

LIMPOPO PROVINCE
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XIFUNDZANKULU XA LIMPOPO
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VUNDU LA LIMPOPO
IPHROVINSI YELIMPOPO

**Provincial Gazette • Provinsiale Koerant • Gazete ya Xifundzankulu
Kuranta ya Profense • Gazethe ya Vundu**

*(Registered as a newspaper) • (As 'n nuusblad geregistreer)
(Yi rhijistariwile tanihi Nyuziphepha)
(E ngwadisitšwe bjalo ka Kuranta)
(Yo redzhistariwa sa Nyusiphepha)*

POLOKWANE,

5 NOVEMBER 2010
5 NOVEMBER 2010
5 HUKURI 2010
5 NOFEMERE 2010
5 LARA 2010

Vol. 17

Extraordinary

**Ku katsa na Tigazete to
Hlawuleka hinkwato**

No. 1862

Buitengewoon

**Hu tshi katelwa na
Gazethe dza Nyingo**

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LOCAL AUTHORITY NOTICES

LOCAL AUTHORITY NOTICE 207

The Municipal Manager of Greater Letaba Municipality hereby in terms of section 156(2) of the Constitution of the Republic of South Africa (Act 108 of 1996) publishes the by-law to give effect for its implementation as approved by council.

Mankabidi ME
Chief Financial Officer
Greater Letaba Municipality
082 556 2859

**GREATER LETABA
LOCAL MUNICIPALITY**

**CREDIT CONTROL AND DEBT
COLLECTION**

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GREATER LETABA MUNICIPALITY**PRINCIPLES AND POLICY ON CREDIT CONTROL AND DEBT COLLECTION****1. PREAMBLE**

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

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

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

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

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

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

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

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

2. DEFINITIONS

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

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

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

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

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

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

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

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

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

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

"Council" means the Council of the Greater Letaba Municipality.

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

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

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

"Due date" in relation to –

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

"Immovable property" includes –

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

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

"Indigent debtor" means:

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

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

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

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

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

"Month" means a calendar month.

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

"Municipality" means the Municipal Council of the Greater Letaba Municipality or any duly authorised Committee, political office bearer or official.

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

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

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

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

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

"Owner" in relation to immovable property means -

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3. PRINCIPLES

The principles supported in this policy are: -

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

4. SUPERVISORY AUTHORITY

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

5. IMPLEMENTING AUTHORITY

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

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

6. UNSATISFACTORY LEVELS OF INDEBTEDNESS

- (1) If the level of indebtedness in a particular ward or part of the Municipality exceeds the level of the acceptable norm as determined in the Municipality's budget guidelines, the supervisory authority (Executive Committee) must, without delay, advise the Councillor for that ward or part.
- (2) The Councillor concerned:-

Must without delay convene a meeting of the ward committee, if there is one, or convene a public meeting and report the matter to the committee or meeting for discussion and advice; and may make any appropriate recommendations to the supervisory authority.
- (3) May make any appropriate recommendations to the supervisory authority.
- (4) The following should be borne in mind:

Council and individual councillors are policy makers and should promote adherence thereto. The council and councillors as individuals should therefore refrain from interfering with the approved credit control policy and administrative procedures. Councillors should, however, be supportive of the customer management actions in that they exercise no undue pressure on the officials with delegated authority regarding credit control procedures. Councillors are responsible to communicate with their respective constituencies in order to encourage the community to pay for services provided by the municipality. Councillors should consult widely with ratepayers within their constituencies and encourage all parties to pay for services

rendered. The Chief Financial Officer should supply each councilors with a list of non-payers in his/her ward for follow up of accounts in arrears on a monthly basis.

7. APPLICATION FOR THE PROVISION OF MUNICIPAL SERVICES

- (1) A consumer who requires the provision of municipal services must apply for the service from the municipality.
- (2) A service contract shall be entered into for each property to which the municipality is expected to provide any of the following:
 - Electricity
 - Water
 - Refuse collection
 - Sewerage
- (3) The application for the provision of municipal services must be made by the registered owner of an immovable property.
- (4) The municipality will not entertain an application for the provision of municipal services from a tenant of a property, or any other person who is not the owner of the property.
- (5) The only exception to (3) above is that individuals and businesses with lease agreements to lease properties from the municipality and government departments will be allowed to open an account in the name of the lessee of the property
- (6) An agent may with a proxy open an account in the name of the owner.
- (7) The application for the provision of municipal services must be made in writing on the prescribed application form that is provided by the municipality.
- (8) By completing the prescribed application form for the provision of municipal services the consumer of services enters into an agreement with the municipality.
- (9) Current consumers and users of the Municipality's services who have not entered in a service contract as envisaged above, should do so within 30 days from the date on which the by-laws to implement the present are published, and failure to do so shall be considered as a default equivalent to non-payment.
- (10) The agreement with the municipality makes provision for the following: -
 - (a) An undertaking by the owner that he or she will be liable for collection costs including administration fees, interest, disconnection and reconnection costs, and any other legal costs occasioned by his or her failure to settle accounts by the due date;

- (b) An acknowledgement by the owner that accounts will become due and payable by the due date notwithstanding the fact that the owner did not receive the account; and
 - (c) That the onus will be on the owner to ensure that he or she is in possession of an account before the due date.
 - (d) An undertaking by the municipality that it shall do everything in its power to deliver accounts timeously.
- (11) The application for the provision of municipal services shall be made at least ten (10) days prior to the date on which the services are required to be connected.
 - (12) A trade debtor account should be opened on the trade debtor system for each contract signed.
 - (13) On receipt of the application for provision of municipal services, the municipality will cause the reading of metered services linked to the property to be taken on the working day preceding the date of occupation.
 - (14) The first account for services will be rendered after the first meter reading cycle to be billed following the date of signing the service agreement.
 - (15) No re-connection will be considered with any outstanding accounts linked to this specific stand.
 - (16) All consumers should at all times be treated with utmost respect.
 - (17) No unfair discrimination should be made between the types/classes of consumers and account holders.
 - (18) Consumers are not allowed to selectively nominate money paid for specific service.
 - (19) Where electricity and/or water supply of consumers was disconnected erroneously, a written apology must be dispatched to such consumer within seven (7) working days after the supply was re-instated.
 - (20) Clearance certificates will only be issued once all amounts owing to the municipality have been paid in full.

8. DEPOSITS AND GUARANTEES

- (1) On application for the provision of municipal services the prescribed consumer deposit shall be paid.
- (2) A guarantee in lieu of a deposit may be accepted on application for the provision of municipal services by a business in terms of the prevailing conditions determined by the Municipal Manager at the time of the application.

- (3) Existing consumers moving to a new address are required to pay the prescribed consumer deposit on application for the provision of municipal services at the new address.
- (4) Deposits are not transferrable to a next account of those consumers moving from one property to another, or in cases where name of the person, responsible for paying the account has changed.
- (5) The minimum deposit payable is determined annually by Council and is contained in the tariff book produced annually.
- (6) The consumer deposit paid on application for the provision of municipal services must be reviewed at least annually and may be increased or decreased upon written notice to consumers. The deposit will be the equivalent of at least one months charge for all municipal services supplied; however this maybe increased if it is determined that the consumer is a credit risk.
- (7) On termination of the supply of services the amount of the deposit less any payment due to the municipality will be refunded to an account holder, provided that payments due are less than the deposit paid, and that the account holder has provided a forwarding address.
- (8) No interest shall accrue in favour of the depositors thereof upon termination of the debtors agreement with the municipality.
- (9) The deposits should be accounted for in a register that is reconciles to the municipalities general ledger system on a monthly basis.

9. ACCOUNTS AND BILLING

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

- (i) Property rates charges are billed annually or monthly as preferred by customers.
- (ii) Council's preference is that property rates charges be charged monthly.
- (iii) Property rates charges charged annually are billed on the July account.
- (iv) Property rates charges charged monthly are billed on the monthly accounts and the due date for the payment of the charges is as indicated on the accounts.
- (v) The tariffs to calculate the property rates charges are determined annually and approved by the Council and are contained in the tariff book produced by the municipality.

(b) Water Charges

- (i) Consumption of water is billed in terms of metered consumption for conventional meters .
- (ii) Monthly accounts are rendered for water consumption and the due date for payment of the accounts is as indicated on each of the accounts.
- (iii) The tariffs to calculate the water charges are determined annually and approved by Council and are contained in the tariff book produced by the municipality.

(c) Refuse Removal and Sewer Charges

- (i) Refuse removal and sewer are billed in terms of a fixed monthly tariff.
- (ii) Monthly accounts are rendered for refuse removal and sewer and the due date for payment of the accounts is as indicated on each of the accounts.
- (iii) The tariffs to calculate the refuse removal and sewer charges are determined annually and approved by Council and are contained in the tariff book produced by the municipality.

(d) Sundry Debtor Accounts

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

(7) Final Accounts

On receipt of an application for termination of services the final readings of metered services will be taken, the accounts finalised, the consumer deposit will be appropriated and if a debit balance remains the balance will be payable by the consumer and if a credit balance remains the balance will be refunded to the consumer, on condition that the consumer has provided the municipality with a forwarding address.

(8) Due Date

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

10. METERING OF MUNICIPAL SERVICES

- (1) The municipality may introduce various metering equipment and may encourage consumers to convert to a system which is preferred by the Council when Council considers this to be beneficial to its functioning and operations.
- (2) Council's preferred metering system to measure water is the conventional water metering system for domestic consumers and businesses. Water consumption is measured with credit water meters.
- (3) The following applies to the reading of credit meters: -
 - (a) Credit water meters are read at in cycles of approximately 30 days.
 - (b) If for any reason the credit water meters cannot be read, the municipality will render an account based on estimated consumption by determining the monthly average of the metered consumption recorded on the three most recent accounts in respect of which meter readings were obtained. The account based on estimated consumption will be adjusted in the subsequent account based on the actual consumption.
 - (c) The consumer is responsible to ensure access to metering equipment for the purpose of obtaining meter readings for billing purposes.
 - (d) Consumers can, for reasons of non-accessibility to their properties by meter readers, provide the municipality with monthly meter readings for billing purposes, provided that an audit reading can be obtained by the municipality once every six months and provided that a final reading can be obtained should the consumer vacate the property.
 - (e) If any calculation, reading or metering error is discovered in respect of any account rendered to a consumer –
 - (i) the error shall be corrected in the subsequent account,

- (ii) any such correction shall only apply in respect of an account for a period of three years preceding the date on which the error in the account was discovered,
 - (iii) the correction shall be based on the tariffs applicable during the period, and
 - (iv) the application of this section shall not prevent a consumer from claiming overpayment for any longer period where the consumer is able to prove the claim in a court of law.
- (f) When a consumer vacates a property and a final reading of the meter is not possible, an estimation of the consumption may be made and the final account rendered accordingly.

11. PAYMENT OF ACCOUNTS

- (1) All accounts rendered by the municipality are due and payable on or before the due date as indicated on the account.
- (2) All payments, whether made by cash, stop order, electronic payments or payments made through agents must be receipted by the municipality by the close of business on the due date. Cheques will be accepted as payment of an account (except in the case of payment to obtain a clearance certificate as provided for in terms of Section 118 of the Municipal System Act in which case payment must be made in cash or a bank guarantee cheque or a cheque from the trust account of an attorney). Cheques as stated above must first be cleared before clearance certificates are issued.
- (3) Where a cheque has been dishonoured the person issuing the cheque shall not be allowed to pay by cheque in future.
- (4) Accounts rendered by the municipality can be paid at any municipal cashier office and any other pay point as determined by the Municipal Manager from time to time.
- (5) The payment methods and facilities supported by the municipality can be used to make payments on accounts.
- (6) Payments received in respect of rates and service charges will be allocated by the municipality entirely within its discretion, on the account of the debtor.
- (7) Part payment received on an account shall be allocated firstly to reduce any penalty charges that may have accrued on the account.
- (8) An official receipt issued by the municipality will be the only proof of payments made.

12. INTEREST ON ARREAR DEBT

- (1) Account balances which remain unpaid after the due date shall attract interest irrespective of the reason for non-payment.
- (2) The following categories of arrear debt shall not attract interest on arrears: -
 - (a) Indigent debt
 - (b) Closed accounts
 - (c) Deceased estates
 - (d) Insolvent estates
 - (e) Debtors under administration (administration portion only)
- (3) Interest on arrear debt shall be calculated for each month for which such payment remains unpaid and part of a month shall be deemed to be a month.
- (4) No interest shall be charged on any outstanding amounts in respect of which an agreement had been concluded for the payment by way of installment thereof, provided the installment is paid in full by the due date.

13. ENQUIRIES AND APPEALS

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

14. DEBT COLLECTION

- (1) The Chief Financial Officer is authorised to institute agreed upon debt collection mechanisms without exception and with the intention to proceed until the debt is collected.
- (2) All accounts rendered by the municipality shall be paid on the due date as indicated on the account.
- (3) Account balances which remain unpaid after the due date shall attract interest irrespective of the reason for non-payment.
- (4) Account balances which remain unpaid after the due date will be subject to debt collection action.
- (5) Debt collection action will be taken on the total amount outstanding on the account after the due date. The total amount outstanding includes property rates, refuse, sewer, water and sundry debtor charges.
- (6) The debt collection action to be taken will be as follows: -
 - (a) Disconnection of water supply (restriction of flow)
 - (i) The municipality shall disconnect the water supply to a property if the account rendered by the municipality is not paid by the due date as indicated on the account.
 - (ii) Credit water meters will be disconnected for the non-payment of municipal accounts.
 - (iii) Disconnection of water supply will be for the total amount outstanding on the account, not just for the water portion of the account.
 - (iv) Disconnection of water supply for the non-payment of an account will be during the 30 day period following the due date.
 - (b) Recovery of Rates in Arrears from Tenants, Occupiers, and Agents
 - (i) The municipality will utilise the Property Rates Act 2004 sections 28 and 29 to recover rates unpaid by owners where appropriate.
 - (ii) The municipality may recover the amount in whole or part from a tenant or occupier of a property despite any contractual obligation to the contrary on the tenant or occupier. The municipality may recover an amount only after the municipality has served a written notice on the tenant or occupier.
 - (iii) The amount the municipality may recover from the tenant or occupier of a property is limited to the amount of rent or other money due and payable, but not yet paid, by the tenant or occupier to the owner of the property.

- (iv) Any amount the municipality recovers from the tenant or occupier of the property must be set off by the tenant or occupier against any money owed by the tenant or occupier to the owner.
 - (v) The tenant or occupier of a property must, on request by the municipality, furnish the municipality with a written statement specifying all payments to be made by the tenant or occupier to the owner of the property for rent or other money payable on the property during a period determined by the municipality.
 - (vi) The municipality may, despite the Estate Agents Affairs Act 1976, recover the amount due for rates on a property in whole or in part from the agent of the owner, if this is more convenient for the municipality.
 - (vii) The municipality may recover the amount due for rates from the agent of the owner only after it has served a written notice on the agent.
 - (viii) The amount the municipality may recover from the agent is limited to the amount of any rent or other money received by the agent on behalf of the owner, less any commission due to the agent.
 - (ix) The agent must, on request by the municipality, furnish the municipality with a written statement specifying all payments to be made by the tenant or occupier to the owner of the property for rent or other money payable on the property during a period determined by the municipality.
 - (x) The municipality must provide an owner of a property in its jurisdiction with copies of accounts sent to the occupier of the property for municipal services supplied to the property if the owner requests such accounts in writing from the municipality.
- (c) Handover of debt to debt collectors
- (i) Debt that could not be collected by the disconnection of water supply to a property and that are 60 days old may be handed over to debt collectors.
 - (ii) Handover to debt collectors is a pre-legal action and if the debt collectors are unsuccessful in collecting the debt, the debt may be handed over to attorneys for legal collection.
 - (iii) Only the Municipal Manager or his delegated official will hand debt over to attorneys for legal collection.
 - (iv) The following types of debt will be handed over to the debt collectors: -
 - Debt that is 60 days and older.
 - Debt for which no payment arrangements were made.

- The amount of the debt per debtor to be handed over is the amount that will be determined from time to time.
- (v) The following types of debt will **not** be handed over to debt collectors.
- Debts of indigent debtors that are registered as indigent at the date of handover.
 - Government debt.
 - Debt that is being paid off as per an arrangement with the debtor.
 - A debt that has not been under a query for more than two months.
- (vi) The process of collecting debt by debt collectors includes -
- The phoning of debtors.
 - Sending out demand letters.
 - Making arrangements with debtors to pay off debt in terms of the Council's credit control and debt collection policy.
 - Making follow-up contact with debtors on unpaid arrangements.
- (d) Handover of debt to Attorneys for legal collection
- (i) Debt that could not be collected by the debt collectors and debt that requires urgent legal attention will be handed over to attorneys for legal collection.
- (ii) The following types of debt will be handed over to attorneys: -
- Debt that is 120 days and older.
 - The amount of the debt per debtor to be handed over is the amount that will be determined from time to time.
 - Debt for which no payment arrangements were made.
- (iii) The following types of debt will not be handed over to attorneys:-
- Debt of approved indigent debtors that has not yet been written off by the council.
 - Debt that is being paid off as per an arrangement with the debtor.
 - A debt that has not been under a query for more than two months.
- (iv) The process of legal collection includes:-
- Final demands for payment to debtors.
 - Emolument attachment orders on debtor's salaries.

- Summons issued for debt to be paid.
- Default judgment be obtained against the debtor.
- The attachment of moveable properties and sale in execution of moveable property
- The attachment of immoveable property and the sale of immoveable property.

(e) Withholding or offsetting grants-in-aid.

The municipality provides annual grants-in-Aid to Institutions on application. If an institution is in arrear with its services account, then the municipality will withhold the grant-in-aid or the grant-in-aid will be off set against the arrear debt with the municipality.

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

- (i) The municipality will issue a certificate required for the transfer of immovable property in terms of Section 118 of the Local Government: Municipal Systems Act No 32 of 2000, which is lodged with the municipality in the prescribed manner. This is subject to all amounts that became due in connection with that property for municipal service fees, surcharges on fees, property rates and other municipal taxes, levies and duties during the two years preceding the date of application for the certificate have been fully paid.
- (ii) Debt older than two years on the property irrespective of whether the owner of the property accumulated the debt will also have to be paid by the owner before the transfer of the property can be affected.
- (iii) If the owner refuses to pay the debt which is older than two years then the municipality will apply to a competent Court for an order in the following terms: -
- In the case where there is no judgment debt, for an order staying transfer of the property pending the finalisation of a civil action to be instituted against the person who is in law liable for the payment of the outstanding debt.
 - In the case where there is already a judgment for the payment of the amount, an order that the judgment debt be paid out of the proceeds of the sale, before the mortgage debt is settled.
 - The above action must be taken before the property is transferred as the statutory lien created by Section 118(3) of the Act only endures until the property has been transferred and in terms of Section 118(5) of the Act the new owner of the property cannot be held liable for the debt that became due before a transfer of a residential property took place.

(g) Other debt collection methods

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

(7) Debt Collection Costs

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

15. ARRANGEMENTS TO PAY ARREAR DEBT

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

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

- (4) In order to determine monthly installments a comprehensive statement of assets and liabilities of the debtor must be compiled by a treasury official. To ensure the continuous payment of such arrangement the amount determined must be affordable to the consumer, taking into account that payment of the monthly current account is a prerequisite for concluding an arrangement.
- (5) Implementation of the following principles **(as a once off initiative)** could enhance the success of debt collection to a great extent:-
- (a) Households earning less than R5 000 gross per month
- (i) Where a debtor pays 50% capital on his/her arrear account the other 50% capital and all the interest accumulated will be written off immediately from the provision for bad debt.
- (ii) Where arrangements are made to pay off the arrear amount in installments, such an arrangement should be honoured for at least a six month consecutive period where after capital arrears will be written off on a monthly basis on a rand for rand basis (for every one rand capital that is paid one rand capital will be written off from the provision for bad debt). Upon paying the total capital owed all the interest accumulated will be written off immediately from the provision for bad debt.
- (b) Households earning between R5 001 and R10 000 gross per month
- (i) Capital arrears will be written off on a 50% basis (for every one rand that is paid fifty cents will be written off from the provision for bad debt). Upon paying the total capital owed all the interest accumulated will be written off immediately from the provision for bad debt.
- (ii) Where arrangements are made to pay off the arrear amount in installments, such an arrangement should be honoured for at least a six month consecutive period where after arrears will be written off.
- (c) Households earning R10 001 and more gross per month
- (i) Where a debtor pays 100% on his/her capital arrear debt, all the interest accumulated will immediately be written off from the provision for bad debt.
- (ii) Where arrangements are made to pay off the arrear amount in installments, such an arrangement should be honoured for at least a six month consecutive period where after interest will be written off on a monthly basis on a rand for rand basis (for every one rand capital that is paid one rand interest will be written off until such time that all the interest has been written off from the provision for bad debt).

- (6) A consumer who cannot pay their arrear debt may enter into an arrangement to pay the account over an extended period of time.
- (7) During the time of the debt collection process, but before the debt is handed over to the attorneys a consumer may enter into an arrangement to pay off arrear debt.
- (8) No arrangements outside of the provisions of this policy will be entertained by attorneys on a debt that has been handed over for legal collection without prior approval of the Chief Finance Officer.
- (9) The municipality will entertain only one arrangement with a consumer to pay off arrear debt.
- (10) The consumer by signing the arrangement agreement to pay off arrear debt acknowledges the following: -
 - (a) The debt is owed to the municipality.
 - (b) That on default of the arrangement agreement, interest on arrears will be charged on the amount due, water supply will be disconnected to the property of the consumer or the consumer will be blocked from the purchase of water on the prepayment system, and legal proceedings will be instituted to collect the debt.
 - (c) That the consumer will be liable for all costs, which includes legal costs incurred to collect the debt.
- (11) Arrangements by businesses
 - (a) At the date of the arrangement a minimum of 50% of the capital arrear debt must be paid immediately.
 - (b) After the payment of 50% of the capital arrear debt, 50% of the interest accumulated will be written off from the provision for bad debt.
 - (c) The balance of the debt which includes the capital amount and interest must be paid over a 6 to 12 month period on an interest free basis provided payments are made monthly by the due date.
 - (d) The total monthly installment must include the current monthly charges plus the amount to pay off arrear debt.
 - (e) Arrangement by businesses to pay off arrear debt will only be entertained for debt on which debt collection actions have been taken and which actions are in an advanced stage.
 - (f) Failure to maintain the arrangement will result in interest being reversed and full debt collection being implemented, with no possibility of reprieve.

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

16. INDIGENT DEBTORS

- (1) An account holder (consumer) may apply, in the prescribed manner, to be regarded as an indigent debtor as defined in the Indigent Policy approved by the council.
- (2) Any person who has been declared indigent shall be entitled to indigent subsidies for basic services on a basis determined by Council from time to time.
- (3) The approved account holder shall remain responsible for any outstanding amount at the date of application as well as for future charges.
- (4) The arrears on the accounts of households, approved as indigent, will be submitted to Council to be written off in full (including any interest charged) after the expiry of six months being registered as an indigent. This submission will only be valid as a once-off exercise after approval and will not be applicable for future consumption in excess of the approved subsidy accumulated.
- (5) Indigent consumers with credit water meters are required to pay their current monthly account, which is the amount after the indigent subsidy has been deducted, every month by the due date.

17. DEBT OF ABSCONDED OWNERS

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

18. STAFF AND COUNCILLORS – PAYMENT OF ARREARS

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

19. ADMINISTRATION ORDERS – PAYMENT OF ARREARS

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

20. WRITE OFF OF IRRECOVERABLE DEBT

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

21. CERTIFICATES REQUIRED FOR TENDERS

- (1) A person or an institution reacting to a tender published by the municipality or wishing to enter into a contract to either provide services or goods to the municipality must produce a certificate, on the prescribed form, which states that regular payment of rates and services accounts are maintained and that the account is currently up to date.
- (2) A person who fails to provide such a certificate shall be disqualified from the tendering process.
- (3) A person who has an existing arrangement with the municipality for the payment of arrears shall be exempt from (1) and (2) to the extent of the arrears.

22. THEFT AND FRAUD

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

23. REPORTING AND PERFORMANCE MANAGEMENT

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

24. INCOME COLLECTION TARGET

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

25. PROPERTY MANAGEMENT LEASES

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

26. TEMPORARY WORKERS

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

27. PUBLICATION OF POLICY

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

28. APPLICATION OF THE POLICY

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

29. IMPLEMENTATION AND REVIEW OF THIS POLICY

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

LOCAL AUTHORITY NOTICE 208

The Municipal Manager of Greater Letaba Municipality hereby in terms of section 156(2) of the Constitution of the Republic of South Africa (Act 108 of 1996) publishes the by-law to give effect for its implementation as approved by council.

Mankabidi ME
Chief Financial Officer
Greater Letaba Municipality
082 556 2859

GREATER LETABA MUNICIPALITY



MUNICIPAL RATES POLICY

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1. INTRODUCTION

Section 3(1) of the Local Government: Municipal Property Rates Act, 2004 (Act 6 of 2004) ("MPRA"), and section 62(1)(f) of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) ("MFMA"), provide that a municipality should adopt and implement a policy on the levying of rates on rateable property.

This document sets out the policy of the Greater Letaba Municipality on the levying of rates on rateable property. In applying its rates policy, the Municipality will meet all the requirements of the MPRA and MFMA, including any regulations made under these Acts.

The Municipality will, as part of each annual operating budget process, impose a rate in the rand on the market value of all rateable properties as recorded in the Municipality's valuation roll or supplementary valuation roll(s). Rateable property includes any rights registered against the property, with the exception of a mortgage bond. Generally, all land within a municipal area is rateable unless it is specifically exempted in terms of section 15 of the MPRA. Such exemptions apply to cemeteries, amateur sports grounds and properties owned by welfare organisations. A municipality must, in accordance with section 3 of the MPRA, adopt a rates policy that sets out the broad policy framework within which the municipality rates its area and must, in accordance with section 5 of the MPRA, review and if necessary amend its rates policy annually.

When imposing rates on a property a municipality may not exercise that power in a way that materially and unreasonably prejudices national economic policies, economic activities across municipal boundaries or the national mobility of goods, services, capital or labour.

2. DEFINITIONS

Definitions, words and expressions as used in the Act are applicable to this policy document wherever it is used. In this policy, unless the context indicates otherwise –

"Agricultural smallholding" means a small farm larger than 1 hectare and less than 10 hectares, and be deemed to be agricultural land when it is zoned for agricultural purposes.

"bone fide farmer" is a person farming with the intention of making a living from the development, cultivation and utilisation of agricultural land and includes subsistence and forestry.

"business", in relation to property, means the use of property for the activity of buying, selling or trading in commodities or services on a property and includes any office or other accommodation on the same property, the use of which is incidental to such activity, but does not include the business of agriculture, farming, or any other business consisting of the cultivation of soils, the gathering in of crops, the rearing of livestock or the propagation and harvesting of fish or other aquatic organisms.

"exemptions" in relation to the payment of a rate, means an exception granted to certain categories of properties from levying of full rates on the market value of the properties.

"farm" refers to a property utilised by a bona fide farmer for farming purposes and includes forestry.

"financial year" means the period starting from the 1 July of each year to the 30 June of the next year.

"government", in relation to property, means owned and exclusively used by an organ of state, but does not refer to any non-urban land owned by an organ of state and used for residential or agricultural purposes or not in use.

"improvement" means any building or structure on or under a property, but excludes –

- (a) a structure constructed solely for the purpose of rendering the property suitable for the erection of any immovable structure thereon; and
- (b) any building, structure or equipment or machinery referred to in section 46(3) of the MPRA;

"indigent debtor" means a debtor who is a poor private household as defined by the Municipality's policy on indigent debtors.

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

"municipal", in relation to property, means owned and exclusively used by the Municipality.

"municipality" means the Greater Letaba Local Municipality.

"multiple purposes", in relation to property, means the use of a property for more than one purposes and the property thus not being assigned to a single category of properties and, where one use represents on average 90% or more of the property's value, the property is rated as though it were used for that use only;

"MFMA" refers to the Municipal Finance Management Act, No 56 of 2003.

"MPRA" refers to the Municipal Property Rates Act, No 6 of 2004.

"residential", in relation to property, means a property's having a suite of rooms which forms a living unit that is exclusively used for human habitation purposes or a multiple number of such units, but does not refer to a hotel, commune, boarding or lodging undertaking, hostel or place of instruction.

"rateable property", refers to a property on which a municipality may in terms of the MPRA levy a rate, excluding property fully excluded from the levying of rates in terms of section 17 of MPRA.

“**rebate**”, in relation to a rate payable on a property, means a discount granted on the amount of rate payable on the property.

“**Squatters/dwellers**” means a person who unlawfully occupied private and or agricultural property or occupied these properties without the consent of the owner.

3. STRATEGIC FOCUS

In determining the rates, exemptions, rebates and reductions, the Municipality has considered the following:

- The impact of the rates on the community;
- the impact of the rates on businesses;
- the integrated development plan (IDP) of the Municipality;
- the local economic development strategy (LED) of the Municipality; and
- the impact of the new rating system to the poor, private households, agricultural communities and owners of communal land;
- the prevention of major shocks to ratepayers when moving from a site rating system to a system based on a rating on the market value (land and buildings) of a property.

4. ANNUAL ADOPTION OF THE POLICY

The rates policy will be reviewed annually in compliance with section 5(1) of the MPRA and according to the time schedule tabled by the Mayor in accordance with section 21(1) (b) of the MFMA. Community participation will take place in accordance with Chapter 4 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000). All stakeholders with vested interest in the rates policy must be consulted on any amendments to the rates policy.

The following annual rates policy will be approved with the annual budget in compliance with section 24 of the MFMA.

The rates policy will be available for perusal, free of charge, at:

- 4.1 Greater Letaba municipal offices, Modjadjiskloof
- 4.2 Municipal paypoint, Modjadjiskloof
- 4.3 Municipal paypoint, Ga-Kgapane
- 4.4 Municipal paypoint, Senwamokgope
- 4.5 Municipal paypoint, Mokwakwaila
- 4.6 Municipal web site at www.greaterletaba.gov.za

5. KEY PRINCIPLES

5.1 Equity

Liabile rate payers will be treated equally according to the level of service they receive. The fundamental principle is that ratepayers in similar circumstances will pay similar amounts of tax.

However, the circumstances of an individual ratepayer are only taken into account when exemptions or rebates are to be granted. Rates are levied on an *ad valorem* (by value) basis, that is pro rata to the value of the property. This is generally considered sufficient to meet the equity principle because two ratepayers with the same property values will pay the same amount of tax (excluding any exemptions, rebates and reductions). A ratepayer with a property that has a high value will pay proportionately more than a ratepayer with a property that has a lower value.

In the local government context, the application of the equity principle would suggest that the tax (the rate in the rand) would be the same for all ratepayers in a municipal area, unless some compelling application of other taxation principles changes the incidence of the tax. The main reasons one ratepayer may pay a different rate than another ratepayer are:

- different rates levied on different categories;
- exemptions;
- rebates

Although these mechanisms were created by the MPRA, their use should be justified. The main reason is to retain the historical level of contribution of the various categories of properties and including and encouraging new rate payers to the income from assessment rates and therefore minimise the impact on ratepayers.

5.2 Affordability

In considering affordability, the total municipal services account and not only the rates account will be considered. The Municipality will endeavour to limit the annual increase in revenue from property rates as determined by the Minister of Finance annually.

5.3 Poverty alleviation

The effect of rates on the poor should be linked to the Municipality's Indigent and credit control policy. All residential properties with a value below an amount to be determined during the budget process, are exempted from assessment rates which amount should not be less than R15000.

5.4 Limitation of rates increases

The transformation from a land and improvement rating system to a system where the total market value (land and buildings) is rated will cause major shifts in the rates burden on owners of certain properties.

Guidelines from Central Government are that the implementation of the MPRA should not lead to an increase in income from assessment rates and it should also not result in major shocks to ratepayers. To give effect to these guidelines it is necessary to set limits on the increase in rates for the financial years in which the first valuation roll prepared in terms of the MPRA is implemented.

5.5 Community participation

Community participation in accordance with the provisions of chapter 4 of the Local Government: Municipal Systems Act, No 32 of 2000.

6. AMOUNT DUE FOR RATES

The Greater Letaba Municipality will, as part of each annual operating budget process, determine a rate in the rand for every category of properties; during which process, community participation will take place.

The municipality may however grant different categories of properties relieve in a form of exemptions and rebates to be determined by the council.

7. LIABILITY FOR RATES

Rates levied by the Municipality on a property must be paid by the owner of the property. Rates will be levied monthly or annually in certain categories. Agriculture may choose to pay monthly or annually.

- If an amount due for rates is unpaid by the owner of the property, the Municipality may recover the amount from the tenant or occupier of the property. The amount due for rates may be recovered from the agent of the owner.
- Where the rates levied on a property are based on a supplementary valuation made in terms of section 78(1) of the MPRA, the rates are payable from one of the dates contemplated in section 78(4) of the MPRA.
- The recovery of rates by the Municipality will be in accordance with the Municipality's debt collection policy (credit and debt control policy). The municipality shall furnish ratepayers with rates accounts on a monthly basis for the payment of rates specifying:
 - the amount due for rates payable
 - the date on or before which the amount is payable
 - how the amount was calculated
 - the market value of the property
 - the category of the property
 - the exemptions, rebates and special rating
- The ratepayers are liable for payment of rates whether or not that person has received an account, if a person has not received an account, that person must make necessary inquiries from the municipality.

- The municipality may furnish a consolidated account to the ratepayers in terms of the municipality's Credit Control and Debt Collection By-Law.

8. VALUATION OF RATEABLE PROPERTIES

- The Municipality will undertake a general valuation of all rateable properties as defined in the MPRA and prepare a valuation roll every four years.
- Supplementary valuations will be undertaken on an ongoing basis and supplementary valuation rolls will be prepared once a year.
- Amendments to the valuation roll to reflect changes to the owner, address, category, extent, description or other prescribed particulars will be made annually in accordance with section 79 of the MPRA, and only the electronic copy of the valuation roll will be updated.

9. LEVYING OF RATES

9.1 Impermissible Rates

The rates impermissible in terms of sections 16 and 17 of the MPRA.

Section 16:

- National economic policies.
- Economic activities across its borders.
- The national mobility of goods, services, capital or labour.

Section 17:

- On the first 30% of public service infrastructure.
- On those parts of a special nature reserve, national park or a national botanical garden within the meaning of the Protected areas act and/or the national Environmental Management: Biodiversity Act, 2004
- On Mineral rights.
- On property belonging to a land reform beneficiary, provided that this exclusion lapses ten years from the date on which such beneficiary's title was registered in the office of the Registrar of Deeds.
- On the first R30 000 of a property zoned for single residential purposes.
- On the first R15 000 of an undeveloped rateable residential property
- 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.

9.2 Categories

The category of property is determined by the zoning and actual use of the property. The municipal valuer is responsible for categorising properties and maintaining the categories, as any change in the use of a property may result in a change in category.

The Municipality has determined the following categories in terms of section 8(1) of the MPRA:

- (a) Residential (single and multiple)
- (b) Business
- (c) Industrial
- (d) Education
- (e) Institution
- (f) Municipal
- (g) Government
- (h) Private open space
- (i) Public open space
- (j) Agricultural property including Agricultural smallholdings and forestry);
- (k) Service infrastructure (roads, railway lines and communication systems)
- (l) Communal land
- (o) Properties for Public benefit use

9.3 Relief mechanisms (rebates, exemptions and reductions)

In compliance with the MPRA certain categories of properties shall be exempt and rebated from levying of full rates, the relief mechanisms shall be determined in accordance with a budget-related policy on an annual basis;

- a) The different categories of properties to be exempted from full rates shall be determined in terms of section 15,16 and 17 of MPRA and by the municipal Council on an annual basis
- b) Phasing in rebates shall be granted on all properties when the new rating system is introduced in order to ensure that there is no major increase on the rates and shall be determined by the municipal council.
- c) Phasing in rebates on newly rateable properties shall be determined by the municipal council in terms of section 21 of the MPRA.
- d) The need to accommodate indigent and disabled residents.
- e) The services provided for the community by public service organisations or private sector.
- f) The value of agricultural activities to the local economy.
- g) The need to preserve the cultural heritage of the local community.
- h) To encourage economic development and investment.
- i) The different categories of properties.

9.3.1 Rebates

When a specific category of owners of properties or the owners of a specific category of properties qualify for more than one rebate at a given time, the rebate is calculated on the previous rates amount payable. The order in which the rebates are calculated is as follows:

(a) Rebate For Indigent Debtors:

The rebate is as determined by the Municipality's Indigent and Credit Control Policy.

(b) Rebate To Limit The Increase In Rates:

The rebate to limit the increase in rates when moving from a land rating system to the system of rating the total market value of a property, applies only to the 2008/09, 2009/10 and 2010/2011 financial years.

- for the 2008/2009 financial year -75% phasing in rebate
- for the 2009/2010 financial year -50% phasing in rebate
- for the 2010/2011 financial year -25% phasing in rebate
- for the 2011/2012 financial year - full rates payable

Agricultural property will be phased in at 50% during the 2010/2011 financial year.

All other property will be phased in at 25% during the 2010/2011 financial year (25% discount).

This rebate does not apply to an increase in rates owing to a supplementary valuation made in terms of section 78(1) of the MPRA.

9.3.2 Rebates Applicable To Agricultural Land

The rebate in the rates applicable to agricultural land and is calculated as follows:

- a) The extent of municipal services provided to agricultural properties:
 - 7,5% rebate, if there are no municipal roads next to the property.
 - 7,5% rebate, if there is no municipal sewerage to the property.
 - 7,5% rebate, if there is no municipal electricity to the property.
 - 20% rebate, if water is not supplied by the municipality.
 - 7,5% rebate, if there is no refuse removal by the municipality.
- b) The contribution of agriculture to the local economy:

A rebate of 5% will be granted to agricultural property where the salaries/wages of farm workers are reasonable and meet the minimum standards set by the government or if they are in line with the sector's average.
- c) The following rebates be granted to the extent to which agriculture contribute to the social and economic welfare of farm workers:
 - 5% rebate, if the owner is providing housing to the farm workers.
 - 7,5% rebate, if potable water is provided.
 - 7,5% rebate, if electricity is provided.
 - 10% rebate, if the farmer is availing his land for education, funeral and recreational purposes.
- e) If the farm property is impacted by the Extension of Security of Tenure Act 62 of 1997 the value of the identified property impacted by the Act will be excluded from the total valuation for rating purposes. The benefits, rights and privileges associated with the identified property must also be valued in order to obtain the true market related valuation.
- f) All rebates on agricultural property will be applicable to all agricultural property owners except for 10% if the farmer is availing his/her land for education, funeral or recreational purposes.

- g) An application must be made with the municipality for rebates of 10% for availing land for education, funeral or recreational purposes.

9.3.3 Rebate Applicable To Private Owned Towns

Private owned towns with municipal services	- 30% rebate
Private owned towns with own services	- 50% rebate

9.3.4 Rebate Applicable To Communal Land

As defined in the MPRA.

9.3.5 Exemptions

The Municipality grants an exemption from the payment of rates in respect of the following:

- (a) Any rateable property registered in the name of a welfare organisation registered in terms of the National Welfare Act, 1978 (Act 100 of 1978);
- (b) Any hospital, clinic or institution that is operated not with the intention to make profit;
- (c) Any rateable property registered in the name of a public benefit organisation that carries out specified public benefit.
- (d) Any cemetery or crematorium that is registered in the name of a private person and that is used exclusively for burials or cremations, as the case may be;
- (e) Any museum, art gallery, library or botanical garden including ancillary business activity that is registered in the name of a private person and that is open to the public, whether admission is charged or not;
- (f) Any national monument, including any ancillary business activity conducted at a national monument;
- (g) Any rateable property registered in the name of a trustee or trustees or any organisation that is being maintained for the welfare of war veterans as defined in section 1 of the Social Aid Act (House of Assembly), 1989 (Act 37 of 1989), and their families;
- (h) Any sports grounds used for the purposes of amateur sport or any social activity connected with such sport;
- (i) Any rateable property registered in the name of the Boy Scouts, Girl Guides, Sea Scouts, Voortrekkers or any organisation that is, in the opinion of the Municipality, similar or any rateable property let by the Municipality to any such organisation;
- (j) Any rateable property registered in the name of a declared institution as defined in section 1 of the Cultural Institutions Act, 1969 (Act 29 of 1969), or the Cultural Institutions Act (House of Assembly), 1989 (Act 66 of 1989);

- (k) On a rateable property registered in the name of a church, and used primarily as a place of public worship by the church including an official residence of the church.
- (l) Any residential property that is occupied by the owner of the property and has a value below an amount to be determined during the budget process which amount should not be less than R30 000 or R15 000 as determined in the tariff charges.
- (m) Any property on or under a public service infrastructure
- (n) Property zoned for private road purposes and incidental thereto
- (o) Any person who as defined in the indigent policy of the council
- (p) Any public school; and
- (q) Any independent school.
- (r) Any property or portion thereof, used as a pre-primary school or day care centre.
- (s) Full exemption for five years for privately owned farm properties meant for residential development until the stand is full transferred to the owner.

The exemption in (n) to (r) will be granted after an application has been considered and by the municipal valuer and approved by the PED Manager and the CFO.

Should the use or ownership or circumstances used to approve exemption from payment of assessment rates change, such exemptions will immediately lapse from date of change.

APPENDIX: SUMMARY OF THE LEGAL POSITION RELATING TO THE SETTING AND COLLECTION OF RATES

LOCAL GOVERNMENT: MUNICIPAL PROPERTY RATES ACT, 2004 (ACT 6 OF 2004) ("MPRA")

LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT, 2003 (ACT 53 OF 2003) ("MFMA")

This is a summary of the legal position and is not intended to cover the full content of either the MPRA or the MFMA. The summary focuses on those requirements that are immediately relevant to a municipality's rates policy.

A municipality may levy rates in its municipal area. It must exercise its power to levy rates subject to section 229 and any other applicable provisions of the Constitution, the provisions of the MPRA, and its rates policy.

In terms of section 46 of the MPRA, the basis of valuation is market value. Property must be valued by a valuer engaged or employed by the municipality in terms of section 33 of

the MPRA. Anyone may lodge an objection to an entry in the valuation roll that is prepared by the municipal valuer.

Rates are based on the market value of a property, multiplied by a rate in the rand set each year by the municipality in question in terms of section 7 of the MPRA. The owner of the land (unless the municipality is advised otherwise) is the principal ratepayer, and rates may be recovered as a debt against the principal ratepayer. In certain cases the occupier of the land may be classed as the principal ratepayer in terms of sections 24 and 25 of the MPRA.

Section 26 of the MPRA provides that rates may be paid either monthly or annually, but section 64 of the MFMA currently requires that accounts for municipal tax be prepared on a monthly basis or less often as may be prescribed. A municipality may also make payment arrangements with ratepayers if an instalment of rates is not paid by the due date. A municipality's credit control and debt collection by-laws must prescribe the process for recovering rates in the case of non-payment.

In terms of section 3 of the MPRA, the council of a municipality must adopt a policy consistent with the MPRA on the levying of rates on rateable property in the municipality. The rates policy must take effect on the effective date of the first valuation roll prepared by the municipality in terms of the MPRA, and the policy must accompany the municipality's budget for the financial year concerned when that budget is tabled in the council in terms of the requirements of the MFMA.

The rates policy must treat persons liable for rates equitably and determine the criteria for levying different rates for different categories of property and granting exemptions, rebates or reductions. The effect of rates on poor residents and organisations conducting specified public benefit activities must also be considered.

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

No municipality may grant relief in respect of the payment of rates to the owners of properties on an individual basis.

Before a municipality adopts its rates policy, the municipality must follow the process of community participation envisaged in Chapter 4 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000). The draft policy must be displayed for a period of at least 30 days at the municipality's head office, satellite offices and libraries and on the official website of the municipality. An advertisement informing the community of this must be placed in the media.

The rates policy must be reviewed annually and by-laws must be adopted to give effect to the policy.

The MPRA provides for the exclusion of certain properties from the payment of rates. The first R30 000 of the value of residential properties is or R15 000 of the value of undeveloped residential property excluded and land belonging to land reform beneficiaries is excluded for the first ten years of ownership.

A municipality may not levy different rates on residential properties.

The Minister of Provincial and Local Government may set an upper limit on the percentage by which rates on properties or a rate on a specific category of properties may be increased.

Rates levied on newly rateable property and on property owned by a land reform beneficiary must, after the exclusion period has lapsed, be phased in over a period of three financial years.

A register in respect of all properties situated within a municipality must be maintained. Part A of the register is the current valuation roll and supplementary valuation rolls and Part B contains those properties that are exempted, receive a rebate or reduction, are subject to phasing or are excluded from rates.

Written accounts must be issued by the municipality and a ratepayer is obliged to make enquiries if an account is not received.

If an amount due for rates levied in respect of a property is unpaid by the owner of the property after the date determined for payment by the municipality, the municipality may recover the amount in whole or in part from a tenant, occupier or agent of the owner, despite any contractual obligation to the contrary. The amount recovered is limited to the amount of the rent or other money due.

10. SHORT TITLE

This policy is the Municipal Property Rates Policy of the Greater Letaba Local Municipality.

11. ENFORCEMENT/IMPLEMENTATION

This policy has been approved by the Municipality in terms of resolution taken in a council and comes into effect when promulgated in the Provincial Gazette in terms of section 6 of the MPRA.