.
- (2) Council's preferred metering system to measure electricity is the prepayment electricity metering system for domestic consumers and for certain businesses.
- (3) Electricity consumption is measured with credit and prepayment electricity meters.
- (4) The following applies to the reading of credit meters: -
- (a) Credit electricity meters are read at in cycles of approximately 30 days.
- (b) If for any reason the credit electricity meters cannot be read, the municipality will render an account based on estimated consumption.
- (c) The account based on estimated consumption will be adjusted in the subsequent account based on the actual consumption.
- (d) The consumer is responsible to ensure access to metering equipment for the purpose of obtaining meter readings for billing purposes.

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- (e) Consumers can, for reasons of non-accessibility to their properties by meter readers, provide the municipality with monthly meter readings for billing purposes, provided that an audit reading can be obtained by the municipality once every six months and provided that a final reading can be obtained should the consumer vacate the property.
  - (f) If any calculation, reading or metering error is discovered in respect of any account rendered to a consumer-
    - (i) the error shall be corrected in the subsequent account,
    - (ii) any such correction shall only apply in respect of an account for a period of three years preceding the date on which the error in the account was discovered,
    - (iii) the correction shall be based on the tariffs applicable during the period, and
    - (iv) the application of this section shall not prevent a consumer from claiming overpayment for any longer period where the consumer is able to prove the claim in a court of law.
  - (g) When a consumer vacates a property and a final reading of the meter is not possible, an estimation of the consumption may be made and the final account rendered accordingly.
- (5) The following applies to prepayment metering: -
- (a) Prepayment electricity is purchased at prepayment vending points for consumption after the date of purchase.
  - (b) Amounts tendered for the purchase of prepayment electricity will not be refunded after the prepayment meter voucher has been produced.
  - (c) On request of the consumer copies of the previous prepayment meter vouchers will be produced.
  - (d) Credits remaining in the prepayment meter will not be refunded when a premises is vacated by a consumer.
  - (e) The municipality shall not be liable for the reinstatement of credit in a prepayment meter due to tampering with, or the incorrect use or the abuse of prepayment meters.
  - (f) The Municipal Manager at his sole discretion after considering aspects such as security and consumer considerations may appoint vendors for the sale of prepaid electricity but does not guarantee the continued operation of any vendor.
  - (g) The municipality may apply all the debt collection functions available on the prepayment system to collect all arrear debt on the account of the debtor.

**16. PAYMENT OF ACCOUNTS**

- (1) All accounts rendered by the municipality are due and payable on the due date.

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- (2) All payments, whether made by cash, stop order, electronic payments or payments made through agents must be received by the municipality by the close of business on the due date. Cheques will not be accepted as payment of an account except in the case of rates and service charges (all other payments must be made by a bank guarantee cheque). 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.
- (7) An official receipt issued by the municipality will be the only proof of payments made.

**17. INTEREST ON ARREAR DEBT**

- (1) Account balances which remain unpaid after the due date shall attract interest irrespective of the reason for non-payment.
- (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).
  - (f) The first 30 days after delivery date for all service arrears.
- (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) No 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, provided the installment is paid in full by the due date.

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#### **18. 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.

#### **19. LIMITATION, DISCONNECTION OR DISCONTINUATION OF SUPPLY**

- (1) An account rendered to a customer by the municipality in respect of rates or municipal services, including the collection and disposal of refuse, shall be paid by the due date.
- (2) If the customer fails to pay any account within a period of fourteen (14) days after the expiry of the due date, then -
  - (a) without further notice, the municipality may limit, disconnect or discontinue the supply of electricity or water to the immovable property in question; and
  - (b) the chief financial officer or any duly authorised person may instruct attorneys to recover the outstanding amounts owed.
- (3) The limitation, disconnection or discontinuation of the supply of electricity or water shall be effected in the manner that is customarily used or by taking such reasonable and lawful steps as may be necessary.
- (4) Any disbursements or charges incurred or raised in respect of the limitation, disconnection or discontinuation of the supply of electricity or water shall be paid by the customer.
- (5) The municipality must permit the customer to make representations prior to the limitation, disconnection or discontinuation of the supply of water, unless -
  - (a) other users will be prejudiced;
  - (b) there is an emergency situation; or

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- (c) the customer has interfered with a limited, disconnected or discontinued water supply.
- (6) The limitation, disconnection or discontinuation of the supply of water shall not result in a customer being denied access to basic water services for non-payment, where the customer proves, to the satisfaction of the municipality, that he or she is unable to pay for basic water services.
- (7) If a customer unlawfully reconnects or attempts to reconnect a supply of electricity or water that has been limited, disconnected or discontinued, then -
- (a) the municipality may disconnect or discontinue the supply entirely by removing the service connection from the premises; and
- (b) any disbursements, penalties or reconnection charges, together with any outstanding amounts owed in respect of rates or municipal services, must be paid in full before a reconnection can be made.
- (8) Subject to the provisions of this by-law, the chief financial officer or any person duly authorised thereto may enter into an arrangement with a defaulter for the payment of an outstanding account, in which event -
- (a) payment may be made by way of instalments, provided that these shall be effected in terms of debit orders; and
- (b) the normal supply of electricity and water to the premises shall be resumed.
- (9) In the case of an indigent debtor, when the account of such indigent debtor is outstanding and his or her electricity or water supply has been limited, disconnected or discontinued, the chief financial officer or any person duly authorised thereto may enter into an arrangement in terms of which the indigent debtor effects immediate payment of at least five percent (5%) of the outstanding amount and pays the balance over a period of twenty four (24) months.
- (10) Any defaulter who enters into a bona fide arrangement with the municipality for the settlement of arrears, and who fails to honour the terms of such arrangement, shall not be allowed to enter into any further arrangement with the municipality.
- (11) In the case of a customer where the supply of electricity or water has been limited, disconnected or discontinued at least twice during the preceding period of twelve (12) months, the municipality may review the amount of the consumer deposit required from such customer.'

**20. RECOVERY OF RATES FROM OWNERS, TENANTS, OCCUPIERS AND AGENTS**

- (1) The municipality may utilise the procedures prescribed in terms of section 19 to recover rates arrears from the owner of immovable property.

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- (2) Any limitation, disconnection or discontinuation of the electricity or water supply, for the purposes of sub-section (1), shall be effected subject to the requirements contained in section 19.
- (3) Alternatively to sub-section (1), above, the municipality may recover rates arrears in whole or in part from a tenant or occupier of the immovable property, despite any contractual obligation to the contrary on the tenant or occupier. The municipality may recover an amount only after the municipality has served a written notice on the tenant or occupier.'
- (4) The amount the municipality may recover from the tenant or occupier of a property is limited to the amount of rent or other money due and payable, but not yet paid, by the tenant or occupier to the owner of the property.
- (5) Any amount the municipality recovers from the tenant or occupier of the property must be set off by the tenant or occupier against any money owed by the tenant or occupier to the owner.
- (6) The tenant or occupier of a property must, on request by the municipality, furnish the municipality with a written statement specifying all payments to be made by the tenant or occupier to the owner of the property for rent or other money payable on the property during a period determined by the municipality.
- (7) The municipality may, despite the Estate Agents Affairs Act 1976, recover the amount due for rates on a property in whole or in part from the agent of the owner, if this is more convenient for the municipality.
- (8) The municipality may recover the amount due for rates from the agent of the owner only after it has served a written notice on the agent.
- (9) The amount the municipality may recover from the agent is limited to the amount of any rent or other money received by the agent on behalf of the owner, less any commission due to the agent.
- (10) The agent must, on request by the municipality, furnish the municipality with a written statement specifying all payments for rent on the property and any other money received by the agent on behalf of the owner during a period determined by the municipality.
- (11) The municipality must provide an owner of a property in its jurisdiction with copies of accounts sent to the occupier of the property for municipal services supplied to the property if the owner requests such accounts in writing from the municipality.

## 21. DEBT COLLECTION

- (1) Handover of debt to debt collectors
  - (a) Debt that could not be collected by the disconnection of electricity supply to a property, as well as being blocked from the purchase of prepayment electricity, and that are 60 days old may be handed over to debt collectors.

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- (b) Handover to debt collectors is a pre-legal action and if the debt collectors are unsuccessful in collecting the debt, the debt may be handed over to attorneys for legal collection.
  - (c) Only the Municipal Manager will hand debt over to attorneys for legal collection.
  - (d) The following types of debt will be handed over to the debt collectors: -
    - (i) Debt that is 60 days and older.
    - (ii) The amount of the debt per debtor to be handed over is the amount that will be determined from time to time.
    - (iii) Debt for which no payment arrangements were made.
  - (e) The following types of debt will not be handed over to debt collectors.
    - (i) Debts of indigent debtors that are registered as indigent at the date of handover.
    - (ii) Government debt.
    - (iii) Debt that is being paid off as per an arrangement with the debtor.
    - (iv) debt that has not been under a query for more than two months.
  - (f) The process of collecting debt by debt collectors includes: -
    - (i) The phoning of debtors.
    - (ii) Sending out demand letters.
    - (iii) Making arrangements with debtors to payoff debt in terms of the Council's credit control and debt collection by-law.
    - (iv) Making follow-up contact with debtors on unpaid arrangements.
- (2) Handover of debt to Attorneys for legal collection
- (a) Debt that could not be collected by the debt collectors and debt that requires urgent legal attention will be handed over to attorneys for legal collection.
  - (b) The following types of debt will be handed over to attorneys: -
    - (i) Debt that is 90 days and older.
    - (ii) The amount of the debt per debtor to be handed over is the amount that will be determined from time to time.
    - (iii) Debt for which no payment arrangements were made.

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- (c) The following types of debt will not be handed over to attorneys:-
- (i) Debt of approved indigent debtors that has not yet been written off by the council.
  - (ii) Debt that is being paid off as per an arrangement with the debtor.
  - (iii) A debt that has not been under a query for more than two months.
- (d) The process of legal collection includes:-
- (i) Final demands for payment to debtors.
  - (ii) Emolument attachment orders on debtor's salaries.
  - (iii) Summons issued for debt to be paid.
  - (iv) Default judgment be obtained against the debtor.
  - (v) The attachment of moveable properties and sale in execution of moveable property
  - (vi) The attachment of immovable property and the sale of immovable property.
- (3) Withholding or offsetting grants-in-aid.
- (a) The municipality provides annual grants-in-Aid to Institutions on application. If an institution is in arrear with its services account, then the municipality will withhold the grant-in-aid or the grant-in-aid will be off set against the arrear debt with the municipality.
- (4) Section 118 of the Local Government: Municipal Systems Act No 32 of 2000.
- (a) 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.
- (b) 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.
- (c) 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: -
- (i) 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.



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(ii) 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.

(iii) 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.

(5) Other debt collection methods

(a) The debt collection methods mentioned in the paragraphs 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.

(6) Debt Collection Costs

(a) Any costs, which include collection costs, charges, disbursements and legal costs relating to any of the debt collection methods applied to collect the debt will be debited to the account of the defaulting debtor.

**22. ARRANGEMENTS TO PAY ARREAR DEBT**

(1) Arrangements to Pay Outstanding and Due Amounts in Consecutive Installments - Residential Households

(a) 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 necessitate that innovative ideas be implemented to encourage consumers to payoff 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.

(b) 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.

(c) 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:-

(i) The outstanding balance, costs and any interest thereon shall be paid in regular and consecutive monthly installments;

(ii) The current monthly amount must be paid in full; and

(iii) The written agreement has to be signed on behalf of the Municipality by a duly authorised officer.

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- (iv) The agreement will be compliant with the requirements of the National Credit Act.
- (d) 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.
- (e) The municipality may from time to time introduce incentive schemes to improve the debt collection rate.
- (f) A consumer who cannot pay their arrear debt may enter into an arrangement to pay the account over an extended period of time.
- (g) During the time of the debt collection process, but before the debt is handed over to the attorneys a consumer may enter into an arrangement to payoff arrear debt.
- (h) No arrangements will be entertained by attorneys on a debt that has been handed over for legal collection.
- (i) The municipality will entertain only one arrangement with a consumer to payoff arrear debt. Failure to abide by the arrangement will result in that:-
- (i) the arrangement shall be terminated with immediate effect; and
- (ii) the outstanding balance shall immediately become due and payable;
- (j) The consumer by signing the arrangement agreement to payoff arrear debt acknowledges the following: -
- (i) The debt is owed to the municipality.
- (ii) That on default of the arrangement agreement, interest on arrears will be charged on the amount due, electricity supply will be disconnected to the property of the consumer or the consumer will be blocked from the purchase of electricity on the prepayment system, and legal proceedings will be instituted to collect the debt.
- (iii) That the consumer will be liable for all costs, which includes legal costs on an attorney client basis incurred to collect the debt.
- (2) Arrangements by businesses
- (a) At the date of the arrangement a minimum of 50% of the capital arrear debt must be paid immediately.
- (b) After the payment of 50% of the capital arrear debt, 50% of the interest accumulated will be written off from the provision for bad debt.

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- (c) The balance of the debt which includes the capital amount and interest must be paid over a 6 to 12 month period on an interest free basis provided payments are made monthly by the due date.
  - (d) The total monthly installment must include the current monthly charges plus the amount to payoff arrear debt.
  - (e) Arrangement by businesses to payoff 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.
  - (g) Any arrangement outside of the foregoing must be approved by the Municipal Manager. This function cannot be delegated.
- (3) Family Bereavements
- (a) In the case of a family bereavement where electricity is disconnected the municipality will reconnect the power supply immediately.
  - (b) The head of the family must make the necessary arrangements for reconnection of the power supply with the municipality.
  - (c) After the funeral the municipality will allow two weeks for the full settlement of the electricity account.
  - (d) If the electricity account is not settled in full within two weeks after the funeral the municipality shall disconnect the electricity and recovery action as outlined in this by-law shall commence.

**23. 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 By-law 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 expiry of six months being registered 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.

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- (5) Where applicable, indigent consumers must have their credit electricity meters converted to prepayment electricity meters.
- (6) Indigent consumers with credit electricity meters are required to pay their current monthly account, which is the amount after the indigent subsidy has been deducted, every month by the due date, until the conversion to a prepaid meter has been made.

**24. 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.

**25. 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 by-law by council.
- (3) The repayment period for both Councillors and staff is not to exceed twelve (12) months.
- (4) All agreements with Councillors must not exceed the expiry date of the term of office.

**26. ADMINISTRATION ORDERS - PAYMENT OF ARREARS**

- (1) On notification that the an order for administration in terms of s74 of the Magistrates Court Act, 1944 order has been granted, Council will manage the debt that is part of the administration order separately to the current account.
- (2) 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.

**27. 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 by-law to formalise the processes for writing off such debts.

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#### **28. 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.
- (3) A person who has an existing arrangement with the municipality for the payment of arrears shall be exempted from (1) and (2) to the extent of the arrears.

#### **29. PRIMA FACIE EVIDENCE**

- (1) A certificate endorsed by the municipal manager, reflecting the amount due and payable to the municipality, shall upon mere production thereof be accepted by any court of law as prima facie evidence of the indebtedness reflected therein.

#### **30. OFFENCES AND PENALTIES**

- (1) Any person who -
  - (a) fails to give the access required by a duly authorised representative of the municipality in terms of this by-law;
  - (b) obstructs or hinders a duly authorised representative of the municipality in the exercise of his or her powers or performance of functions or duties in terms of this by-law;
  - (c) unlawfully uses or interferes with municipal equipment or the consumption of services supplied to any customer;
  - (d) tampers with or breaks any seal on a meter or on any equipment belonging to the municipality, or causes a meter not to register properly the service used;
  - (e) fails, or refuses, to give a duly authorised representative of the municipality such information as he or she may reasonably require for the purpose of exercising or performing his or her powers or functions in terms of this by-law, or gives such representative false or misleading information, knowing it to be false or misleading; or
  - (f) contravenes, or fails to comply with, a provision of this by-law,shall be guilty of an offence.

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- (2) Upon conviction in a court, an offender shall be liable for a fine not exceeding R60 000, or to imprisonment for a period not exceeding 12 (twelve) months, or both such a fine and imprisonment, and may be charged for consumption, as determined by the chief financial officer, and based on average monthly consumption, or as determined by resolution of the municipality from time to time.

**31. REPORTING AND PERFORMANCE MANAGEMENT**

- (1) 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 Mayor as supervisory authority in terms of section 99 of the Systems Act, read with section 1 OO( c).
- (2) The Executive Mayor as Supervisory Authority shall, at intervals of three (3) months, report to Council as contemplated in section 99(c) of the Systems Act.
- (3) 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).
- (4) Where possible, the statistics should ideally be divided into wards, business (commerce and industry), domestic, state, institutional and other such divisions.
- (5) 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.

**32. 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.

**33. 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.

**34. 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.

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### 35. HOUSING

#### (1) General Principles

- (a) Interest may be charged on all overdue accounts at an interest rate that shall be determined by Council from time to time. The interest rate shall be the Prime Bank interest rate plus 1 %.
- (b) Interest charges on arrears may be frozen subject to a rescheduled debt arrangement being consistently honoured.
- (c) A debt rescheduling arrangement requires the payment of the current account plus an acceptable amount towards the arrears each month.
- (d) The first payment of the debt should be made at the time the debt rescheduling arrangement is entered into.
- (e) If an arrangement is not honoured, the debt collection process/legal action will resume from where it was suspended and not restart at the beginning of the administrative process.
- (f) The Ward and Proportional Representative (PR) Councillors will be informed of defaulting debtors following the issuing of a Letter of Demand to and Judgement Order against the occupant.
- (g) Home visits will be undertaken by officials or representatives on behalf of Council following the issue of the Letter of Demand to the debtor and again, once a Judgement Order has been granted. The visiting official or representative will make every effort to encourage the defaulting debtor to pay his current account and enter into an arrangement for the payment of arrears.
- (h) The debtor is responsible for all legal costs and will have to pay such costs before any legal action may be stopped. An acceptable debt rescheduling agreement must also be entered into before any legal action may be stopped.
- (i) Minimum payments approved by the Municipal Manager on the advice of the Chief Financial Officer are required from the debtor prior to cessation of the legal process:
- (j) If the debtor defaults on an arrangement made on the day of eviction, a re-issued Warrant of Ejectment will be obtained and the subsequent eviction process may only be stopped if all outstanding arrears, plus any legal costs, are paid.
- (k) Once an eviction has been carried out by the Sheriff of the Court, no re-instatement of the evicted debtor will be considered.

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**(2) The Housing Collection Process**

**(a) Rental Schemes**

- (i) Rental is payable in advance by the due date.
- (ii) If payment is not received by the due date on the account, a First Contact Letter requesting payment and offering the debtor an opportunity to make an arrangement within 14 days, must be sent to the defaulting debtor.
- (iii) If no response to the First Contact Letter is received, a letter of Demand must be issued allowing the defaulter 7 days as a final opportunity to make an arrangement.
- (iv) If the debtor fails to respond to the aforesaid Letter of Demand, the legal collection process will commence and the debtor will be liable for all legal costs.
- (v) The legal collection process will commence with the issue of a letter demanding payment within a stipulated period of 10 days.
- (vi) If the debtor fails to respond within the allowed time, summons will be issued, which in turn will be followed by default judgement and ultimately, the sanction of eviction will follow.

**(b) Home-ownership Schemes**

- (i) Applies to existing schemes as new schemes can not be legally entered into - refer MFMA section 164 (1) (c)
- (ii) Loan instalments and other housing charges are payable by the due date.
- (iii) If payment is not received by the due date, a First Contact Letter must be served on the debtor requesting payment and offering the debtor an opportunity to make an arrangement for payment within 14 days from the date of such letter.
- (iv) If there is no response to the First Contact Letter, a Letter of Demand must be issued, allowing the defaulter 7 days as a final opportunity to make an arrangement for payment.
- (v) If the debtor fails to respond to this notice, the legal collection process will commence and the debtor will be responsible for all legal costs incurred by the Council.
- (vi) If the amount due on the day of eviction is not paid, repossession of the property will take place and arrangements must be made for resale of the property.

**36. POWER OF ENTRY AND INSPECTION**

- (1) For any purpose related to the implementation or enforcement of this by-law, and at all reasonable times, or in an emergency, a duly authorised representative of the municipality may enter premises, request information and carry out such inspection or examination, as he or she may deem necessary -



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- (a) with regard to the installation or repair of any meter or service connection or reticulation;  
or
  - (b) so as to limit, discontinue, disconnect or reconnect the provision of any service.
- (2) If the municipality considers it necessary that work be performed to enable the aforesaid authorised representative to perform a function referred to in subsection (1) properly and effectively, then it may –
- (a) by written notice require the owner or occupier of the premises, at his or her own expense, to do specific work within a specified period; or
  - (b) if, in its reasonable opinion, the situation is a matter of urgency, then the municipality may do such work, or cause it to be done, at the expense of the owner or occupier, and without written notice.
- (3) If the work referred to in subsection (2)(b) above is carried out for the sole purpose of establishing whether a contravention of this by-law has been committed, and no such contravention has taken place, then the municipality shall bear the expense connected therewith, together with the expense of restoring the premises to its former condition.

### **37. NOTICES**

- (4) A notice or document issued by the municipality in terms of this by-law shall be deemed to be duly issued if signed by a duly authorised representative of the municipality.
- (5) If a notice is to be served on a person in terms of this by-law then such service shall be effected by -
- (a) delivering the notice to him or her personally, or to his or her duly authorised agent;
  - (b) delivering the notice at his or her residence or place of employment, to a person apparently not less than 16 (sixteen) years of age, and apparently residing or employed there;
  - (c) if he or she has nominated an address for legal purposes, delivering the notice to such an address;
  - (d) registered or certified post, addressed to his or her last known address;
  - (e) in the case of a body corporate, delivering it to the registered office or the business premises of such a body corporate; or
  - (f) if service cannot be effected in terms of the foregoing subsections, by affixing it to the principal door of entry to the premises or displaying it in a conspicuous place on the property to which it relates.

### **38. REGULATIONS**

- (1) The municipality may make regulations regarding –
- (a) any matter required, or permitted, to be prescribed in terms of this by-law; and

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- (b) generally, all matters which, in the reasonable opinion of the municipality, are necessary, or expedient, to be prescribed, in order to achieve the objects of this by-law.

**39. REPEAL OF BY-LAWS**

- (1) Any by-laws relating to credit control and debt collection adopted by the municipality or any erstwhile municipal council now comprising an administrative unit of the municipality shall be repealed from the date of promulgation of this by-law.

**40. PUBLICATION OF BY-LAW**

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

**41. APPLICATION OF THE BY-LAW**

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

**42. IMPLEMENTATION AND REVIEW OF THIS BY-LAW**

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

# **KING SABATA DALINDYEBO MUNICIPALITY**

## **PROPERTY RATES BY-LAW**

**(29 MAY 2010)**

**FOR IMPLEMENTATION ON 1 JULY 2010**

**No. 72****KING SABATA DALINDYEBO LOCAL MUNICIPALITY  
PROPERTY RATES BY-LAW**

The Municipal Manager of King Sabata Dalindyebo Local Municipality hereby, in terms of Section 6 of the Local Government: Municipal Property Rates Act, 2004 (No. 6 of 2004), publishes the Property Rates By-law for the King Sabata Dalindyebo Local Municipality, as approved by its Council as set out hereunder.

**PURPOSE OF BY-LAW**

To allow Council to exercise its power to value and impose rates on immovable properties located within its area of jurisdiction in such a manner that it will contribute to effective and economic service delivery to the entire community.

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**1. Definitions**

- 1.1 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 and unless the context indicates otherwise-
- 1.2 **"Act"**, means the Local Government: Municipal Property Rates Act, 2004 (Act No. 6 of 2004);
- 1.3 **"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;
- 1.4 **"Agricultural purpose"**, in relation to the use of a property, excludes the use of a property for the purpose of eco-tourism or for the trading in or hunting of game;
- 1.5 **"Annually"**, means once every financial year;
- 1.6 **"Bona fide farmers"**, is a person that is fulltime farmer and if such land is used *bona fide* and exclusively by the owner or occupier for agricultural purposes;
- 1.7 **"Building Allotment"**, means a property located in the rural area and described in the Deeds Office Records as Building Allotment;
- 1.8 **"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;

**1.9 “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;

**1.10 “Council”** means the highest legislative body of the King Sabata Dalindyebo 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 No. 117 of 1998);

**1.11 “Date of valuation”, for the purposes of a general valuation**, means the date to be determined by the municipality, which date may not be more than 12 months before the start of the financial year in which the valuation roll is to be first implemented;

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

**1.13 “Effective date”-**

(a) in relation to a valuation roll, means the date on which the valuation roll takes effect, in terms of section 32 (1) of the Act, or

(b) in relation to a supplementary valuation roll, means the date on which a supplementary valuation roll takes effect and in terms of section 78 (b);

**1.14 “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;

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

**1.16 “Garden Allotment”**, means a property located in the rural area and described in the Deeds Office Records as Garden Allotment;

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

(a) acquired the property through -

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

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

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

(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;

**1.18 “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);

**1.19 “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;

**1.20 “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;

**1.21 “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;

**1.22 “MEC for local Government”**, means the member of the Executive Council of the Eastern Cape who is responsible for local government in the Eastern Cape

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

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

**1.25 “Municipality”**, means the King Sabata Dalindyebo Local Municipality;

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

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

**1.28 “Newly rateable property”**, means any rateable property on which property rates were not levied before the end of the financial year preceding the date on which the Property Rates Act took effect, excluding -

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

**1.29 “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;

**1.30 “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;
- (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;

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

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

**1.32 “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.

**1.33 “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;

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

**1.35 “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;

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

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

- (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;

**1.38 “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) rights of way, easements or servitudes in connection with infrastructure mentioned in paragraphs (a) to (i)

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

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

**1.41 “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;

**1.42 “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;

**1.43 “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 vacant land irrespective of its zoning or intended use.

**1.44 “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.

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

**1.46 “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;

**1.47 “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);

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

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

## **2. Principles**

**2.1** Rates will be levied in accordance with the Act as a rate in the rand based on the market value of all rateable property contained in the municipality's valuation roll and supplementary valuation roll.

**2.2** The municipality will differentiate between various categories of property and categories of owners of property as contemplated in clause 5 and 6 of this by-law.

**2.3** Some categories of property and categories of owners will be granted relief from rates.

**2.4** 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.

**2.5** There will be no phasing in of rates based on the new valuation roll, except as prescribed by legislation and in accordance with clause 10 of this by-law.

**2.6** The municipality's rates policy will be based on the following principles:

(a) Equity

The municipality will treat all ratepayers in a specific category, 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 or rebates.

(c) Sustainability

Rating of property will be implemented in a way that:

i. it supports sustainable local government by providing a stable and buoyant revenue source within the discretionary control of the municipality; and

ii. Supports local social economic development.

(d) Cost efficiency

Rates will be based on the value of all rateable property and will be used to fund community and subsidised services after taking into account surpluses generated on trading (water, electricity) and economic (refuse removal, sewerage disposal) services and the amounts required to finance exemptions, rebates, reductions and phasing-in of rates as approved by the municipality from time to time.

## **3. Application of By-law**

**3.1** Where this by-law contradicts national legislation, such legislation has preference over this by-law. The Municipal Manager shall bring such conflicts immediately to the attention of the municipality once he becomes aware of such conflicts and will propose changes to the municipality's by-laws to eliminate such conflicts.

**3.2** If there is any conflict between this by-law and the Property Rates policy of the municipality, this by-law will prevail.

**3.3** In imposing the rate in the rand for each annual operating budget component, the municipality shall grant exemptions, rebates and reductions to the categories of properties and categories of owners.



#### **4. Principles applicable to financing services**

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

- (a) Trading services
  - i. Electricity
- (b) Economic services
  - i. Refuse removal.
- (c) Community and subsidised services

These include all those services ordinarily being rendered by the municipality excluding those mentioned in 4.1 (a) and (b).

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

4.3 Property Rates shall not be used to subsidize trading services

4.4 Exemptions, reductions and rebates shall not unreasonably affect the revenue base of the municipality.

4.5 Property must be valued in accordance with generally recognised valuation practices, methods and standards.

4.6 If the available market-related data of any category of rateable property is not sufficient such property may be valued in accordance with any mass valuation system or technique approved by the municipality, after having considered any recommendations of its municipal valuer and as may be appropriate in the circumstances.

4.7 When valuing a property that is subject to a sectional title scheme, the valuer must determine the market value of each sectional title unit in the scheme in accordance with the Act.

#### **5. Categories of rateable properties**

5.1 Different rates may be levied in respect of the categories of rateable properties as determined by the municipality's rates policy.

5.2 Such rates will be determined on an annual basis during the compilation of the municipality's budget.

5.3 In determining the category of a property referred to in 5.1 the municipality shall take into consideration the dominant use of the property, regardless the formal zoning of the property.

5.4 Properties used for multiple purposes shall be categorised and rated as provided for in section 9 of the Act and as described in the rates policy of the municipality.

#### **6. Categories of owners**

6.1 For the purpose of granting exemptions, reductions and rebates in terms of clause 7, 8 and 9 respectively the following categories of owners of properties are determined:

- (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 as part of tariffs approved during the budget process;
- (e) Owners of properties situated in "privately owned towns" as determined by the municipality's rates policy;
- (f) Owners of agricultural properties as determined by the municipality's rates policy; and
- (g) 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.

## **7. Exemptions and Impermissible Rates**

7.1 Categories of property and categories of owners as determined by the municipality's rates policy on an annual basis will be exempted from paying rates.

7.2 Conditions determined by the rates policy will be applied accordingly.

7.3 Exemptions will automatically apply where no applications are required.

7.4 Rates may not be levied by the municipality on properties prescribed in Section 17(1) of the Municipal Property Rates Act, 2004.

7.5 Public Benefit Organisations performing a specific public benefit activity and registered in terms of the Income Tax Act, 1962 (No 58 of 1962) for tax reduction because of those activities, may apply for exemption of property rates, on conditions as determined by the municipality's rates policy.

7.6 The municipality retains the right to refuse the exemption if the details supplied in the application form were incomplete, incorrect or false.

7.7 The extent of the exemptions implemented will annually be determined by the municipality and it must be included in the annual budget.

## **8. Reductions**

8.1 Reductions as contemplated in section 15 of the Act will be considered on an *ad-hoc* basis in the event of the following:

8.1.1 Partial or total destruction of a property.

8.1.2 Disasters as defined in the Disaster Management Act, 2002 (Act No. 57 of 2002).

8.2 The following conditions shall be applicable in respect of 8.1:-

8.2.1 The owner referred to in 8.1.1 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.

8.2.2 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).

8.2.3 A maximum reduction determined by the municipality will be allowed in respect of both 8.1.1 and 8.1.2.

8.2.4 An ad-hoc reduction will not be given for a period in excess of 6 months, unless the municipality gives further extension on application.

8.2.5 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.

## **9. Rebates**

9.1 Categories of property

9.1.1 The municipality may grant rebates to categories of property as determined annually in the municipality's rates policy.

9.2 Categories of owners

9.2.1 The municipality may grant rebates to categories of owners as determined annually in the municipality's rates policy.

9.3 Conditions determined by the rates policy will be applied accordingly.

9.4 Applications for rebates must reach the municipality before the date determined by the property policy, preceding the start of the new municipal financial year for which relief is sought.

9.5 The municipality retains the right to refuse rebates if the details supplied in the application form were incomplete, incorrect or false.

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

9.7 The extent of the rebate in terms of 9.1, 9.2 and 9.6 will annually be determined by the municipality and it must be included in the annual budget.

## 10. Phasing in of rates

10.1 The rates to be levied on newly rateable property shall be phased in as explicitly provided for in section 21 of the Act.

10.2 The phasing-in discount on the properties referred to in section 21 shall be as follows:

- First year : 75% of the relevant rate;
- Second year : 50% of the relevant rate; and
- Third year : 25% of the relevant rate.

10.3 No rates shall be levied on newly rateable properties that are owned and used by organisations conducting activities that are beneficial to the public and that are registered in terms of the Income Tax Act for those activities, during the first year. The phasing-in discount on these properties shall be as indicated below:-

- First year : 100% of the relevant rate;
- Second year : 75% of the relevant rate;
- Third year : 50% of the relevant rate; and
- Fourth year : 25% of the relevant rate.

## 11. Special rating areas

11.1 The municipality shall, 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.

11.2 Before determining a special rating area, the municipality shall attend to the following matters:

- 11.2.1 Proposed boundaries of the special rating area;
- 11.2.2 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;
- 11.2.3 Proposed improvements clearly indicating the estimated costs of each individual improvement;
- 11.2.4 Proposed financing of the improvements or projects;
- 11.2.5 Priority of projects if more than one;
- 11.2.6 Social economic factors of the relevant community;
- 11.2.7 Different categories of property;
- 11.2.8 The amount of the proposed special rating;
- 11.2.9 Details regarding the implementation of the special rating;
- 11.2.10 The additional income that will be generated by means of this special rating.

11.3 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.

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

11.5 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.

11.6 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.

11.7 In determining the special additional rates the municipality shall differentiate between different categories as referred to in clause 5 of this by-law.

11.8 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.

## **12. Payment of rates**

12.1 Council may levy assessment rates: -

- (a) On a monthly basis or less regular as determined by the Municipal Finance Management Act, (No.56 of 2003) or
- (b) Annually, as agreed with the owner of the property.

12.2 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.

12.3 Interest on arrears rates, whether payable on or before 30 September or in equal monthly instalments, shall be calculated in accordance with the provisions of the credit control and debt collection policy of the municipality.

12.4 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 him/her in accordance with the provisions of the Credit Control and Debt Collection By-law of the Municipality.

12.5 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.

12.6 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.

12.7 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.

## **13. Accounts to be furnished**

13.1 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.

13.2 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.

13.3 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.

## **14. General Valuation of Rateable Property**

14.1 The municipality shall prepare a new valuation roll every 4 (four) years.

14.2 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 5 (five) years.

14.3 Supplementary valuations will be done at least on an annual basis to ensure that the valuation roll is properly maintained.

**15. Liabilities for and Recovery of Rates in Arrears**

15.1 The owner of a property shall be liable for the payment of the rates levied on the property.

15.2 Joint owners of a property shall be jointly and severally liable for payment of the rates levied on the property.

15.3 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.

15.4 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, shall jointly and severally be held responsible for settling the interim account.

15.5 Properties, which vest in the Municipality during developments, must be transferred at the cost of the developer to the Municipality. Until such time, rates levied will be for the account of the developer.

15.6 Rates Clearance Certificates will be valid until 30 June in each financial year.

**16. Differential rating**

16.1 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.

16.2 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

16.3 by way of reductions and rebates as provided for in the municipality's rates policy document.

**17. Costs of Exemptions, Rebates, Reductions and Phasing in of Rates**

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

17.2 Provisions will be made on the operating budget for: -

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

17.3 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.

**18. Local, Social and Economic Development**

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

18.2 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.

18.3 Rebates will be restricted to a percentage determined by the municipality from time to time.

**19. Register of properties**

19.1 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.

19.2 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.

19.3 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, 2004,
- 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.

19.4 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.

19.5 The municipality will update Part A of the register during the supplementary valuation process.

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

## **20. Community participation**

20.1 Before the municipality adopts the rates by-law, 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:

20.1.1 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.

20.1.2 Conspicuously display the draft rates by-law for a period of at least 30 days at the municipality's head and satellite offices and libraries and on the municipal website;

20.1.3 Advertise in the media a notice stating that the draft rates by-law has been prepared for submission to council and that such by-law is available at the various municipal offices and on the website for public inspection;

20.1.4 Property owners and interest persons may obtain a copy of the draft by-law from the municipal offices during office hours at a cost as determined annually by the municipality;

20.1.5 Property owners and interest persons may submit written comments or representations to the municipality within the specified period in the notice;

20.1.6 Council will consider all comments and/or representations received when considering the finalisation of the municipal rates policy and by-law.

20.1.7 The municipality will communicate the outcomes of the consultation process in accordance with section 17 of the Municipal Systems Act 32 of 2000.

## **21 Regular review processes**

21.1 The municipality's 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.

## **22. Short title**

This by-law is the rates by-law of the King Sabata Dalindyebo Local Municipality.

## **23. Commencement**

This by-law comes into force and effect on 1 July 2010.

No. 73

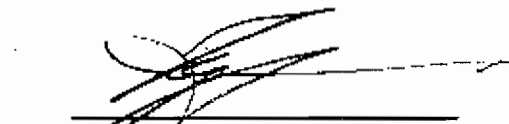


**NOTICE 25 OF 2010**

**PROMULGATION OF PROPERTY RATES TARIFFS IN THE PROVINCIAL GAZETTE**  
 The Property Rates tariffs for the year 2010/ 2011 are hereby promulgated in terms of section 14 (2) of the local government: Municipal Property Rates Act, 6 of 2004 per the Council Resolution dated 29 May 2010: -

**PROPERTY RATES TARIFFS EFFECTIVE FROM 01 JULY 2010**

<b>ASSESSMENT RATES</b>		<b>2009/ 2010</b>	<b>2010/2011</b>
General Rate			
Domestic		0.80 cents in a Rand	0.85 cents in a Rand
Business/ Commercial		1.60 cents in a Rand	1.69 cents in a Rand
Government/ Parastatals (State Owned)		2.20 cents in a Rand	2.33 cents in a Rand
Agricultural		0.80 cents in a Rand	0.85 cents in a Rand
PSI		1.60 cents in a Rand	1.69 cents in a Rand
Parking Development Rate		0.118063 cents in a Rand	0.1247926 cents in a Rand
Fire levy	Domestic	R217.80 per annum	R230.21 per annum
	Business/ Commercial	R392.04 per annum	R414.38 per annum

  
**M.M.P. TOM**  
**Municipal Manager**

Date: 08/06/2010