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LOCAL AUTHORITY NOTICES • PLAASLIKE OWERHEIDS KENNISGEWINGS

LOCAL AUTHORITY NOTICE 684 OF 2021



**EMFULENI**  
LOCAL MUNICIPALITY

Vaal River City, the Cradle of  
Human Rights

# **TARIFF POLICY**

**[2021/2022]**

**EFFECTIVE 1 JULY 2021**

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## 1. INTRODUCTION AND LEGISLATIVE REQUIREMENTS

- 1.1 In terms of section 62 (1) of the Local Government: Municipal Finance Management Act (MFMA), Act no 56 of 2003, the Accounting Officer of a Municipality is responsible for managing the financial administration of the Municipality, and must for this purpose take all reasonable steps to ensure that, inter alia, the Municipality has and implements a tariff policy referred to in section 74 of the Local Government: Municipal Systems Act (MSA), Act no 32 of 2000 as amended.
- 1.2 In terms of section 74 of the Municipal Systems Act the Municipal Council hereby adopts a tariff policy on the levying of fees for municipal services provided by the Municipality itself or by way of service delivery agreements.
- 1.3 This policy has been compiled in accordance with:-
  - 1.3.1 The Constitution of the Republic of South Africa, Act no 108 of 1996 as amended;
  - 1.3.2 Local Government: Municipal Systems Act (MSA), Act no 32 of 2000 as amended;
  - 1.3.3 Local Government: Municipal Finance Management Act (MFMA), Act no 56 of 2003;
  - 1.3.4 Local Government: Municipal Property Rates Act (MPRA), Act no 6 of 2004;
  - 1.3.5 Emfuleni Local Municipality Property Rates Policy as reviewed annually.

## 2. DEFINITIONS AND ABBREVIATIONS

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

**“Accommodation Establishments”** – consists of one or more of the following let table types of accommodation –

- (a) “Camping” (informal temporary accommodation in a unique environment) is defined by a property used for erection of tents or other temporary structures for temporary accommodation for visitors or holiday-makers, which includes ablution, cooking and other facilities that are reasonably and ordinarily related to camping , for use of such visitors, and includes a caravan park, whether publicly or privately owned, but which excludes the alienation of land on the basis of time sharing, sectional title share blocks or individual subdivision; and excludes resort accommodation or mobile homes;
- (b) “Bed and Breakfast” (accommodation in a dwelling-house or second dwelling unit for transient guests) is defined by a dwelling-house or second dwelling in which the owner of the dwelling supplies lodging and meals for compensation to transient guests who have permanent residence elsewhere; provided that the primary use of the dwelling-

- house concerned shall remain for the living accommodation of a single family;
- (c) "Guest House" (accommodation in a dwelling-house or second dwelling unit for transient guests) is defined by a dwelling-house or second dwelling which is used for the purpose of supplying lodging and meals to transient guests for compensation, in an establishment which exceeds the restrictions of a bed and breakfast establishment and may include business meetings or training sessions for resident guests;
  - (d) "Self catering Accommodation" (accommodation for non-permanent residents and transient guests) is defined by a house, cottage, chalet, bungalow, flat, studio, apartment, villa, or similar accommodation where facilities and equipment are provided for guests to cater for themselves. The facilities should be adequate to cater for the maximum advertised number of residents the facility can accommodate;
  - (e) "Self catering Apartments" (accommodation for non-permanent residents and transient guests) is defined by a building or group of buildings consisting of separate accommodation units, each incorporating a kitchen / -ette facility, and which may include other communal facilities for the use of transient guests, together with outbuildings as are normally used therewith; which are rented for residential purposes and may include holiday flats; but does not include a hotel, dwelling-house, second dwelling or group house;
  - (f) "Backpackers Accommodation" (accommodation and communal facilities in a building or free standing buildings for transient guests) is defined by a building where lodging is provided, and may incorporate cooking dining and communal facilities for the use of lodgers, together with such outbuildings as are normally used therewith and includes a building in which dormitories/rooms/beds are rented for residential purposes, youth hostel, and backpackers' lodge; but does not include a hotel, dwelling house, second dwelling or group house;
  - (g) "Boarding House" a dwelling-house or second dwelling which is used for the purpose of supplying lodging with or without meals or self catering to non permanent/permanent residents for compensation; provided that the primary use of the dwelling-house shall remain for the living accommodation of a single family;

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

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

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

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

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

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

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

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

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

**"Business and Commercial Property"** means -

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

**"By-law"** shall mean legislation passed by the council of the Municipality, and which shall be binding on the Municipality and on the persons and institutions to which it applies.

**"Calendar year"** shall mean 12 consecutive months from January to December.

**"Category"** –

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

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

**"Consumer Price Index"** shall mean the CPIX as determined and gazette from time to time by the South African Bureau of Statistics.

**"Consolidated Account"** means an account which is a consolidation of any separate accounts of a person who is liable for payment to the Municipality in line with Local Government: Municipal Systems Act, Act No. 32 of 2000, as amended.

**"Council"** means the Council of the Emfuleni Local Municipality.

**"Councillor"** shall mean a member of the Council of the Municipality.

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

**"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 customer of the Municipality.

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

**"Debt Collectors"** means an external person or entity appointed by the Municipality to collect monies due and payable to the Municipality, subject to the conditions contained herein.

**"Defaulter"** means any person who owes any arrears to the Municipality.

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

**"Domestic Customer or User"** of municipal services shall mean the person or household which municipal services are rendered in respect of "residential property" as defined below.

**"Due Date"** means the date specified as such on municipal account for any rates or services payable and which is the last date allowed for the payment of such rates or services.

**"Dwelling"** means a house designed to accommodate a single core family, including the normal outbuildings associated therewith.

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

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

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

**"Immovable Property"** also includes -

- (a) n undivided share in immovable property, and
- (b) ny 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 Customer"** "means a domestic customer qualifying and registered with the municipality as an indigent in terms of the municipality's indigent policy".

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

**"Integrated Development Plan"** shall mean a plan formulated and approved as envisaged in Section 25 of the Municipal Systems Act 2000, as amended.

**"Industrial Property"** – means property used for a branch of trade or manufacturing, production, assembly or processing of finished or partially finished products from raw materials or fabricated parts on such a large

scale that capital and labour are significantly involved, and includes any office or other accommodation on the same property, the use of which is incidental to such activity and "industrial property" has a corresponding meaning;

**"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 a percentage as may be determined by Council from time to time.

**"Local Community"** – in relation to the Municipality –

- (a) means that body of persons comprising –
- (i) the residents of the Municipality;
  - (ii) the rate payers 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; and
- (b) includes, more specifically, the poor and other deprived sections of such body of persons;

**"Market Value"** – in relation to a property, means the value of the property determined in accordance with section 46 of the Municipal Property Rates Act;

**"Month"** means one of twelve months of a calendar year.

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

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

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

**"the Municipality"** means Emfuleni Local Municipality.

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

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

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

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

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

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

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

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

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

- (a) the person in whom is vested the legal title thereto provided that:-
  - (i) the lessee of immovable property which is leased for a period of not less than thirty 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 if the Municipality is unable to determine who such person is, the person who is entitled to the beneficial use of such property.

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

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

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

**"Policy on access to free basic services"** means the Indigent Policy adopted by the Council of the Municipality;

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

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

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

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

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

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

**“Ratepayer”** shall mean a person who is liable to the Municipality for the payment of (a) rates on property in the Municipality; (b) any other tax, duty or levy imposed by the Municipality; and/or (c) fees for services provided either by the Municipality or in terms of a service delivery agreement.

**“Rates”** means a municipal rate on property envisaged in section 229 (1) of the Constitution read with the Local Government: Municipal Property Rates Act 6 of 2004 and the Local Government: Municipal Finance Act 56 of 2003.

**“Rebate”** in relation to a rate payable on a property, shall mean a discount granted in terms of Section 15 of the Municipal Property Rates Act, 2004 on the amount of the rate payable on the property.

**“Reduction”** - in respect of a rate payable on a property, means the lowering of the amount for which the property was valued and the rating of that property at that lower amount.

**“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.

**“Residential Property”** shall mean a property included in the valuation roll in terms of Section 48(2)(b) of the Municipal Property Rates Act, 2004 as residential.

**“Residential Property”** means improved property that: -

- (a) is used 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 is used for residential purposes;
- (c) is owned by a share-block company and is used for residential

- purposes;
- (d) is a residence used for residential purposes situated on a property used for educational purposes;
  - (e) is property which is included as residential in a valuation list in terms of section 48(2)(b) of the Municipal Property Rates Act;
  - (f) Is part of a retirement schemes and/or life right schemes used for residential purposes;
  - (g) Exclude Vacant (empty) stands, Hotels, or is used a guesthouses utilized for income generating purposes, hotel, and accommodation establishments, irrespective of their zoning or intended use ,and "residential property" has a corresponding meaning;

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

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

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

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

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

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

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

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

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

### 3. PURPOSE OF THE TARIFF POLICY

- 3.1 The purpose of this tariff policy is to prescribe the accounting and administrative policies and procedures relating to the determining and levying of tariffs by the Emfuleni Local Municipality.
- 3.2 The Municipality should perform the procedures set out in this policy to ensure the effective planning and management of tariffs. In setting its annual tariffs the council shall at all times take due cognizance of the tariffs applicable elsewhere in the economic region, and of the impact which its own tariffs may have on local economic development.



#### **4. SCOPE OF APPLICATION**

- 4.1 This policy applies to all tariffs charged within the defined boundaries of Emfuleni Local Municipality.

#### **5. BASIC PRINCIPLES TO BE CONSIDERED IN DETERMINATION OF A TARIFF STRUCTURE**

- 5.1 The Municipality shall take the necessary steps to ensure that its tariffs are uniformly and fairly applied throughout the municipal region.
- 5.2 Tariffs for the four major services rendered by the Municipality, namely Electricity, Water, Sewerage and Refuse Removal, shall as far as possible recover the expenses associated with the rendering of each service concerned, and where feasible, generate a modest surplus as determined in each annual budget. Such surplus shall be applied in relief of property rates or for the future capital expansion of the service concerned, or both.
- 5.3 The tariff which a particular customer or user pays shall therefore be directly related to the standard of service received and the quantity of the particular service used or consumed.
- 5.4 The Municipality shall develop, approve and at least annually review an indigent support programme for the municipal area. This programme shall set out clearly the Municipality's cost recovery policy in respect of the tariffs which it levies on registered indigents, and the implications of such policy for the tariffs which it imposes on other users and customers in the municipal region.
- 5.5 In line with the principles embodied in the Constitution and in other legislation pertaining to local government, the Municipality may differentiate between different categories of users and customers in regard to the tariffs which it levies. Such differentiation shall however at all times be reasonable and shall be fully disclosed in each annual budget.
- 5.6 The Municipality's tariff policy shall be transparent, and the extent to which there is cross subsidization between categories of customers or users shall be evident to all customers or users of the service in question.
- 5.7 The Municipality further undertakes to ensure that its tariffs shall be easily explainable and understood by all customers and users affected by the tariff policy concerned.
- 5.8 The Municipality also undertakes to render its services cost effectively in order to ensure the best possible cost of service delivery.
- 5.9 In the case of conventional metering systems for electricity and water, the consumption of such services shall be properly metered by the Municipality and meters shall be read, wherever circumstances reasonably permit, on a monthly basis. The charges levied on customers shall be proportionate to the quantity of the

service which they consume. In addition, the Municipality shall levy a monthly fixed basic charge for electricity services.

- 5.10 In adopting what is fundamentally a two-part tariff structure for electricity, namely a fixed basic charge coupled with a charge based on consumption, the Municipality believes that it is properly attending to the demands which both future expansion and variable demand cycles and other fluctuations will make on service delivery.
- 5.11 In case of vacant stands, where the services are available but not connected, the Municipality shall levy a monthly availability charge which is levied because of fixed costs such as the capital and maintenance costs and insurance of infra structure available for immediate connection.
- 5.12 The Municipality's tariffs for electricity services will be determined to ensure that those customers who are mainly responsible for peak demand, and therefore for the incurring by the Municipality of the associated demand charges from Eskom, will have to bear the costs associated with these charges. To this end the Municipality shall therefore install demand meters to measure the maximum demand of such customers during certain periods. These bulk customers shall therefore pay the relevant demand charge as well as an energy charge directly related to their actual consumption of electricity during the relevant metering period.

## **6. FACTORS TO BE CONSIDERED IN THE DETERMINATION OF A TARIFF STRUCTURE**

### **6.1 Financial Factors**

- 6.1.1 The primary purpose of a tariff structure is to recover the actual costs of the rendering of a particular service to avoid cross subsidizing of services.
- 6.1.2 In order to determine the tariffs which must be charged for the supply of the four major services, the Municipality shall identify all the costs of operation of the undertakings concerned, including specifically the following:-
- 6.1.2.1 Cost of bulk purchases in the case of water and electricity.
  - 6.1.2.2 Distribution costs.
  - 6.1.2.3 Distribution losses in the case of electricity and water.
  - 6.1.2.4 Depreciation expenses.
  - 6.1.2.5 Maintenance of infrastructure and other fixed assets.
  - 6.1.2.6 Cost of approved indigent relief measures and cross subsidizing of low consumption.
  - 6.1.2.7 Administration and service costs, including:-
    - (a) service charges levied by other departments such as finance, human resources and legal services;
    - (b) reasonable general overheads, such as the costs associated with the Office of the Municipal Manager;
    - (c) adequate contributions to the provisions for bad debts and obsolescence of stock; and

- (d) all other ordinary operating expenses associated with the service concerned including, in the case of the electricity service, the cost of providing street lighting in the municipal area.

6.1.2.8 The intended surplus to be generated for the financial year.

Surplus to be applied:-

- (a) as an appropriation to capital reserves; and/or
- (b) generally in relief of rates.

## 6.2 Socio-economic factors

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

6.2.2 Users can be divided into the following categories:-

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

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

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

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

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

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

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

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

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

6.2.4.3 Full tariff payable with a subsidy that is transferable



from sources as mentioned above.

### **6.3 Minimum service levels**

- 6.3.1 It is important that minimum service levels be determined in order to make an affordable tariff package available to all potential users.

### **6.4 Credit Control**

- 6.4.1 It is not possible to successfully compile a tariff structure without consideration of the stipulations of an effective credit control system. Income is provided for in the budget as if a 100% payment level will be maintained. It is therefore important to continuously ensure that users indeed pay punctually. No- payment has a direct effect in that provision for bad debt, in accordance with current payment levels, must be provided as expenditure in the budget.
- 6.4.2 However, it is also a fact that there are users who are unable to pay. Tariffs must therefore provide access to a minimum level of basic services for all users. It should furthermore be supplemented with a practical policy for indigents. This will ensure the sustainable delivery of services. In addition, adequate provision should be made on an annual basis for bad debt/working capital in accordance with current payment levels.

### **6.5 Package of services**

- 6.5.1 The accounts for rates and services must not be seen in isolation. It must be considered jointly to determine the most affordable amount that the different users can pay as a total account. The basic costs of a service must first of all be recovered and then only can surpluses be manipulated to determine the most economic package for the user with due allowance for future events in regard to a particular service.

### **6.6 Historical and future user patterns**

- 6.6.1 It is important to keep accurate consumption statistics for the purpose of determining tariffs. Consumption determines tendencies, which ultimately have an influence on tariffs within a structure. Provision should be made in the process for growth and seasonal use, as well as for unforeseen events that may have an impact on tariffs.

### **6.7 User groups**

- 6.7.1 Users are traditionally divided into user groups as set out below:-
- 6.7.1.1 Domestic (Residential);
  - 6.7.1.2 Businesses/ Commercial;
  - 6.7.1.3 Industries/Bulk customers;
  - 6.7.1.4 Farm properties (agricultural);
  - 6.7.1.5 Accommodation establishments (including guest houses);
  - 6.7.1.6 Municipal consumption (departmental charges);
  - 6.7.1.7 Institutions that may be directly subsidized for example retirement homes, schools, sport organizations, etcetera; and
  - 6.7.1.8 Special arrangements for specific developments as may be determined by Council from time to time.
- 6.7.2 A continuous effort should be made to group together those users who have more or less the same access to a specific service.

## **7. FREE BASIC SERVICES**

- 7.1 Free basic municipal services refers to those municipal services necessary to ensure an acceptable and reasonable quality of life and which service, if not provided, could endanger public health or safety or the environment.
- 7.2 In terms of the South African Constitution all customers should have access to basic services. Currently, the free basic services provided to the domestic customers within the Emfuleni Local Municipality are as follows: -
- 7.2.1 The extent of the monthly indigent support granted to indigent households must be based on budgetary allocations for a particular financial year and the tariffs determined for each financial year.
  - 7.2.2 The general threshold for indigent support is restricted to qualifying households with a combined income amount determined by Council at the beginning of every financial year and will be applied for the duration of that particular financial year.
  - 7.2.3 The Municipality recognizes the following rates and service charges for indigent support:-
    - 7.2.3.1 Electricity;
    - 7.2.3.2 Water;
    - 7.2.3.3 Refuse Removal;
    - 7.2.3.4 Sewerage;
    - 7.2.3.5 Property Rates; and
    - 7.2.3.6 Indigent Burials.

## **8. TARIFF STRUCTURES FOR VARIOUS SERVICES**

- 8.1 It is essential that a compromise be reached between the following needs with the determination of a tariff structure: -
- 8.1.1 The need to reflect costs as accurately as possible in order to achieve cost effectiveness;
  - 8.1.2 The need to ensure equality and fairness between user groups;
  - 8.1.3 The need for a practically implementable tariff;
  - 8.1.4 The need to use appropriate metering and provisioning technology;
  - 8.1.5 The need for an understandable tariff; and
  - 8.1.6 The user's ability to pay.
- 8.2 Taking into consideration the abovementioned points the tariff structure of the following services are discussed:-
- 8.2.1 Electricity.
  - 8.2.2 Water.
  - 8.2.3 Refuse Removal.
  - 8.2.4 Sewerage.
  - 8.2.5 Property Rates.
- 8.3 Electricity
- 8.3.1 To calculate the tariff for electricity, the actual cost incurred in the supply of electricity to the community, has to be taken into consideration. The principle of basic levies as well as a per unit tariff for electricity is determined by the cost structure. This cost structure consists of the following components:-
- 8.3.1.1 Fixed costs: It represents that portion of expenses that must be incurred irrespective of the fact whether or not any electricity has been sold, for example the salary of staff who have been appointed permanently with specific tasks relating to the provision of electricity, costs of capital and insurance that is payable in respect of the infra structure. These costs must be recovered whether any electricity is used or not. The costs are therefore, recovered by means of a fixed levy per period (normally as a monthly basic charge) in order to ensure that these costs are covered.
  - 8.3.1.2 Variable costs: It relates to the physical provision of electricity according to consumption/ demand and must be financed by means of a unit tariff which is payable per kWh/KVA electricity consumed.
  - 8.3.1.3 Profit taking: The tariffs for these services are determined in such a way that a NETT trading surplus is realized. Any trading surplus is used to subsidize the tariffs of rate funded services.
- 8.3.2 The following tariff structures were basically used for the determination of tariffs:-

- 8.3.2.1 Inclining block tariff (IBT) tariff structure (Residential, Business and Commercial with prepaid electricity meters) where customer's consumption is divided into blocks and each subsequent block has a higher energy rate (c/kWh). The tariff structure has been set by NERSA in order to protect/ cross- subsidize low income domestic customers and to promote energy efficiency.
- 8.3.2.2 Single rate energy tariff (all costs expressed in a single cent/kWh charge).
- 8.3.2.3 Three part tariff for Residential, Business and Commercial Customers (consist of a basic monthly charge, capacity charge and a variable charge related to meter kWh consumption):-
- Energy rate (c/kWh) based on time of use
  - Basic monthly charge (R/month)
  - Capacity (ampere) charge (R/month)
- 8.3.2.4 Four part tariff for Bulk Customers (consist of a basic monthly charge, access charge, demand charge and a variable charge related to metered kWh consumption):-
- Energy rate (c/kWh) based on time of use
  - Basic monthly charge (R/month)
  - Access charge (R/kVA)
  - Demand charge (R/kVA)
- 8.3.2.5 Special tariff arrangements determined and approved by Council from time to time for specific developments and/or informal settlements.
- 8.3.3 An availability fee will be charged on properties not connected to the electricity network should it be available to that property. This fee aims to recoup capital and maintenance costs in respect of such properties. If the owner connects the service with the intention to improve the property, the debit will be adjusted pro-rata from the date of the connection.

## **8.4 Water**

- 8.4.1 Water is a scarce commodity with little alternatives available (contrary to electricity). Tariff structures should therefore be aimed at the reduction of consumption. In order to restrict consumption, an inclining block rate tariff structure with a basic fee is applied. In principle, the amount that users pay for water services should generally be in proportion to their use of water services. Tariffs must be set at levels that facilitate the sustainability of the service.
- 8.4.2 To calculate the tariff for water, the actual cost incurred in the supply of water to the community, has to be taken into consideration. The principle of basic levies as well as a kiloliter tariff for water is determined by the cost structure.
- 8.4.3 Similar to electricity, this cost structure consists of the following components:-

- 8.4.3.1 Fixed costs: It represents that portion of expenses that must be incurred irrespective of the fact whether or not any water has been sold, for example the salary of staff who have been appointed permanently with specific tasks relating to the provision of water, costs of capital and insurance that is payable in respect of the infra structure. These costs must be recovered whether any water is used or not. The costs are therefore recovered by means of a unit tariff which is payable per kiloliter water consumed in order to ensure that these costs are covered.
- 8.4.3.2 Variable costs: It relates to the physical provision of water according to demand and must be financed by means of a unit tariff which is payable per kiloliter water consumed.
- 8.4.3.3 Profit taking: The tariffs for these services are determined in such a way that a NETT trading surplus is realized. Any trading surplus is used to subsidize the tariffs of rate funded services.
- 8.4.4 The following tariff structures were basically used for the determination of tariffs:-
- 8.4.4.1 On water consumption for users with pre-paid and conventional meters.
- 8.4.4.2 A fixed tariff per month for users with no meters.
- 8.4.4.3 An availability fee will be charged on users and/or properties not connected to the water network, should it be available. This fee aims to recoup capital and maintenance costs of networks as well as certain fixed administrative costs in respect of such properties. If the owner connects and improve the property the debit will be adjusted pro-rata from the date of the connection.
- 8.4.4.4 Special tariff arrangements determined and approved by Council from time to time for specific developments and/or informal settlements.

## **8.5 Refuse Removal**

- 8.5.1 Refuse removal is an economic service and tariff calculations should be based on the actual cost incurred in delivering the service.
- 8.5.2 A customer who chooses to do his/her own refuse removal will still be liable for paying the applicable refuse tariff.
- 8.5.3 The tariff levied by Emfuleni Local Municipality is based on the category of property as determined in the valuation roll.
- 8.5.4 The following tariff structures were basically used for the determination of tariffs:-

- 8.5.4.1 Residential (domestic customers) – maximum of one removal per week.
- 8.5.4.2 Flats/ Town Houses/ Duet Houses – maximum of one removal per week.
- 8.5.4.3 Business/ Commercial/ Industrial (Non – Bulk) – maximum of two removals per week.
- 8.5.4.4 Business/ Commercial/ Industrial (Bulk) – Individual arrangements.
- 8.5.4.5 Special tariff arrangements determined and approved by Council from time to time for specific developments and/or informal settlements.

## **8.6 Sewerage**

- 8.6.1 Sewer service is an economic service and tariff calculations should be based on the actual cost incurred in delivering the service.
- 8.6.2 The following tariff structures were basically used for the determination of tariffs:-
  - 8.6.2.1 The tariff levied for sewer charges is based on a fixed rate and also on the size of the property or buildings and in the case of residential property category additional charges will be based on the water consumed.
  - 8.6.2.2.3 Special tariff arrangements determined and approved by Council from time to time for specific developments and/or informal settlements.

## **8.7 Property Rates**

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

to Council for approval as part of the budget process.

## 9. ELECTRICITY TARIFF POLICY

Electricity is supplied under a distribution license, granted by NERSA for a specific area of jurisdiction, which regulates inter alia the following aspects:-

- a. Classification of customer categories.
- b. Permissible tariff structure options are determined at a national level and distributors are obliged to apply these structures to obtain uniformity.
- c. All tariff structures and tariffs must be approved by NERSA prior to application thereof by a distributor.

### 9.1 Residential (Domestic) Customers

#### 9.1.1 Customers with Conventional or prepaid Meters

9.1.1.1 Customers with conventional meters are billed as follow:-

- (a) An availability charge is payable on all properties, where a connection to the electricity network is possible, but not in use.
- (b) Energy rate (c/kWh).

The energy rate is charged on a tariff per unit based on the number of kWh consumed within a specific period, at an inclining block tariff per unit based on the number of kWh purchased, which is determined as follows:-

- Energy High Demand – Winter (June to Aug)
- Energy Low Demand – Summer (Sept to May)
  - Block 1: 1 to 50 kWh
  - Block 2: 51 to 350 kWh
  - Block 3: 351 to 600 kWh
  - Block 4: >600 kWh

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

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



## 9.2 Accommodation Establishments

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

### 9.2.1 Customers with Conventional Meters

9.2.1.1 Customers with conventional meters are billed as follow:-

- (a) An availability charge is payable on all properties, where a connection to the electricity network is possible, but not in use.
- (b) Energy rate (c/kWh). The energy rate is charged on a tariff per unit based on the number of kWh consumed within a specific period which is determined as follows:-
  - Energy High Demand – Winter (June to Aug)
  - Energy Low Demand – Summer (Sept to May)

## 9.3 Commercial/ Business Customers

This tariff covers the supply of electricity to shops, office buildings, hotels, clubs, industrial undertakings, builder's supplies or similar premises.

### 9.3.1 Customers with Conventional or prepaid Meters

9.3.1.1 Customers with conventional meters are billed as follow:-

- (a) An availability charge is payable on all properties, where a connection to the electricity network is possible, but not in use.
- (b) Energy rate (c/kWh).

The energy rate is charged on a tariff per unit based on the number of kWh consumed within a specific period, which is determined as follows:-

  - Energy High Demand – Winter (June to Aug)
  - Energy Low Demand – Summer (Sept to May)

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



## **9.4 Bulk Customers**

9.4.1 These customers are billed as follow:-

9.4.1.1 Three part tariff.

- (a) Fixed monthly charge (R/month).
- (b) Demand charge (R/kVA month).
- (c) Energy rate (c/kWh). The energy rate is charged on a tariff per unit based on the number of kWh consumed within a specific period which is determined as follows:-
  - Energy High Demand – Winter (June to Aug)
  - Energy Low Demand – Summer (Sept to May)

## **9.5 Streetlights**

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

## **9.6 Special Arrangements**

9.6.1 Other tariffs may be applicable which has been determined by the Manager: Electricity or Council by special agreement with specific Clients. This will only be considered when special circumstances prevail.

## **9.7 Departmental**

9.7.1 The respective Commercial and Bulk Supply tariffs will be applicable to all municipal buildings, pump stations, waste water works, water treatment works, etc.

## **9.8 Electricity Sundry Tariffs**

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

# **10. WATER TARIFF POLICY**

## **10.1 Domestic (Non/Un-Metered)**

10.1.1 Customers are billed at a fixed amount per month as determined by Council.

## **10.2 Domestic /Accommodation Establishments (Metered)**

10.2.1 Customers are billed as follow:-

10.2.1.1 If approved by Council an availability charge is

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

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

10.2.1.3 Customers are billed for consumption based on the amount of water used by way of a step or block incline tariff per kilolitre usage.

### **10.3 Business/ Commercial/ Industrial**

10.3.1 Customers are billed as follow:-

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

10.3.1.2 Customers are billed for consumption based on the amount of water used by way of a step tariff per kilolitre usage or other fixed tariffs as determined by Council.

### **10.4 Special Arrangements**

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

### **10.5 Water Sundry Tariffs**

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

## **11. REFUSE TARIFF POLICY**

### **11.1 Refuse Removal Tariffs**

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

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

11.1.1.2 Flats – maximum of one removal per week.

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

11.1.1.4 Accommodation Establishments - maximum of one removal per week.

11.1.1.5 Business/ Commercial/ Industrial (Non – Bulk) – maximum of two removals per week.

- Businesses situated in residential areas will only be serviced once a week.
- 11.1.1.6 Business/ Commercial/ Industrial (Bulk) – Individual arrangements.
- 11.1.1.7 Special tariff arrangements determined and approved by Council from time to time for specific developments and/or informal settlements.

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

## **11.2 Special Arrangements**

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

## **11.3 Refuse Removal Sundry Tariffs**

11.3.1 The tariffs are charged at a tariff as determined by the Council annually during the budget process.

## **12. SEWERAGE TARIFF POLICY**

### **12.1 Domestic /Accommodation Establishments**

12.1.1 Customers are billed as follow:-

- 12.1.1.1 An availability charge is payable on all properties, where a connection to the sewerage reticulation network is possible, but not in use.
- 12.1.1.2 An additional charge for sewer based on the water consumed.
- 12.1.1.3 Registered Indigents receive an amount of sewerage fully subsidized every month, as determined by Council on an annual basis.

### **12.2 Business/ Commercial/ Industrial**

12.2.1 Customers are billed as follow:-

- 12.2.1.1 An availability charge is payable on all properties, where a connection to the sewerage reticulation network is possible, but not in use.
- 12.2.1.2 An additional sewer charge for sewer charges based on a fixed rate or on the size of the property or buildings.

### **12.3 Special Arrangements**

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

### **12.4 Sewerage Sundry Tariffs**

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

## **13. PROPERTY TAX POLICY**

### **13.1 Property Tax Tariffs**

13.1.1 Property rates are levied as determined by Council from time to time and is covered in the Property Rates Policy and Bylaw of the Emfuleni Local Municipality.

### **13.2 Property Tax Sundry Tariffs**

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

## **14. SUNDRY TARIFFS**

14.1 Various sundry tariffs are applied to recoup costs of sundry services to the public. All such tariffs are based on cost of supply, but individual tariffs may be set at:-  
14.1.1 Subsidized levels;  
14.1.2 Levels reflecting actual cost; or  
14.1.3 Levels producing surpluses.

14.2 The level at which the Council sets a sundry service tariff, takes into account factors such as:-

- 14.2.1 Affordability;
- 14.2.2 Socio-economic circumstances;
- 14.2.3 Utilization of amenities and resources;
- 14.2.4 National and regional agreements and provisions; and
- 14.2.5 Any other factors influencing such decisions.

14.3 Sundry tariffs and structures will be revised at least once a year, during the annual budgeting process.

## **15. REBATES, EXEMPTIONS AND REDUCTIONS**

Any rebates, exemptions and reductions must be approved by Council.

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

- 16.1 This policy shall be implemented 1 July 2021 once approved by Council.
- 16.2 In terms of section 17(3)(e) of the Municipal Finance Management Act this policy must be reviewed on annual basis and the reviewed policy tabled to Council for approval as part of the budget process.

DRAFT

LOCAL AUTHORITY NOTICE 685 OF 2021



**EMFULENI**  
LOCAL MUNICIPALITY

Vaal River City, the Cradle of Human Rights

# PROPERTY RATES POLICY

***EFFECTIVE 1 JULY 2021***

Section 3 of Local Government: Municipal Property Rates Act,  
No. 6 of 2004, as amended (2014)

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## PREAMBLE

**WHEREAS** the Constitution of the Republic of South Africa, 1996 empowers the Council to impose rates on property in their Municipal area;

**AND WHEREAS** section 3 of the Local Government: Municipal Property Rates Act, 2004 (No 6 of 2004) determines that the council of a municipality must adopt a rates policy in accordance to the determination of the Act;

**AND WHEREAS** the Council must, in terms of section 5(1) of the Act, annually review, and may, if necessary, amend the rates policy;

**AND WHEREAS** this policy does not contain all provisions of the Local Government: Municipal Property Rates Act, 2004 (Act No. 6 of 2004) but lists the key provisions that the municipality deems necessary for ratepayers to be aware of so that they fully understand rating issues that will affect them and must therefore be read in conjunction with, and is subject to the stipulations of the Local Government: Municipal Property Rates Act, 2004 (Act No. 6 of 2004) and any regulation promulgated in terms thereof from time to time;

**NOW THEREFORE** the following policy on the levying of property tax is adopted.

## SECTION A

### 1. INTRODUCTION

The Local Government: Municipal Property Rates Act (2004) requires Municipalities to develop and adopt rates policies in consistent with the Act on the levying of rates on rateable property in the municipality. All inputs or representations received on the draft policy of Emfuleni Local Municipality where considered in drafting the final policy.

The municipality needs a reliable source of revenue to provide basic services and perform its functions. Property rates are the most important source of general revenue for the municipality. Revenue from property rates is used to fund services that benefit the community as a whole as opposed to individual households. These include for example installing and



maintaining streets, roads, sidewalks, lighting, and storm drainage facilities; and building and operating clinics, parks, recreational facilities and cemeteries. Property rates revenue is also used to fund municipal administration, such as computer equipment and stationery, and costs of governance, such as council and community meetings, which facilitate community participation on issues of Integrated Development Plans (IDPs) and municipal budgets.

Municipal property rates are set, collected, and used locally. Revenue from property rates is spent within a municipality, where the citizens and voters have a voice in decisions on how the revenue is spent as part of the Integrated Development Plans (IDPs) and budget processes, which a municipality invites communities to input prior municipal council adoption of the budget.

## **2. OBJECTIVE**

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

- The Constitution enjoins local government to be developmental in nature, in addressing the service delivery priorities of our country and promoting the economic and financial viability of our municipalities;
- There is a need to provide local government with access to a sufficient and buoyant source of revenue necessary to fulfill its developmental responsibilities;
- Revenues derived from property rates represent a critical source of income for municipalities to achieve their constitutional objectives, especially in areas neglected in the past because of racially discriminatory legislation and practices; and
- It is essential that municipalities exercise their power to impose rates within a statutory framework which enhances certainty, uniformity and

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

- In applying its rates policy, the Council shall adhere to all the requirements of the Act including any regulations promulgated in terms of the Act.

The objective of this policy is also to ensure that:

- All persons liable for property rates are treated fairly, equitably and reasonably;
- Rates are levied in accordance with the market value of the property;
- That rate will be based on the value of all rateable property and the amount required by the municipality to fulfill its developmental responsibility as well as to balance the operational budget, taking into account the surplus obtained from the trading and economical services and the amounts required to cover the costs of exemptions, reductions and rebates which the Council approves from time to time;
- Income from rates will be used to finance community and subsidized services and not trading or economical services and
- To optimally safeguard the income base of the municipality through exemptions, reductions and rebates which are reasonable and affordable.

### 3. DEFINITIONS

'Act' means the Local Government: Municipal Property Rates Act, 2004 (Act No.6 of 2004) and includes the regulations made in terms of Section 83 of the Act;

'**Agricultural property**' means property that is used primarily for agricultural purposes but, without derogating from Section 9, excludes any portion thereof that is used commercially for the hospitality of guests and excludes the use of property for the purpose of eco-tourism or for the trading in or hunting of game;

**‘Agricultural Purposes’** means a property used by a person that conducts farming activities on an agricultural property or properties which is used *bona fide* and exclusively by the owner or occupier for agricultural purposes and “bona fide farming” has a corresponding meaning; **‘Business and commercial property’** means:

- (a) Property used for the activity of buying, selling or trade in commodities, goods or services and includes any office or other accommodation on the same erf, the use of which is incidental to such activity, or
- (b) Property on which administration of business of private or public entities take place: and “business and commercial properties” has a corresponding meaning;

**‘Category’-**

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

**‘Certificate of occupancy’** means the certificate issued by the Council in terms of the National Building Regulations and Building Standards Act, 1977 (Act No 103 of 1977);

**‘Chief Financial Officer’** means a person designated in terms of section 80(2)(a) of the Local Government: Municipal Finance Management Act 2003 (Act No 56 of 2003);

**‘Constitution’** means the Constitution of the Republic of South Africa, Act No 108 of 1996;

**‘Core family’** means a couple, irrespective of gender (whether married or not), with or without children and/or the parents of either; **‘Council’** means:

- (a) The Emfuleni Local Municipality established in terms of as Section 12 of the Local Government: Municipal Structures Act 1998 (Act No 117 of 1998), as amended, exercising its legislative and executive authority through its Municipal Council; or
- (b) Its successor in title; or
- (c) A structure or person exercising a delegated power or carrying out an instruction, where any power in this policy has been delegated or

subdelegated, or an instruction given, as contemplated in section 59 of the Municipal Systems Act;

(d) In respect of ownership of property, ratability and liability for rates, a service provider fulfilling a responsibility assigned to it;

(e) Through a service delivery agreement in terms of section 81(2) of the Municipal Systems Act or any other law, as the case may be;

**'Due date'** means the date specified as such on a municipal account for any rates payable and which is the last day allowed for the payment of such rates;

**'Exclusion'** in relation to a municipality's rating power means a restriction of the power as provided for in Section 17 of the Act;

**'Exemption'** in relation to the payment of a rate, means an exemption granted by the Municipality in terms of Section 15 of the Act;

**'Financial year'** means any period commencing on 1 July of a calendar year and ending on 30 June of the succeeding calendar year;

**'Industrial property'** means property used for a branch of trade or manufacturing, production, assembling or processing of finished or partially finished products from raw materials or fabricated parts, on so large scale that capital and labour are significantly involved, and includes any office or other accommodation on the same property, the use of which is incidental to such activity and "industrial property" has a corresponding meaning;

**'Land Tenure Right'** means any rights referred to in the existing legislation pertaining to communal land envisaged by the Communal Land Rights Act, 2004 (Act 11 of 2004), which is still to be proclaimed and as referred to in the schedule of Acts to be repealed by that Act;

**'Market value'** in relation to a property, means the value of the property determined in accordance with Section 46 of the Act;

**'Mining'** means any operation or activity for the purpose of extracting any mineral on, in or under the earth, water or any residue deposit, whether by underground or open working or otherwise and includes any operation or activity incidental thereto;

**'Mining property'** means a property used for mining operations as defined in the Mineral and Petroleum Resources Development Act, 2002 (Act 28 of 2002);

**'Multiple use properties'** means properties that cannot be assigned to a single category due to different uses.

**'Municipal Systems Act'** means the Local Government: Municipal Systems

Act, No 32 of 2000, as amended;

**'Municipality'** means the Emfuleni Local Municipality;

**'Municipal properties'** means all properties of which the municipality is the owner or which property vest in the municipality but excludes such property owned by or vested in the municipality which is used for residential, business and commercial and/or industrial purposes and

"municipal properties" has a corresponding meaning;

**'Newly rateable property'** means any rateable property on which property rates were not levied by 30 June 2005, excluding a property that was incorrectly omitted from a valuation roll and for that reason was not rated before that date.

**'Non-permitted use property'** means any use of property that is inconsistent with or in contravention with the permitted use of that property in which event, and without condoning the non-permitted use thereof, the property shall be valued as if were used for such non-permitted purposes only.

**'Organ of state' means and organ of state as defined in section 239 of the Constitution; 'Owner' means:**

- (a) In relation to a property referred to in paragraph (a) of the definition of "property", a person in whose name ownership of the property is registered;
- (b) In relation to a right referred to in paragraph (b) of the definition of "property", a person in whose name the right is registered;
- (c) In relation to a land tenure right referred to in paragraph (c) of the definition of "property", a person in whose name the right is registered or to whom it was granted in terms of legislation; and

(d) In relation to public service infrastructure referred to in paragraph (d) of the definition of “property”, the organ of state that owns or controls that public service infrastructure; provided that a person mentioned below may for the purpose of the Act be regarded by a municipality as the owner of a property in the following circumstances:

- (i) a trustee, in the case of a property registered in the name of the trustee of a trust, excluding state trust land;
- (ii) an executor or administrator, in the case of a property in a deceased estate;
- (iii) a trustee or liquidator, in the case of a property in an insolvent estate or in liquidation;
- (iv) a judicial manager, in the case of a property in the estate of a person under judicial management;
- (v) a curator, in the case of a property in the estate of a person under curatorship;
- (vi) a person in whose name a usufruct or other personal servitude is registered, in the case of a property that is subject to a usufruct or other personal servitude;
- (vii) a lessee, in the case of a property that is registered in the name of a municipality and is leased by it;
- (viii) a buyer, in the case of a property that has been sold by the Municipality and of which possession has been given to the buyer pending registration of ownership in the name of the buyer; or an occupier of a property that is registered in the name of the Municipality.

**‘Pensioner’** mean retired property owners who reached the age of 60 years.

**‘Place of Public worship’** means property used primarily for the purposes of congregation, excluding a structure that is primarily used for educational instruction in which secular or religious education is the primary instructive medium: Provided that the property is-

- (a) registered in the name of the religious community;

(b) registered in the name of a trust established for the sole benefit of a religious community; or

(c) subject to a land tenure right.

**‘Protected area’** means an area that is or has to be listed in the register referred to in section 10 of the National Environmental Management : Protected Areas Act, 2003 and “protected area” has a corresponding meaning;

**‘Public Benefits Organisation’** means an organisation conducting specified public benefit activities as defined in Section 30 of the Income Tax Act 1962 (Act No 58 of 1962) and registered in terms of the Income Tax Act for tax reductions because of those activities.

**‘Public benefit property’** means property owned by a public benefit organisation and used for any specified public benefit activity listed in item 1 (welfare and humanitarian), item 2 (health care), and item 4 (education and development) of part 1 of the Ninth Schedule to the Income Tax Act and “public benefit properties” has a corresponding meaning;

**‘Public Service Infrastructure’** means publicly controlled infrastructure of the following kinds:

- (a) national, provincial or other public roads on which goods, services or labour move across a municipal boundary;
- (b) water or sewer pipes, ducts or other conduits, dams and water supply reservoirs, water treatment plants or water pumps forming part of a water or sewer scheme serving the public;
- (c) power stations, power substations or power lines forming part of an electricity scheme serving the public;
- (d) gas or liquid fuel plants or refineries or pipelines for gas or liquid fuels, forming part of a scheme for transporting such fuels;
- (e) railway lines forming part of a national railway system;
- (f) communication towers, masts, exchanges or lines forming part of a communications system serving the public;
- (g) runways or aprons at national or provincial airports;
- (h) breakwater, sea walls, channels, basin, quay walls, jetties, roads, railway or infrastructure used for the provision of water, lights, power,

sewerage or similar services of ports, or navigational aids comprising light houses, radio navigational aids, buoys, beacons or any other device or system used to assist the safe and efficient navigation of vessels;

- (i) any other publicly controlled as may be prescribed; or
- (j) rights of way, easements or servitudes in connection with infrastructure mentioned in paragraphs (a) to (i);

**'Public service purposes'**, in relation to the use of a property, means property owned and used by an organ of state as-

- (a) hospitals or clinics;

- (b) schools, pre-schools, early childhood development centers or further education and training colleges;

- (c) national and provincial libraries and archives;

- (d) police stations;

- (e) correctional services; or (f) courts of law,

but excludes property contemplated in the definition of 'public service infrastructure';

**'Rate'** means a municipal rate on property envisaged in Section 229(1)(a) of the Constitution;

**'Ratepayer'** means any owner of rateable property as well as any owner of a rateable property held under sectional title, situate within the area of jurisdiction of the Council;

**'Rateable property'** means property on which a municipality may, in terms of Section 2 of the Act, levy a rate, excluding property fully excluded from the levying of rates in terms of Section 17 of the Act;

**'Ratio'** means the relationship between two similar magnitudes in respect of quantity, determined by the number of times one contains the other;

**'Rebate'** in relation to a rate payable on a property, means a discount granted in terms of Section 15 of the Act on the amount of the rate payable on the property;



**'Reduction'** in relation to a rate payable on a property, means the lowering in terms of Section 15 of the Act of the amount for which the property was valued and the rating of the property at that lower amount; **'Residential property'** means improved property that:

- (a) Is used 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 is used for residential purposes;
- (c) Is owned by a share-block company and is used for residential purposes;
- (d) Is a residence used for residential purposes situated on a property used for educational purposes;
- (e) Is property which is included as residential in a valuation roll in terms of section 48(2)(b) of the Act;
- (f) Is part of a retirement scheme and/or life right scheme used for residential purposes;
- (g) But excluding vacant (empty) stands or is used as a guesthouse, utilized for income generating purposes, hotel, and accommodation establishment, irrespective of their zoning or intended use, and  
"residential properties" has a corresponding meaning;

**'Sectional Titles Act'** means the Sectional Titles Act, 1986 (Act 95 of 1986);

**'Sectional title scheme'** means a scheme defined in section 1 of the Sectional Titles Act;

**'Sectional title unit'** means a unit defined in section 1 of the Sectional Titles Act;

**'Service provider'** means a service provider contemplated in paragraph (d) of the definition of "Council";

**'State'** means the National Government and the Gauteng Provincial Government;

**'State-owned properties'** means properties owned by the State, which are not included in the definition of public service infrastructure in the Act.

These state-owned properties are classified as follows:

- (a) State properties that provide local services.
- (b) State properties that provide regional/municipal district-wide/metrowide service.
- (c) State properties that provide provincial/national service.

**'State trust land'** means land owned by the state:

- (a) In trust for persons communally inhabiting the land in terms of a traditional system of land tenure;
- (b) Over which land tenure rights were registered or granted; or
- (c) Which is earmarked for disposal in terms of the Restitution of Land Rights Act, 1994 (Act 22 of 1994);

**'Town planning scheme'** means

- (a) A town-planning scheme, which is in operation as contemplated in the Town Planning and Townships Ordinance no 15 of 1986;
- (b) Any scheme or document which in terms of any applicable legislation is legally in operation and records or sets out, by means of maps, schedules or any other document, the development rights specifying the purpose for which land may lawfully be used or any buildings may be erected, or both;

**'Undeveloped vacant residential properties'** means all properties (i) zoned or in respect of which the permitted use is for residential purposes; and (ii) are undeveloped; and (iii) are vacant; and (iv) are within a proclaimed township or a land development.

**'Undeveloped vacant business and commercial properties'** means all properties (i) zoned or in respect of which the permitted use is for business and commercial purposes; (ii) are undeveloped; and are (iii) vacant; and (iv) within a proclaimed township or a land development area.

**‘Undeveloped vacant Industrial properties’** means all properties

(i) zoned or in respect of which the permitted use is for industrial purpose;  
(ii) are undeveloped; and (iii) are vacant; and (iv) within a proclaimed township or a land development area.

**“Vacant Agricultural properties”** means all agricultural properties which are vacant.

**‘Vacant State-owned properties’** means properties owned by the Provisional and /or National Government or an organ of State, excluding all properties that fall under the definition of Public Benefit Properties and Municipal Properties which are undeveloped.

**‘Zoning’** means the purpose for which land may lawfully be used or on which buildings may be erected or used, or both, as contained in the applicable town planning scheme and “zoned” has a corresponding meaning. Where a property carries multiple zoning rights, the categorization of such property will be determined by apportioning the market value of the property, in a manner as may be prescribed, to the different purposes for which the property is used, and applying the rates applicable to the categories determined by the Municipality for properties used for those purposes to the different market value apportionments.

#### **4. PURPOSE OF THE POLICY**

The purpose of the policy is:

- (1) To comply with the provisions as set out in section 3 of the Act.
- (2) To determine criteria to be applied for:
  - (a) Levying differential rates for different categories of properties;
  - (b) Exemptions relating to a specific category of owners of properties, or the owners of a specific category of properties;
  - (c) Rebates and reductions and (d) Rate increases.
- (3) To determine or provide criteria for the determination of:
  - (a) Categories of properties for the purpose of levying different rates; and

- (b) Categories of owners of properties or categories of properties for the purpose of granting of exemptions, rebates and reductions.
- (4) Determine how the municipality's powers must be exercised in relation to properties which are to be categorized for multiple purposes.
- (5) Identify and provide reasons for:
  - (a) Exemptions, rebates and reductions;
  - (b) Exclusions; and
  - (c) Where provided for by the Minister for Local Government, rates on properties that must be phased in.
- (6) Take into account the effect of rates on the poor and to provide for appropriate measures to alleviate the rates burden on them;
- (7) Take into account the effect of rates on organisations conducting public benefit activities;
- (8) Take into account the effect of rates on public service infrastructure;
- (9) Determine measures to promote local economic and social development and
- (10) Identify all ratable properties that are not rated.

## **5. PRINCIPLES**

- (1) The Council shall as part of each annual operating budget impose a rate in the rand on the market value of all ratable property as recorded in the municipality's valuation roll and supplementary valuation roll. Ratable property shall include any rights registered against such property, excluding a mortgage bond;
- (2) The Council pledges itself to limit each annual rates increase as far as practicable so that the Council does not overburden its ratepayers.
- (3) The Council shall, in imposing the rate in respect of each financial year, take proper cognizance of the aggregate burden of rates and service charges on property owners, in the various categories of property ownership.

- (4) The Council shall further, in imposing the rate in respect of each financial year, strive to ensure that the aggregate budgeted revenues from property rates, less revenues forgone and less any contributions to the provision for bad or doubtful debts, not to exceed 25% (twenty five percent) of the municipality's aggregate budgeted net revenues for the financial year concerned.
- (5) Other policy principles:
- (a) All persons liable for property rates will be treated equitably and reasonably;
  - (b) Rates will be levied in proportion to the market value of the property *and based on the clarification criteria as set out under Section 7(1) of the Property Rates Policy*;
  - (c) The rates levied will be based on the market value of all ratable properties and the amount required by the municipality to balance the operating budget after taking in account profits generated on trading and economic services and the amounts required to cover the cost of exemptions, rebates and reductions of rates as approved by Council from time to time;
  - (d) Trading and economic services will be ring fenced and tariffs and service charges will be calculated in such a manner that the income generated covers the cost of the services or generates a profit;
  - (e) Profits on trading and economic services may be used to subsidize community and other services;
  - (f) The provision for working capital for community and subsidized service must be equal to the non-payment of rates during the previous financial year and must not include any working capital provision relating to trading and economic services;
  - (g) The income base of the municipality will be protected by limiting exemptions, rebates and reductions.
  - (h) 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. In order to minimize major shocks to ratepayers the market values in the new valuation roll will be phased –in over the entire period of the valuation cycle.

- (6) The exemptions, rebates and reductions will be determined annually during the budget process.

## 6. CLASSIFICATION OF SERVICES AND EXPENDITURE

- (1) The Chief Financial Officer shall, subject to the guidelines provided by the National Treasury and Mayoral Committee of the Council, make provisions for the following classification of services: (a) Trading services

- (i) Water
- (ii) Electricity
- (iii) Holiday resorts

(b) Economic services

- (i) Refuse removal
- (ii) Sewerage disposal (c) Community

services

- (i) Air pollution
- (ii) Fire- fighting services
- (iii) Local tourism
- (iv) Municipal planning
- (v) Municipal public works, only in respect of the needs of municipalities in the discharge of their responsibilities and to administer functions specially assigned to them under the Constitution or any other law.
- (vi) Storm water management system in built-up areas.
- (vii) Trading regulations
- (viii) Fixed billboards and the display of advertisements in public places
- (ix) Cemeteries, funeral parlours and cremation

- (x) Control of public nuisances
  - (xi) Control of undertakings that sell liquor to the public
  - (xii) Township development
  - (xiii) Facilities for accommodation, care and burial of animals
  - (xiv) Fencing and fences
  - (xv) Licensing of dogs
  - (xvi) Licensing and control of undertakings that sell food to the public
  - (xvii) Local amenities
  - (xviii) Local sport facilities
  - (xix) Municipal parks and recreation
  - (xx) Municipal roads
  - (xxi) Noise pollution
  - (xxii) Pounds
  - (xxiii) Public places
  - (xxiv) Streets trading/street lighting
  - (xxv) Traffic and parking
  - (xxvi) Building control
  - (xxvii) Licensing of motor vehicles and transport permits
  - (xxviii) Licenses – Drivers' and learners' renewal of
  - (xxix) Nature reserves
- (d) Subsidised services
- (i) Health and ambulance
  - (ii) Libraries and museums
  - (iii) Proclaimed roads
- (2) Trading and economic services must be ring fenced and financed from service charges while community and subsidized services will be financed from rates.
- (3) Expenditure will be classified in the following categories:
- (i) Salaries, wages and allowances
  - (ii) Bulk purchases
  - (iii) General expenditure
  - (iv) Repairs and maintenance

- (v) Capital charges (interest and redemption) / depreciation
  - (vi) Contribution to fixed assets
  - (vii) Contribution to funds
    - (a) Doubtful debts
    - (b) Working capital; and
    - (c) Statutory funds
  - (viii) Contribution to reserves
- (4) Cost centers will be created to which the costs associated with providing the service can be allocated:
- (i) By Department (ii) By Section/service; and (iii) By Division/service.
- (5) The subjective classification of expenditure each with a unique vote will be applied to all cost centers.

**SECTION B CATEGORIES OF PROPERTY 7. CRITERIA FOR CATEGORIES OF PROPERTY FOR THE PURPOSE OF LEVYING DIFFERENT RATES**

- (1) The Municipality may levy different rates to different categories of rateable property. All rateable property will be classified in a category and will be rated based on the category of the property. For purpose of levying differential rates, the following categories (including clarification of category) of properties in line with section 8(1)(c) read with sections 8(3)(b) and 8(3)(c) of the Act, are determined:

<b>Ref no</b>	<b>Category</b>	<b>Clarification (Must be read together with definitions)</b>
1	Residential properties	As per definition of "residential properties".
2	Undeveloped vacant	All properties (i) zoned or in



Ref no	Category	Clarification (Must be read together with definitions)
	residential properties	respect of which the permitted use is for residential purposes; and (ii) are undeveloped; and (iii) are vacant; and (iv) are within a proclaimed township or a land development.
3	Business and Commercial properties	As per definition of “business and commercial property”.
4	Undeveloped vacant business and commercial properties	All properties (i) zoned or in respect of which the permitted use is for business and commercial purposes; (ii) are undeveloped; and are (iii) vacant; and (iv) within a proclaimed township or a land development area.
5	Industrial properties	As per definition of “industrial properties”.

6	Undeveloped vacant industrial properties	<p>All properties</p> <p>(i) zoned or in respect of which the permitted use is for industrial purpose;</p> <p>(ii) are undeveloped; and (iii) are vacant; and (iv) within a proclaimed township or a land</p>
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Ref no	Category	Clarification (Must be read together with definitions)
		development area.
7	Agricultural properties	Properties primarily used for agricultural purposes.
8	Vacant agricultural properties	Agricultural properties which are vacant.
9	State-owned properties	All properties owned by Provincial and / or National Government or an organ of State, excluding all properties that fall under the definition of Public Benefit Properties and municipal properties.

10	Vacant State-owned properties	Properties owned by the Provisional and /or National Government or an organ of State, excluding all properties that fall under the definition of Public Benefit Properties and Municipal Properties which are undeveloped.
11	Protected areas	As per definition of “protected area”.
12	Municipal properties	All properties of which the municipality is the owner or which

Ref no	Category	Clarification (Must be read together with definitions)
		property vests in the municipality but excludes such properties owned by or vested in the Municipality which is used for residential and / or commercial purposes.
13	Public Service Infrastructure	As per definition of “public service infrastructure”.
14	Public Benefit Organization Properties	As per definition of “Public Benefit Properties”.

15	Servitudes	Real or personal rights, whether registered or not, of one person over the property of another person, which impedes or encumbers the latter's normal rights of ownership in respect of such property.
16	Public monuments and memorials	Monument and memorials (i) erected on land belonging to any branch of central, provincial or local government, or on land belonging to any organization funded by or established in term of the legislation of such a branch of government; or (ii) which were paid

Ref no	Category	Clarification (Must be read together with definitions)
		for by public subscription, government funds, or a publicspirited or military organization, and are on land belonging to any private individual.
17	Township title properties	Erven in newly proclaimed townships in respect of which certificates of registered title have not been issued.

18	State trust land	As per definition of “State Trust Land”.
19	Communal land	Property belonging to a land reform beneficiary or his or her heirs provided that this exclusion lapses 10 years from the date on which such beneficiary’s title was registered in the office of the Registrar of Deeds.
20	Exclusive use area used for business purposes	A right contemplated in section 25 or 27 of the Sectional Titles Act, 95 of 1986, registered against the sectional title unit, which is used for business purposes.
21	Exclusive use area used	A right contemplated in section 25

<b>Ref no</b>	<b>Category</b>	<b>Clarification (Must be read together with definitions)</b>
	for residential purposes	or 27 of the Sectional Titles Act, 95 of 1986, registered against the sectional title unit, which is used for residential purposes.

22	Exclusive use area used for industrial purposes	A right contemplated in section 25 or 27 of the Sectional Titles Act, 95 of 1986, registered against the sectional title unit which is used for industrial purposes.
23	Properties used for multiple purposes	Properties used for multiple purposes and not assigned to any other category where the property cannot readily be categorized by referring to the permitted or dominant use of the property, refer to clause 7(3)
24	Place of Public Worship	As per definition of "Place of Public Worship".
25	Mining Properties	Properties used for mining operations as defined in the Minerals and Petroleum Resources Development Act, 2002 (Act No. 28 of 2002).
26	Non-permitted use properties	Properties where the use of property is inconsistent with or in contravention with the permitted use.

- (2) Owners of properties who are of the view that their property has been categorized incorrectly may apply to the Council in writing for the category to be reviewed. The Council has the right to request documentary evidence and/or to request the municipal valuer to conduct a physical inspection of the property in order for the

municipal valuer to review the category and to amend the valuation roll accordingly, if the review is successful.

- (3) Properties used for multiple purposes which do not fall within the definition of a single category and accordingly do not qualify entirely for a rate in that single category maybe included into a combination of categories of multiple use properties for which an apportionment of that value for each distinct category of property will be calculated by the municipal valuer and used for billing at the appropriate and applicable rate, in cases where the municipal valuer considers to apply this category.”
- (4) If no “Certificate of occupancy” is available or cannot be produced the property categorized will be in line with the categories of ratable properties as determined by the municipality under Section 7(1) of the policy.

## **SECTION C DIFFERENTIAL RATING**

**8. Criteria for differential rating on different categories of properties** The following has been taken into consideration for the purpose of differential rating:

- 8.1 The nature of the property including its sensitivity to rating e.g. agricultural properties used for agricultural purposes.
- 8.2 Undeveloped or vacant land will be rated higher (in terms of a Cent amount in a Rand) as the municipality is encouraging owners of vacant land to develop it and that the vacant land should not be used for speculation purpose by owners.
- 8.3 Promotion of social and economic development of a municipality.
- 8.4 Differential rating among the various property categories will be done by way of setting different Cent amount in the Rand for each property category rather than by way of reductions and rebates.

**SECTION D RELIEF MEASURES RELATED TO CATEGORIES OF PROPERTIES AND CATEGORIES OF OWNERS OF PROPERTIES 9. CRITERIA FOR EXEMPTIONS, REBATES AND REDUCTION**

The following categories of owners of properties or the owners of a specific category of properties have been identified where exemptions, rebates and reductions may be applied:

- (1) Household owners, residential properties (reference to indigent policy criteria) who are registered and qualify as indigents in terms of the adopted policy of Council;
- (2) Owners dependent on pension or a social grant for their livelihood.
- (3) Disabled and medically unfit owners;
- (4) Owners who qualify as having poor households;
- (5) Owners of residential properties with a market value lower than an amount determined by the Municipality;
- (6) Undeveloped properties which are in the process of development;
- (7) Property owned by the Municipality;
- (8) Property owned by the State;
- (9) Owners of property that fall under the ambit of Housing Development Schemes for retired persons Act 65 of 1988;
- (10) Owners of properties primarily used as premises by a sports club for a *bona fide* sporting activity or activities;
- (11) Owners of property situated within an area affected by"
  - 11.1 A disaster within the meaning of the Disaster Management Act, 2002 (Act 57 of 2002); or
  - 11.2 Any other serious adverse social or economic conditions
- (12) Property owned by a public benefit organization and used for any specified public benefit activity listed in item 1 (welfare and humanitarian), item 2 (health care), and item 4 (education and development) of part 1 of the Ninth Schedule to the Income Tax Act.;
- (13) Owners of properties used for bona fide agricultural purposes and
- (14) Properties owned by an Organisation that fall under the ambit of the Non-Profit Organisation Act, 71 of 1997.



- (15) Properties to which the provisions of the National Heritage Resources Act, 1999 (Act No. 25 of 1999), apply, or an institution that has been declared to be subject to the Cultural Institutions Act, 1998 (Act No 119 of 1998).

Whilst some categories of property and categories of owners are granted relief with regard to the payment of rates, no relief shall be granted in respect of the payment for rates to any category of owner of property or to owners of properties on an individual basis, and any relief granted shall only be by way of an exemption, rebate or reduction, as provided for in this Policy.

In granting exemptions, rebates and reductions to the categories of properties and categories of owners, the Council recognizes the following factors:

- (a) The inability of residential property owners to pass on the burden of rates, as opposed to the ability of the owners of business, commercial, industrial and certain other properties to recover such rates as part of the expenses associated with the goods or services which they provide;
- (b) The need to accommodate indigents and less affluent pensioners and persons dependent on a nominal income due to medical incapacitation or other factors as may be determined by Council from time to time;
- (c) The services provided to the community by public service organisations;
- (d) The value of agricultural activities to the local economy coupled with the limited municipal services extended to such activities, but also taking into account the municipal services provided to municipal residents who are employed in such activities;
- (e) The need to preserve the cultural heritage of the local community;
- (f) The need to encourage the expansion of public service infrastructure;
- (g) The indispensable contribution which property developers (especially in regard to commercial and industrial property development) make towards local economic development, and the continuing need to encourage such development; and
- (h) The requirements of the Act.

## 10. GRANTING OF EXEMPTIONS, REBATES AND REDUCTIONS

Compulsory and mandatory exemptions will be in line with Section 17 of the Local Government: Municipal Property Rates Act, 2004.

### 10.1 Exemptions

Except for categories of properties mentioned in the Local Government: Municipal Property Rates Act, Act No. 6 of 2004, as amended, (a) to (g) the following categories of property are exempted from rates:

(a) The following types of property owned by or vested in the Council are exempt from rates:

(i) Public service infrastructure owned by the Council or a service provider, including Public service infrastructure vested in the Council;

(ii) Refuse tip sites;

(iii) Municipal burial grounds and adjacent public space within the burial ground precinct and municipal crematoria;

(iv) Property used for the provision of public parks and zoned as Public open space and included undeveloped municipal property which is for the purposes of this Policy deemed to be public open space;

(v) Property used for cultural, sporting and recreational facilities other than property subject to a registered lease; (vi) Municipal housing schemes.

(b) The criteria and reasons applied to the exemptions are that these properties are owned by or vested in the Council and used for public purposes.

(c) On the first R15 000 of the market value of a property assigned in the valuation roll or supplementary valuation roll of a municipality:

(i) for residential properties; or

- (ii) for properties used for multiple purposes, provided one or more components of the property are used for residential purposes;
- (d) On a property registered in the name of and used primarily as a place of public worship by a religious community, including an official residence registered in the name of that community which is occupied by an office-bearer of that community

## 10.2 Reductions

The Council shall determine reductions to be applied to the market value of properties from time to time. The criteria and reasons applied to the reductions will be to allow a fixed reduction on the market valuation of:

10.2.1 All properties categorized as residential properties in order to alleviate the tax burden on all owners of residential property within the municipality. In addition to the impermissible rates described in section 17(1)(h) of the Act a further R185 000 reduction on the market value of a property will be granted.

10.2.2 In respect of owners of residential properties (households refer to indigent policy criteria) who are registered and qualify as indigents in terms of the adopted indigent policy of Council, also see item Section D 9(1) above, a further R50 000 reduction on the market value of a property will be granted;

10.2.3 All properties categorized as undeveloped vacant residential properties, in order to encourage development of residential

areas by the private sector. A reduction on the first R40 000 of the market value of the property will be granted.

## 10.3 Rebates

In terms of section 15 of the Act:

- (a) All residential properties shall be granted a uniform rebate of 30% on the cent in the rand amount payable on the property, as determined by the Council during the annual budget process.
- (b) On application all properties owned by juristic persons that fall under the ambit of the Housing Development Schemes for Retired Persons Act 65 of 1988 will be granted a rebate on the cent in the rand amount payable on the property that is equal to the rate ratio of 1:0.25 as determined by council during the annual budget process. The juristic person shall pass the rebate benefit to registered holders of a right of occupation, failing which the council may apply full rating with retrospective effect to the date on which council applied the rebate.
- (c) On application all properties owned and primarily used as premises by a sports club for a *bona fide* sporting activity or activities which entails an activity involving physical exertion and skill in which an individual or team competes against another or others and which sports club is registered / affiliated to the relevant sport association or federation, shall be granted a rebate on the cent in the rand amount payable on the property that is equal to the rate ratio of 1:0.25 as determined by council during the annual budget process.
- (d) Pensioners, disabled and/or medically unfit as well as owners with poor households in respect of all properties used for residential purposes (indigent persons are addressed in Indigent Policy) shall be granted an additional rebate expressed as a percentage on the amount of the rate payable on the property, as determined by the Council from time to time, based on the following criteria:
  - i) A rebate based on the gross monthly income may be granted in addition to the rebates mentioned in (a) above to registered owners of residential properties who qualify

according to the gross monthly household income of all persons proven usually residing on that property.

- ii) To qualify for the rebate a property owner must:
  - Be a natural person;
  - Be the registered owner of the property;
  - Occupy the property as his/her primary residence on a full time basis;
  - Complete a prescribed application form obtainable from the Municipality.
  - Obtain written confirmation from the Municipality that such application was successful.
- iii) The following shall also apply:
  - If the residence is vacated or the applicant passes away or an applicant reaches the age of 60 during the year, the rebate shall be calculated *pro rata* as from such date;
  - Submission of the following documentation as proof:
    - Copy of identity document or other acceptable form of personal identification;
    - Pension card; ○ Bank statements for last three months or other official financial proof of income as may be requested; and
    - Payslips for the last three months;
- iv) Additional rebates are only applicable to applicants whose municipal accounts are paid in full;
- v) Medically unfit persons who have not been declared unfit by a pension fund must submit the necessary proof that they have been declared unfit for daily work related activities together with supporting evidence from two registered medical practitioners;
- vi) Disabled persons who have not been declared disabled must submit the necessary proof that they have been

declared unfit for daily work related activities together with supporting evidence from two registered medical practitioners;

- vii) Applications who meet all the criteria may receive the rebate from date of receipt of application;
- viii) The rebate will be valid until the end of the financial year, and applications must be submitted annually;
- ix) If the applicant owns other properties for which a market related rental or any other market rental is obtained the rental will form part of the gross monthly household income;
- x) If permitted use of a property in this category changes during a financial year, any rebate is forfeited from the date of approval by the Council of such change;
- xi) Pensioners must be 60 years and older; xii) Additional rebates will be suspended if the applicant fails/neglects to comply with subparagraphs (ii) to (xi) mentioned above; and
- xiii) The gross monthly household income levels and maximum rebates applicable to a financial year shall be determined by the Council during the annual budget process:

<b>Gross monthly household income</b>	<b>% Rate rebate</b>
R0.00 to Indigent threshold	100%
Indigent threshold to R7500.00	80%
More than R7 500.00 to R8 500.00	60%
More than R8 500.00 to R9 500.00	40%
More than R9 500.00 to R10 500.00	20%
More than R10 500.00	0%

(e) Development incentives

The objective of the incentives is not only to attract investors who will bring the expertise, funds and the capacity to develop property categories such as residential, business and

commercial, industrial, agricultural, educational institutions and others but also to fast tract other normal developments within the ELM area.

1. Owners of properties where the conditions to the proclamation have been met and the proclamation notice was published.

1.1 Owners must submit a proper motivation (In writing) to the municipality which should include but not limited to:

- Timeframes
- Cost of development
- How will municipality and community benefit, etc.

1.2 The particulars of the incentive such as the percentage, cent in the rand, etc. will only to be granted once formally approved by the Council or if such and incentive forms part of the Councils approved Land Development Incentive Policy.

2. Owners of other undeveloped properties (vacant) not mentioned in item 1 above which are in the process of being developed shall be granted a rebate of 50% on the cent in the rand amount of the rate payable on the property, as determined by the Council from time to time, provided the following criteria are met:

(i) All applicants must complete a standard application form obtainable from the Municipality and must declare under oath that:

- Building plans have already been submitted to the Municipality for approval but not yet approved due to a delay on the side of the Municipality; or
- Building plans have been approved by the Municipality and construction has already started; or
- Building plans were submitted but development is not possible due to:

- Municipal services not available to commence with development (Water, electricity and sanitation, etc.);
- The fact that the Municipality has not yet approved applications for example re-zoning, township applications, etc.

(ii) Rebates will only be applicable:

- If the standard application is approved;
- For a 12 months period where after the applicant must re-apply.

(iii) In the event that the property is sold prior to completion of development, the new owner must inform the Municipality and re-apply accordingly.

(iv) The Municipality reserves the right to refuse or reverse any rebate if the details submitted in the application are incomplete, incorrect, or false.

(v) Unregistered erven (Township title properties held in remainder) shall not be rateable until first registration takes place or a certificate of registered title has been issued by the Registrar of Deeds.

(f) All applications for indigency will be dealt with in accordance to Council's approved Indigent Policy.

(g) An owner of a property situated within an area affected by a disaster within the meaning of the Disaster Management Act 2002, (Act 57 of 2002), shall be entitled to an exemption, rebate and/or reduction in rates in respect of such affected property, as determined or recommended by National or Provincial Government and as adopted by the Council.

(h) On application property owned by a public benefit organisation and used for any specified public benefit activity listed in item 1 (welfare and humanitarian), item 2 (health care), and item 4 (education and development) of part 1 of the Ninth Schedule to



the Income Tax Act shall be granted an rebate in line with the latest promulgated rate ratio's, (1:0.25).

- (i) Owners of agricultural properties (used for bona fide farming purposes) shall be granted a rebate on the general rate that is in line with the promulgated rate ratio on properties used for agricultural purposes (1:0.25), SARS directive and Tax assessment will be main requirements.
- (j) On application properties owned by an Organisation that fall under the ambit of the Non-Profit Organization Act, 71 of 1997 shall be granted a rebate on the cent in the rand amount payable on the property that is equal to the rate ratio of 1:0.25 as determined by Council during the annual budget process. Must provide a tax clearance and through their financials show that the profits are used to the benefit of the Organization.
- (k) On application all properties in respect of which an endorsement has been registered in the Deeds Office in terms of Section 4C of the Housing Development Scheme for Retired persons Act, 65 of 1988 or which are registered in terms of Section 18 of the Older Persons Act, 13 of 2006 as a residential facility shall be granted a rebate on the cent in the rand amount payable on the property equal to the rate ratio of 1:0.25, as determined by Council during the annual budget process.

Except for items 3(a) and (c) applications must be submitted in prescribed form (Formal ELM application) by not later than 31 August each financial year. Applications received after 31 August of a financial year will be apportioned for that financial year. Persons who have submitted false information and/or false affidavits/and or failed to inform the Municipality of any changes or amended use benefit will be withdrawn and the

Municipality may take further appropriate action.

Under no circumstances shall the aggregate of rebates and reductions for which an owner or property qualifies, exceed 75% of the rates payable in

respect of such an owner/property, but for the application of the rebate and/or reduction, excluding 10.3(e).

## **11. OTHER EXEMPTIONS**

11.1 On a property registered in the name of and used primarily as a place of public worship by a religious community, including an official residence registered in the name of that community which is occupied by an office bearer of that community who officiates at services at that place of worship in terms of section 17(1)(i) of the Act. The exemption is applicable also on a property registered in the name of and used primarily as a place of public worship by a religious community that do not erect buildings.

11.2 Municipal properties that are not leased or rented out by the municipality

## **12. COST TO MUNICIPALITIES DUE TO EXEMPTION, REBATES, REDUCTIONS, EXCLUSIONS, PHASING IN AND THE BENEFIT THEREOF TO MUNICIPALITIES**

The cost to the municipality of having granted the relief measures (exemptions, rebates and reductions) short of qualifying such costs in Rand and Cent are reflected in the annual budget report.

The following will be the benefit of granting relief measures to the municipality:

12.1 Promote local economic development including attracting business investment, for example small business establishment.

12.2 Creation of employment for municipal residents.

12.3 Promotion of service delivery, for example by farmers.

12.4 Poverty alleviation to the indigents.

12.5 Social development and moral development, for example, by religious institutions, sports institutions, schools and other nongovernmental Organisations which promote health and other benefit to the community.

## 12.6 Improved local economic growth.

The cost to the municipality of having granted the relieve measures will be reported to relevant parties as required by Legislation.

## **SECTION E RATES INCREASES/DECREASE**

### **13. CRITERIA FOR INCREASING OF RATES**

The municipality will consider increasing property rates levies annually during the budget process:

- (1) The Municipality will in determining the rate levy increase take the following into consideration:
  - (a) To treat persons liable for rates equitably;
  - (b) Take into account the effect of rates on the poor and include appropriate measures to alleviate the rates burden on them.
  - (c) Priorities of a municipality reflected in its Integrated Development Plan.
  - (d) The revenue needs of the municipality.
  - (e) A need for management of rates shocks.
  - (f) Affordability of rates to ratepayers.
  
- (2) All increases in the property rates levied will be communicated to the local community in terms of the council's IDP and Budget community participation process.

## **SECTION F**

### **LIABILITY FOR RATES**

#### **14. LIABILITY FOR RATES BY PROPERTY OWNERS**

##### 14.1 Method and time of payment

Emfuleni Local Municipality will recover the rate levied in twelve equal monthly installments over the relevant financial year. The installment is payable on or before the 7<sup>th</sup> day of every month,

following the month in which it has been levied or the due date as per the municipal statement, whichever is the earlier. Interest will be charged on the arrear amount due for rates payable at the interest rate determined by the Council.

#### 14.2 Annual Payment Arrangements

Owners of rateable properties may choose to pay the annual rates in one installment on or before the 7<sup>th</sup> October of the particular financial year. The property owner must notify the municipal manager or his/her nominee by no later than 30 June in any financial year, or such later date in the financial year as determined by the municipality, that he/she wishes to pay all rates in respect of such property for a particular financial year in one installment, after which such an owner shall be entitled to pay all rates in the subsequent financial year and all subsequent financial years annually until he/she withdraws this notice in similar manner.

Rates payable on an annual basis will be subject to a 5% discount if paid in full on or before the 7<sup>th</sup> October of the particular financial year.

#### 14.3 Recovery of arrear rates from tenants, occupiers and agents This section must be read together with Section 28 and 29 of the Local Government: Municipal Property Rates Act, No. 6 of 2004, as amended (2014).

If an amount due for rates levied in respect of a property is unpaid after the due date, the municipality may recover the amount in whole or in part from a tenant or occupier of the property. The amount that the municipality may recover from the tenant or occupier of the property is limited to the amount of the rent or other money due and payable by the tenant or occupier to the owner of the property. Any amount which 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. The Municipality

may only recover such rates from the tenant or occupier after it has served a written notice to this effect on the tenant/occupier.

The municipality may recover the amount due for rates from any agent of the owner after it has given written notice to that agent or person. The amount the municipality may recover from the agent or other person is limited to the amount of that rent received by the agent or person, less the commission due to that agent or person subject to the Estate Agents Affairs Act, 1976 (Act No 112 of 1976). The agent or other person must, on request by the municipality, furnish the municipality with a written statement specifying all payments for rent on the property received by that agent or person during a period determined by the municipality.

#### **14.4 Clearance Certificate**

All monies collected, including any estimated amount for the duration of the validity period of the clearance certificate, are for the purposes of section 118 (1A) of the Municipal Systems Act, or section 89 of the Insolvency Act, 1936 (Act 24 of 1936), deemed to be due and must be paid in order to facilitate the transfer of immovable property. (See *Steve Tshwete Local Municipality v Fedbond* [2013] ZASCA 15 (20 March 2013) where the SCA ruled that clearance must be given, in case of insolvency, for 2 years preceding the date of application for clearance, not 2 years preceding date of sequestration).

#### **14.5 Property rates payable by owners of agricultural property**

If the joint property owners are not traceable with the exception of one joint owner and such joint owner is occupying or using a small portion of the entire property, the municipality will hold that joint owner liable for that portion of rates levied on the entire property that represents that joint owner's undivided share in that property. b)

Method and time of payment

- The municipality will recover rates on a monthly basis.

- Annual rates must be paid in monthly installments to the municipality at the end of each month.
  - A municipality makes provision for the recovery of rates on a monthly basis, subject to conditions outlined in the credit control policy of the municipality.
- c) Deferral of payment of rates liabilities the municipality will consider each and every application for deferral of rates, Taking into account the merits and demerits of each and the financial implications thereof in so far as the cash-flow of the municipality is concerned.

## 15. RATE RATIOS

The Council may not levy different rates on residential properties except as provided for in the Act. The concept of differential rating means that the rate (cent in the rand amount) is not constant across all category of property. The residential rate will be use as the base rate and the other rates determined in relation to the residential rate, calculated on the ratios between the categories. The Council shall determine ratio's from time to time bearing in mind the prescribed ratios and statutory prescripts. The proposed rate ratios as per category of property for the 2019/2020 financial year are:

Ref no	Category	Rate Ratio
1	Residential properties	1:1
2	Undeveloped vacant residential properties	1:2
3	Business and Commercial properties	1:2
4	Undeveloped vacant business and commercial properties	1:2.5
5	Industrial properties	1:2.5
6	Undeveloped vacant industrial properties	1:3
Ref no	Category	Rate Ratio
7	Agricultural properties	1:0.25
8	Vacant agricultural properties	1:0.25

9	State-owned properties	1:2
10	Vacant State-owned properties	1:2.5
11	Protected areas	Exempted
12	Municipal properties	1:1
13	Public Service Infrastructure	0
14	Public Benefit Organization Properties	1:0.25
15	Servitudes	0
16	Public monuments and memorials	0
17	Township title properties	0
18	State trust land	0
19	Communal land	0
20	Exclusive use area used for business purposes	1:2
21	Exclusive use area used for residential purposes	1:1
22	Exclusive use area used for industrial purposes	1:2.5
23	Properties used for multiple purposes	Per use
24	Place of public worship	Exempted
25	Mining properties	1:2
26	Non permitted use properties	1:6

## 16. AMOUNT DUE FOR RATES

A rate levied by the municipality on property will be an amount (cent in the Rand) on the market value of the property as determined by Council during the annual budget preparations and is dealt with in a separate report in line with Section 14 of the Local Government: Municipal Property Rates Act, Act No. 6 of 2004, as amended.

## 17. PHASING IN OF RATES

17.1 The rates to be levied on newly ratable property shall be phased in as provided for in Section 21 of the Act.

17.2 The phasing-in discount on the properties referred to in Section 21 of the Act 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

#### **18. FREQUENCY OF VALUATIONS**

The municipality will make a general valuation of all properties and prepare a valuation roll every 3 (Two) years or for any other period as determined by the Council from time to time but will endeavor that in total it is not for more than 4 financial years.

#### **19. DATE OF VALUATIONS**

For the purposes of property valuation, the Municipality must in terms of Section 31 of the Local Government: Municipal Property Rates Act, Act No. 6 of 2004, as amended (2014) determine the date of valuation. The municipality has extended the validity period of the current valuation roll and for the purposes of the new valuation roll the date of valuation be determined as 1 July 2020, with implementation date 1 July 2021.

#### **20. INSPECTION OF AND OBJECTIONS TO AN ENTRY IN THE VALUATION ROLL**

- (1) Once the Council has given notice that the valuation roll is open for public inspection, any person may within the inspection period, inspect the roll during office hours and may on payment of a reasonable fee as prescribed by the Council, request the municipality during office hours to make extracts from the roll and may further lodge an objection with the Municipal Manager against any matter reflected in, or omitted from, the roll.
- (2) The Municipal Manager or an official designated by him/her must assist an objector to lodge an objection if that objector is unable to read or write.
- (3) Objections must be in relation to a specific individual property and not against the valuation roll as such;
- (4) The lodging of an objection shall not defer liability for the payment of rates beyond the date determined for payment; and



- (5) All objections received shall be dealt with in accordance with the Act.
- (6) No electronic, e-mail, facsimile or late objections will be accepted.

## **21. SPECIAL RATING AREAS**

The municipality may by resolution of its council:

- (a) Determine an area within that municipality as a special rating area;
- (b) Levy an additional rate on property in that area for the purpose of raising funds for improving or upgrading that area; and
- (c) Differentiate between categories of properties when levying an additional rate referred to in paragraph (b).

## **22. REMUNERATION OF VAB MEMBERS**

Conditions of service and remuneration of chairperson and members of the Valuation Appeal Board must be in line with Gazette No. 29595 dated 8<sup>th</sup> February 2007.

## **23. ANNUAL REVIEW OF RATES POLICY**

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

## **24. THE EFFECTIVE DATE OF THE RATES POLICY**

The rates policy will take effect from the start of the municipal financial year, 1 July 2020 until amended.

## **ADDENDUM**

### **LEGAL REQUIREMENTS THAT ALL MUNICIPALITIES MUST COMPLY WITH INTERMS OF THE MUNICIPAL PROPERTY RATES ACT, 2004 (ACT NO. 6 OF 2004) WITH REGARD TO RATES POLICY DEVELOPMENT**

This addendum does not contain all provisions of the Act that must be complied within the development of rates policy, but list just a few key provisions that the municipality deems it necessary for residents/ratepayers to be aware so that they get a full picture of rating issues that will affect them.

#### **1) IMPERMISSIBLE RATE**

A municipality may not levy a rate on the following in terms of section 17(1) of the Act:

- On the first R30 000.00 of the market value of public service infrastructure.
- Any part of the seashore in terms of section (17(1)(b) of the Act.
- Any part of the territorial waters of the Republic in terms of section 17(1)(c) of the Act.
- Any island of which the state is the owner in terms of section 17(1)(d) of the Act.
- Protected areas in terms of section 17(1)(e) of the Act.
- Mineral rights in terms of section 17(1)(f) of the Act.
- Properties belonging to land reform beneficiaries in terms of section 17(1)(g) of the Act.
- On the first R15 000.00 of the market value of residential in terms of section 17(1)(h) of the Act. .
- Religious institutions in terms of section 17(1)(i) of the Act.

**2) COMPULSORY PHASING IN OF CERTAIN RATES**

Rates levied on a newly ratable property must be phased in over a period of three or four years depending on the ownership and use of such a property in terms of section 21 of the Act.

**3) PRESCRIBED RATIOS**

The municipality will comply with the ratios set by the Minister of Provincial and Local Government in concurrence with the Minister of Finance in terms of section 19 of the Act.

**4) LIMITS ON ANNUAL INCREASES OF RATES**

The municipality will comply with the notice issued by the Minister of Provincial and Local Government in concurrence with the Minister of Finance regarding the set upper limit on the percentage by which rates on properties or a rate on a specific property may be increased in terms of section 20 of the Act.

LOCAL AUTHORITY NOTICE 686 OF 2021



**EMFULENI**

LOCAL MUNICIPALITY

Vaal River City, the Cradle of Human Rights

**POLICY ON ACCESS  
TO FREE BASIC  
SERVICES**

**[2021/2022]**

**EFFECTIVE 1 JULY 2021**

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**PREAMBLE**

*WHEREAS section 96 of the Local Government: - Municipal Systems Act, 2000 (Act No. 32 of 2000) as amended requires a municipality to adopt maintain and implement a credit control-, debt collection and customer care policy;*

*AND WHEREAS section 97 of the said Act prescribes what such policy must provide for,*

*And in terms of the Municipal Finance Management Act (MFMA), 2003 (Act No. 56 of 2003) sections 62 and 64 require the effective management of the municipality's*

*NOW THEREFORE the Municipal Council of the Municipality of Emfuleni adopts the policies as set out in this document.*

## A. INTRODUCTION

1. The Municipal Council must give priority to the basic needs of the community, promote the social and economic development of the community and ensure that all residents and communities in the municipality have access to at least the minimum level of basic municipal services in terms of Section 152(1) (b) and 153 (b) of the Constitution.
2. The Council accepts that they are responsible for the rendering of services in terms of schedules 4 and 5 of the Constitution as well as other services which may be delegated by National and Provincial Government. The Council will endeavor to render a basic level of services necessary to ensure an acceptable and reasonable quality of life and which takes into account health and environmental considerations. No residents should receive any service below the minimum level of services.
3. In terms of section 74 of the Local Government Municipal Systems Act 2000, as amended, a Municipal Council must adopt and implement a Tariff Policy. In terms of section 74(i) of the Act, in adopting a Tariff Policy, the Council should at least take into consideration the extent of subsidization of tariffs for poor household consumers. Arising from the above, Council needs to approve an indigent Support Policy. The policy must provide procedures and guidelines for the subsidization of basic services and tariff charges to its indigent household consumers.
4. Services are generally regarded as to be access to electricity, access to clean water within e reasonable distance of one's dwelling, basic sanitation, solid waste removal and access to and availability of roads.
5. The key purpose of an indigent subsidy policy is to ensure that household consumers with no or lower income are not denied a reasonable service and that the municipality is not financially burdened with non-payment of services.
6. Provide that grants are received, and funds are available, the indigent subsidy policy should remain intact.
7. To achieve the purpose, it is important to set a fair threshold level, and then to provide a fair subsidy of tariffs.
8. The consumer, in order to qualify as an indigent, needs to complete the necessary documentation as required and agree to regulations and restrictions stipulated by Emfuleni Municipality.
9. A consumer qualifying for indigent support will receive the following subsidies as determined annually during the preparation of the municipality's budget-

SERVICE	INDIGENT SUBSIDY
Water	Min 6 Kiloliters.
Electricity (pre- paid and conventional)	50 kWh with 20 am connection
Sewer	100%

Refuse	100%
Assessment Rates	100%
Market related Rental — Council owned	60% of rental

## B. PURPOSE OF THE POLICY

1. The purpose of the Indigent Support Policy is to ensure the following: -
  - o The provision of basic services to the community in a sustainable manner, within the financial and administrative capacity of the Council; and
  - o To provide procedures and guidelines for the subsidization service charges to receive from Central Government, according to prescribed policy guidelines.
2. The Council also recognizes that many of the residents can simply not afford the cost of full provision and for this reason the Council will endeavor to ensure affordability through: -
  - o Setting tariffs in terms of the Council's Tariff Policy, which will balance the economic viability of continued service delivery; and
  - o Determining appropriate service levels.

## C. RESPONSIBILITY/ACCOUNTABILITY

The Council has the overall responsibility for laying down the Indigent Support Policy.

## D. INDIGENT SUPPORT POLICY PRINCIPLES

The following should be the guiding principles in implementing the Indigent Support Policy: -

1. The Indigent Support Policy is in accordance with the Local Government Municipal System Act 2000, as amended and other related legislation.
2. Relief will be provided by the Council to all registered and approved residential owners, and or tenants of whom the Market Value does not exceed R250 000 or an amount as from time to time determined by the council in terms of the approved Municipality Property Rates Policy.
3. The Council must, wherever possible, ensure that any relief is constitutional, practical, fair, equitable and justifiable to avoid alienating any group of household consumers. There should be no differentiation whatsoever of any residential consumers, except in the level of service rendered.
4. The subsidy for minimum service levels should not result in the creation of a massive bureaucratic administration that would not be cost effective to implement.
5. Differentiation must be made between those household consumers who cannot afford to pay for basic services and those who just do not want to pay for these services.



6. It should be based on a predetermined period or financial year,
7. The Indigent Support Policy will prevail as long as funds are available.
8. The Council may review and amend the qualification criteria for indigent support
9. The collective or joint gross income of all the occupants on a residential stand will be taken into account. The total gross household income must be correctly reflected on the application form requesting indigent support.
10. If a person is found to be indigent, it should be registered on a database linked to the debtor's system to ensure cost effective and efficient management of indigents,
11. The residents may also formally apply on the prescribed application form for the relief and will qualify for the indigent support according to the prescribed criteria/principles laid down by the Council. After the application form has been completed, an effective and efficient evaluation system should be used in order to obtain the outcome within a reasonable time determined by the Council.
12. The onus is on the recipient to immediately inform the Council of any change in his/her status or personal household circumstances.
13. Disciplinary measures decided by the Council, should be imposed on people who misuse the system and provide incorrect information.

#### **E. CRITERIA FOR IDENTIFICATION TO QUALIFY FOR INDIGENT SUPPORT**

1. Relieve may, within the financial ability of the municipality, be allocated to owners or tenants of residential premises and not exceeding the Market Value of R 250,000 or amount as from time to time determined by the council in terms of the Municipality Property Rates Policy and in terms of section 9 (A) of this policy irrespective of their income will qualify as indigent if they receive electricity (either from council or directly from Eskom), water, sanitation, refuse removal, site rental or assessment rate services from the Municipality, in respect of charges payable to the Municipality for such services.
2. These grants may also be allocated to any other such a person who does not qualifying as an indigent in terms of section E(1) of this policy and who is the owner or account holder or any other occupier who is the tenant and or account holder of the property concerned that can submit proof or declare under oath that all occupants over 18 years of age or in the case of child headed household consumers had no income or a verified total gross monthly income of less than the amount indicated in terms of the definitions below:
  - 2.1 The total gross income of all occupants been determined by the council from time to time. [Currently, this amount is deemed to be equal to the amount received by two state pensioners as annually approved by the South African Government as part of that year budget plus R2000.
3. Only one application per person (household consumer) in respect of one property only shall qualify for Indigent subsidy as set out in this policy.
4. The subsidy will apply to the owner or consumers who must permanently occupy the property concerned. i.e., it must be his/her primary residence,
5. The subsidy will not apply in respect of household consumers owning more than one property and who will therefore not be classified as indigent.

6. Where water consumption of an indigent consumer exceeds the limit as reflected in item A.9 the Council must install a flow control washer or prepaid water meter after the council has notified the consumer of the council intention. The consumer must within 30 days acknowledge in writing that the supply of water to the premises will be restricted by a flow control washer or that a pre-paid water meter will be installed. Failing, the council will resume with the installation of a flow control washer or that pre-paid water meter.
7. Council may implement affordability assessment on account holders.
8. If the total income of the household comprises solely of social grants (foster care, disability grants) and the total thereof exceeds the amount in E2.1, such households will not be excluded.
9. Residential property with a formal/registered business will be excluded

#### **F. APPLICATION AND AUDIT FORM**

1. The Application form for Indigent Household Subsidy as determined in section E (2) of this policy must be completed by all consumers who may qualify in terms of section E (2) of this policy.
2. The owner/account holder or any other occupier who is the tenant/account holder must apply in person and must present the following documents with the application:
  - (a) The latest Municipal account in his/her possession.
  - (b) The account holders and spouse's identity documents.
  - (c) Provision for child headed household consumers and properties inherited must be specified.
  - (d) An application form indicating the names and identity numbers of all occupants/residents over the age of 18 years, who reside at the property.
  - (e) Documentary proof of income or an affidavit of financial status.
  - (f) Statement of monthly income and expenditure.
  - (g) Bank statement for past three months of applicant and spouse where applicable.
3. Application forms must be read in conjunction with the policy proposed and form part of Council's indigent policy. All applications must be verified by a duly authorized official or municipal agent appointed by Council.
4. The relevant Ward Councilor must assist during the evaluation and verification process together with the relevant officials and local community leaders or ward committee members appointed by Council.
5. The list of indigent household consumers can be made available at any time to the information Trust Corporation (ITC) for the purpose of exchanging credit information.
6. If an application is approved, a subsidy will be granted for two municipal financial years or the subsequent twenty-four (24) months or any other period as approved

by Council. The onus will rest on the approved account holders to apply for relief on an annual basis or any other period as approved by Council.

7. For the purposes of transparency, on an annual basis, the following key information of the recipient's support will be made available to the public for scrutiny: -

- \* Names of household consumers receiving relief for the prescribed period:
- \* Stand number where services are rendered to the recipients; and
- \* Number of dependents residing on the property.

8. Any resident may query the qualification of a recipient in writing, within 30 days from the date of publication, to the Council.

#### **G. DRAFTING AND MAINTENANCE OF AN INDIGENT REGISTER**

1. The Chief Financial Officer or any other person duly delegated will be responsible to compile and administer the database for household consumers registered in terms of this policy.
2. Council reserves the right to send officials or its agents to premises/household consumers receiving relief from time to time for the purpose of conducting an onsite audit of the details supplied.

#### **H. PENALTIES AND DISQUALIFICATION FOR FALSE INFORMATION**

1. Applicants will be required to sign and submit a sworn affidavit, to the effect that all information supplied is true and that all income, i.e. from formal and/or informal sources, is declared.
2. Any person who supplies false information will be disqualified from further participation in the subsidy scheme. He/she will also be liable for the immediate repayment of subsidies received, reversal of any debt written off and the institution of criminal proceedings, as Council may deem fit.
3. When an indigent consumer fails to comply with the conditions stipulated 'to receive the subsidy, they will be dealt with in terms of the Council's uniform credit control procedures.
4. The onus also rests on indigent support recipients to immediately notify Council of any changes in their indigence status.

#### **I. SERVICES TO BE SUBSIDISED**

1. Electricity
  - All indigents which market value does not exceed R250 000 and grants approved in terms of section E (2) of this policy will receive 50 kWh units of electricity per month free of charge. Unused free electricity units will not be carried over to the next month.
  - Any meter tampering will result in the subsidization to be withdrawn.
  - Where electricity is supplied by Eskom, the Council will enter into a service level agreement with Eskom to pay over the subsidy for indigents qualifying in terms of this policy.

## 2. Water

- Indigents which market value does not exceed R250 000 and grants approved in terms of section E (2) of this policy will receive a minimum of 6 kiloliters of water per month fully subsidized.
- In the case of un-metered services, the subsidy will be equal to the flat rate tariff applicable for that financial year.
- A subsidy, determined at the beginning of every financial year and not more than the applicable tariff for that year, will be applied for the duration of that particular financial year.

## 3. Refuse Removal

- All indigents which market value does not exceed R250 000 and grants approved in terms of section E (2) of this policy shall be subsidized for refuse removal as determined and provided for by the Council in the annual budget from time to time.
- A subsidy, determined at the beginning of every financial year and not more than the applicable tariff for that year, will be applied for the duration of that particular financial year.

## 4. Sewerage

- All indigents which market value does not exceed R250 000 and grants approved in terms of section E (2) of this policy shall be subsidized for sewerage services as determined and provided for by the Council in the annual budget from time to time,
- A subsidy, determined at the beginning of every financial year and not more than the applicable tariff for that year, will be applied for the duration of that particular financial year,

## 5. Property Rates

- In terms of Section 10 (2)(a) of the Municipal Property Rates policy read together with Section 17 (h) of the Municipal Property Rates Act indigents shall be subsidized for property rates as determined and provided for by the Council in the annual budget from time to
- A subsidy, determined at the beginning of every financial year and not more than the applicable tariff for that year, will be applied for the duration of that particular financial year.

## 6. Market Related Rental

- All registered indigents shall be subsidized to a maximum of sixty percent (60%) of the payment of site rental.
- All registered indigents shall be subsidized for the payment of site rental as determined and provided for by the council in the annual budget from time to time.
- A subsidy, determined at the beginning of every financial year and not more than the applicable tariff for that year, will be applied for the duration of that particular year.

## J. TARIFF POLICY

1. The Local Government Municipal Systems Act 2000, as amended, stipulates that a Municipal Council must adopt and implement a tariff policy on the levying of fees for municipal services provided by the municipality itself or by way of service

delivery agreements and which complies with the provisions of the Act and with any other applicable legislation,

2. A tariff policy must reflect, amongst others, at least the following principles, namely that: -

- \* The amount individual users pay for their services should generally be in proportion to their use of that service.
- \* Poor household consumers must have access to at least basic services through:
  - Tariffs that cover only operating and maintenance costs.
  - Special tariffs or lifeline tariffs for low levels of use or consumption of services or for basic levels of service; or
  - Any other direct or indirect method of subsidization of tariffs for poor household consumers.
  - The extent of subsidization of tariffs for poor household consumers and Other categories of users should be fully disclosed.

#### **K SOURCES OF FUNDING**

1. The amount of subsidization will be limited to the amount of the equitable share received on annual basis. This amount may be varied on an annual basis according to the new allocation for a particular financial year.

2. If approved as part of the budget and tariff policy the amount of subsidization may be increased through cross subsidization, i.e., step tariff system.

#### **L. METHOD OF TRANSFER AND THE VALUE OF THE SUBSIDY**

1. No amount shall be paid to any person or body but shall be transferred as a credit towards the approved indigent account holder's municipal services account in respect of the property concerned.
2. Calculations shall be based on the monthly current accounts only and in accordance with the approved budget and tariff policy.
3. Where the supply is metered, a 100% subsidy of water with a concession of up to 6kl will apply. If the consumption exceeds the 6kl the consumer will be charged for actual consumption exceeding the 6kl at normal tariffs.
4. Where the supply is not metered 100% subsidy on the flat rate charged.
5. The provisions of point 3 above are subject to the proviso that the consumer agrees in writing that the supply of the applicable premises may be restricted by a flow control washer.
6. The municipality may install a prepaid electricity meter where a consumer is provided with free basic electricity by the Municipality. Such a consumer must agree to the installation of a prepaid electricity meter where one has not already been installed.

**M. ARREAR ACCOUNTS**

1. The approved account holder shall remain responsible for any outstanding amount at the date of application as well as for future charges above the threshold.
2. The arrears on the accounts of household consumers, approved as indigent, will be submitted to Council to be written off in full (including any interest charged). Arrear accounts will be subjected for evaluation by a committee appointed by the accounting officer before submission to council for write off. 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.

**N. RESTORING SERVICES TO QUALIFIED HOUSEHOLD CONSUMERS**

If an application is approved services will be restored free of charge. If services are to be suspended thereafter in terms of the approved credit control policy the approved charge or reconnection will be payable.

**O. SERVICES IN EXTENT TO AVAILABLE SUBSIDY**

Where restriction of consumption applies to a particular service, applicants may not refuse to be restricted in terms of Council policy. Where restrictions are not possible the account holder will be responsible for the consumption in excess of the approved subsidy.

**P. CREDIT CONTROL POLICY TO BE APPLIED FOR INDIGENT HOUSEHOLD CONSUMERS**

1. The credit control policy aims to achieve the following: -
  - \* To distinguish between those who can and cannot genuinely pay for services.
  - \* To get those who cannot pay to register with the municipality so that they could be given subsidies.
  - \* To enable the municipality to determine and identify defaulters to ensure appropriate credit control procedures; and
  - \* To establish an indigent directory of all persons who complies with the policy.
2. Obligation to Pay
  - a. The policy on provision of services should endeavor to provide services in accordance with the amount available for subsidization.
  - b. It is however important to note that the subsidy received, in the majority of cases, does not cover the full account. In such event the consumer is still responsible for the balance between the full account and the subsidy received.
  - c. Where a consumer does not qualify as an indigent debtor in terms of additional consumption, credit control procedures must still be applied, in accordance with the approved credit control policy, for these outstanding amounts.

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

1. This policy shall be implemented once approved by Council. All future applications for indigent registrations must be considered in accordance with this policy.
2. In terms of section 17(3) (e) of the MFMA this policy must be reviewed on annual basis and any proposed amendments tabled to Council for approval as part of the budget process.
3. In order to ensure the effective implementation of the policy, the following should form part of the roll out of the programme: -
  - 3.1 Publishing of the registration process, in local newspapers, municipal account, flyers and posters.
  - 3.2 Communication through local and regional radio stations.
  - 3.3 Informing non-governmental organizations, community-based organizations, religious organizations about criteria and programme.
  - 3.4 Role of ward councilors and committees in the registration and verification process.
  - 3.5 Chief Financial Officer to appoint a project manager and team to drive the programme.