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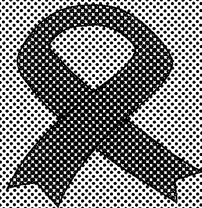
Vol. 20

NELSPRUIT, 24 JUNE
JUNIE 2013

No. 2182

We all have the power to prevent AIDS

AIDS
affects
us all



A
new
struggle

**AIDS
HELPLINE**

0800 012 322

DEPARTMENT OF HEALTH

Prevention is the cure

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LOCAL AUTHORITY NOTICES

LOCAL AUTHORITY NOTICE 113

MBOMBELA LOCAL MUNICIPALITY

CHARGES FOR PROPERTY RATES 2013/14 FINANCIAL YEAR

Mbombela Local Municipality hereby gives notice in terms of Section 14 (1) of the Municipal Property Rates Act 6 of 2004, that the following rates applicable to all the rateable property in the municipal area of Mbombela Local Municipality appearing in the valuation rolls, have been determined and accepted with a unanimous decision Council under Item A(2) a Special Council meeting held on 30 May 2013.

1. DEFINITIONS

“Act” means the Municipal Property Rates Act, 06 of 2004

“By-Law” means the Rates By-Law promulgated in terms of section 6 of the Act

“Municipality” means the Mbombela Local Municipality

2. THE FOLLOWING DETERMINATIONS SHALL COME INTO EFFECT FROM 01 JULY 2013

- 2.1 The general rate shall be **0.7915 cent in the Rand** before considering any applicable rate ratios in terms of part eight of the by-law.
- 2.2 The rate shall be based on the market value of all rateable categories of properties appearing on the general valuation roll and subsequent supplementary valuation rolls of the municipality.
- 2.3 In terms of section 8.4 of the By-Law the following rate ratios have been applied for determination of the cent in the Rand for the different categories of properties;
 - (a) Residential Property to Residential Property the ratio shall be 1:1;
 - (b) Residential Property to Residential Property with special consent the ratio shall be 1:1.5
 - (c) Residential Property to Agricultural Property the ratio shall be 1:0.25;
 - (d) Residential Property to Business Property the ratio shall be 1:2.5;
 - (e) Residential Property to Government Property the ratio shall be 1:3;
 - (f) Residential Property to Public Service Infrastructure Property the ratio shall be 1:0.25;
 - (g) Residential Property to Public Benefit Organization Property the ratio shall be 1:0.25
 - (h) Residential Property to Vacant land irrespective of zoning the ratio shall be 1:1.5;
 - (i) Residential Property to Other Property the ratio shall be 1:1.5.
- 2.4 The determination of rates for the different categories of properties before considering any applicable rebates shall be as follows;
 - 2.4.1 A cent in the Rand of 0.7915 shall be applicable to a residential property;
 - 2.4.2 A cent in the Rand of 1.1873 shall be applicable to a residential property with special consent;
 - 2.4.3 A cent in the Rand of 0.1979 shall be applicable to an agricultural property;
 - 2.4.4 A cent in the Rand of 1.9788 shall be applicable to a business property;
 - 2.4.5 A cent in the Rand of 2.3745 shall be applicable to a government property;
 - 2.4.6 A cent in the Rand of 0.1979 shall be applicable to a public service infrastructure property;
 - 2.4.7 A cent in the Rand of 0.1979 shall be applicable to a public benefit organization property;
 - 2.4.8 A cent in the Rand of 1.1873 shall be applicable to a vacant land;
 - 2.4.9 A cent in the Rand of 1.1873 shall be applicable to other property; and
 - 2.4.10 A cent in the Rand of 0.7915 shall be applicable to a rural communal and state trust land;

3. THE FOLLOWING RELIEF MEASURES SHALL APPLY IN TERMS OF PART NINE OF THE BY-LAW ON CATEGORY OF SPECIFIC PROPERTIES

3.1 EXEMPTIONS

- 3.1.1 The first R80 000.00 of a market value of a residential property shall be exempted from levying of property rates;
- 3.1.2 The first 30% of a market of a public service infrastructure property shall be exempted from levying of property rates;
- 3.1.3 A municipal property shall be 100% exempted from levying of property rates;
- 3.1.4 A place of worship, including an official residence registered in the name of the community shall be 100% exempted from levying of property rates; and
- 3.1.5 Other properties stated in terms of section 17(b), (c), (d), (e), (f) and (g) of the Act shall be exempted from levying of property rates.

3.2 REBATES

- 3.2.1 In terms of criteria stipulated in section 9.4.2(a) of the By-Law the following conditional rebates shall apply to an agricultural property;
- (a) A rebate of 7.5% shall apply if the farming activities contribute to the local economy;
- (b) A rebate of 7.5% shall apply if the farmer provides permanent residence or decent accommodation to the farm workers and their dependents within the property
- (c) A rebate of 7.5% shall apply if the farmer provides portable water and electricity to the dwellings of farm workers; and
- (d) A rebate of 7.5% shall apply if the farmer provides land for cemetery or educational or recreational purposes to the farm workers within the property.
- 3.2.2 A rebate of 100% on property rates shall apply to state trust and rural communal property.
- 3.2.3 No phase in discount will be granted in this financial year for newly rateable properties.
- 3.2.4 The following affordability rebates shall apply to different categories of properties;
- (a) A rebate of 28% on property rates shall apply to a business property;
- (b) A rebate of 30% on property rates shall apply to a residential property
- (c) A rebate of 20% on a property rates shall apply to a residential property with special consent; and
- (d) A rebate of 10% on property rates shall apply to vacant and other property.

4. THE FOLLOWING REBATES SHALL APPLY IN TERMS OF PART NINE OF THE BY-LAW TO CATEGORY OF SPECIFIC OWNERS OF PROPERTIES

- 4.1 Indigent owners or household shall be granted a 100% rebate on their property rates account.
- 4.2 Retired people over the age of 60 years and with annual income exceeding the threshold value in terms of indigent policy shall be granted rebates on their property rates account as follows;

<u>Annual Income Threshold</u>		<u>% Rebate</u>
R0.00	- R99 056	100%
R99 057	- R123 820	75%
R123 821	- R154 775	50%
More than R154 775		25%

- 4.3 A rebate of 20% shall be granted on property rates account to an owner of emerging lodges.
- 4.4 A rebate of 20% shall be granted on property rates account, excluding an owner of a bed and breakfast, guest houses and lodges to an owner of very small, small and micro business.

- 4.5 A rebate of 25% shall be granted on property rates account to an owner of a property in a privately developed townships or estates or complexes situated in un-proclaimed areas where the municipality does not provide any community services.
 - 4.6 A rebate of 10% shall be granted on property rates account to an owner of property in a privately developed townships or estates or complexes situated in proclaimed areas where the municipality does not maintain any of the community services.
 - 4.7 A rebate of 100% shall be granted on property rates account to an owner of a property situated in a proclaimed township within a rural communal and state trust land.
 - 4.8 A rebate of 100% shall be granted on property rates account to a property owned by a Public Benefit organization.
 - 4.9 A rebate of 10% shall be granted to owners of specific properties situated within an area demarcated as a City Improvement District in accordance with the City Improvement Districts By-Law.
5. The following category of owners are requested to apply for the rebates as stated above in terms of part nine of the rates by-law;
- 5.1 Retired people who are 60 years of age and above;
 - 5.2 Owners of emerging lodges;
 - 5.3 Owners of small, very small and micro businesses;
 - 5.4 Owners of privately developed townships, estates or complexes
 - 5.5 Owners of properties used for public benefit activities; and
 - 5.6 Owners of agricultural properties
6. The property rates are zero-rated from VAT in terms of Value Added Tax Act.
7. Interest on property rates in arrears shall be calculated and charged at prime lending rate as determined by the South African Reserve Bank which shall be applicable at 30 June 2013 plus one percent fixed over the twelve months period of the 2013/2014 financial year.

X C MZOBE
MUNICIPAL MANAGER

Nelspruit Civic Centre
P O Box 45
NELSPRUIT
1200

LOCAL AUTHORITY NOTICE 114

MBOMBELA LOCAL MUNICIPALITY



TARIFF POLICY & BY LAWS

CHAPTER 1

GENERAL TARIFF POLICY

1. LEGISLATIVE COMPLIANCE

1.1 The Municipal System Act 2000 requires that Council adopt a tariff Policy.

1.2 The general financial management functions covered in Section 62(f) of the Municipal Finance Management Act includes the implementation of a tariff policy.

1.3 Specific legislation applicable to each service has to been taken into consideration when determining this policy.

2. SCOPE OF THE POLICY

2.1 The policy document guides the annual settings of tariffs, hence the policy does not make specific tariff proposals, nor does it deal in any detail with the implementation of the specific tariff proposals. Details pertaining to specific levels and applications of the various tariffs are published in the Schedule of Tariffs, which must be read in conjunction with this policy.

2.2 The policy is applicable to all tariffs for electricity, water, sanitation and solid waste services provided by the municipality.

2.3 This policy is also applicable to all sundry tariffs, as provided for in the Schedule of Tariffs of the municipality.

3. OBJECTIVE

The objective of the tariff policy is to ensure that:

3.1 The tariffs approved during the Budget process by council to fund services must be consistent with this policy.

3.2 The municipal services are financially sustainable, affordable and equitable.

3.3 The needs of the poor households are taken into consideration.

3.4 There is consistency in how tariffs are applied throughout the municipality.

3.5 Tariffs are standardized, where possible, for the whole municipal area.

4. DEFINATION

All terms used in this policy, unless the context indicates otherwise, have the meaning ascribed to them in Local Government legislation or hereunder.

4.1 **“Municipal Account”** means a postulated current account based on median bills for water, electricity, sanitation, solid waste services and rates. Sundry charges and interest on debt are excluded.

4.2 **“Provision for Free Basic Services”** means a budget provision, funded from National Government transfers and Municipal rates to subsidize basic services.

4.3 **“Rates and General Accounts”** means a budget provision used to fund other municipal services excluding electricity, water, sanitation and solid waste services.

4.4 **“Sundry Tariff”** means a tariff set as a fixed rand amount.

4.5 **“Consumption based Tariff”** means a tariff set as rand amount per measurable unit of service.

4.6 **“CPIX”** means the consumer price index excluding mortgage costs as measured by STATSSA.

5. PRINCIPLES

5.1 Where a service is provided primarily for the benefit of an individual user and the actual service or consumption can be accurately measured, the cost of providing the service should be recovered from the individual by means of tariffs.

5.2 When a service connection is made a sundry tariff should be used and when a metered quantity of service is consumed a consumption based tariff should be used. Both tariffs must comply with this policy.

5.3 Some services, although provided primarily for the benefit of individual users and have important community benefits, particularly where these services cannot be accurately measured, the cost of the service should be recovered by combination of tariffs and rates. The provision of solid waste collection is such a service.

5.4 Where service is provided primarily for the benefit of the community and an individual's benefit cannot be accurately measured, the cost of providing the service should be recovered by means of rates. The rates must comply with the Municipal Property Rates Policy.

5.5 Poor households should have access to free basic services in line with the municipal Indigent Policy, taking into consideration the affordability constraints of the municipality.

6. APPLICATION OF TARIFF PRINCIPLES

Section 74(2) of the Municipal System Act 2000 sets out principles that must be reflected in the tariff policy. These principles are applied in the following manner:

6.1 Users will be treated equitably through differentiation for tariff purposes being limited to that set out in Section 7 of this policy.

6.2 Where appropriate and possible the amount individual users pay for services will generally be in proportion to their use of that service by using consumption based tariffs as defined in section 4 of the policy. This will be

dependent on the service being able to provide discernable, universal and regular metering and reading.

6.3 Poor households as defined in the municipal indigent relief measures as contained in the Indigent Policy, from time to time, will have access to basic services through subsidized tariffs.

6.4 Tariffs will reflect the cost reasonably associated with rendering the service. The budgeted income and expenditure of the service, showing the contributions to rates and general accounts, support services recharges and contributions from the provision of Free Basic Services must be provided as part of the annual report on the revision of rates and tariffs.

6.5 Tariffs will be set at levels that facilitate the financial sustainability of the service, taking into account subsidization from sources other than the service concerned.

6.6 The economical, efficient and effective use of resources may be encouraged through the use of the incline block tariffs.

6.7 The promotion of local economic development through a special tariff for the categories of industrial users may be provided.

6.8 Where free basic services or services subsidized from the provision of free basic services to individual users, these will be shown on the monthly bill of those users. The extent of the annual subsidization to all subsidized users will be reported to council.

6.9 In addition, the amount that users pay for services, as measured through the municipal account, should generally be affordable for different categories of users and annual tariff increase should be benchmarked against inflation measure by CPIX.

7 DIFFERENTIATION FOR TARIFF PURPOSES

Section 74(3) of the Municipal Systems Act 2000 allows for the differentiation between different categories of users, debtors, services, service standards, geographical areas and other matters for tariff purposes as long as the differentiation does not amount to unfair discrimination. The nature and basis for differentiation for tariff purposes in Mbombela Local Municipality is set out in the categories defined, below.

7.1 Categories of users

The following are categories of users as defined for this Policy:

- (a) Residential,
- (b) Business, commercial and industrial,
- (c) Agricultural,
- (d) Government,
- (e) Public service infrastructure,
- (f) Public benefit organisation,
- (g) Mining,
- (h) Rural communal land/ or state owned,

- (i) Municipal,
- (j) Places of public worship,
- (k) Vacant land,
- (l) Educational,
- (m) Other properties

7.2 In addition to (7.1) sub-categories of residential or domestic users may be defined based on any one or more of the following criteria in a manner defined in the municipal free basic services policy.

- (a) Service consumption level
- (b) Payment levels
- (c) Household income
- (d) Type of connection or service

7.3 Categories for the standard of service

Different categories for standard of service may be defined for different users or services. They may be based on:

- (a) Access
- (b) Frequency
- (c) Quantity, quality and consumption level
- (d) Type of connection or service

CHAPTER 2

CALCULATION OF TARIFF FOR MAJOR SERVICES

In order to determine the tariffs which must be charged for the supply of the four major services, Mbombela Local Municipality shall identify all the costs of operation of the undertakings concerned, including specifically the following:

- (a) Cost of bulk purchases in the case of water and electricity.
- (b) Distribution costs.
- (c) Distribution losses in the case of electricity and water.
- (d) Depreciation expenses.
- (e) Maintenance of infrastructure and other fixed assets.
- (f) Administration and service costs, including:
 - i. service charges levied by other departments such as finance, human resources and legal services;
 - ii. reasonable general overheads, such as the costs associated with the office of the municipal manager;
 - iii. adequate contributions to the provisions for bad debts and obsolescence of stock;
 - iv. 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
- (g) The intended surplus to be generated for the financial year, such surplus to be applied:
 - i. as an appropriation to capital services; and/or
 - ii. generally in relief of rates and general services
- (h) The cost of approved indigence relief measures.

The municipality shall provide at least the first 50kWh of electricity per month and the first 6kl of water and sewerage per month free of charge to consumers who have registered as indigents in terms of the municipality's indigent relief program.

The municipality shall further consider relief in respect of the tariff for refuse removal for such registered indigents to the extent that the council deemed such relief affordable in terms of each annual budget, but on the understanding that such relief shall not be less than a discount of 50% but not more than 100% on the monthly amount billed for the service concerned.

Water is a scarce national resource and this municipality is committed to the prudent conservation of such resources. The tariff levied for domestic consumption of water shall escalate according to the volume of water consumed. The implementation of this escalation will be determined and phased-in, according to affordability after consultation during the public participation process. An extra penalty can be charged by Council where it is deemed necessary to address critical water shortages. In setting the consumption levels, tariffs and penalties, consideration shall be given to the current dam levels and anticipated rainfall during the current financial year.

CHAPTER 3

WATER

1. The categories of water consumers shall be charged at the current applicable two-part tariffs, namely fixed charge and consumption based tariff as approved by council in each annual budget.
2. The tariff adjustment shall be effective from the 1st of July each year.
3. Water Tariff structure and charges shall be:
 - i. A fixed availability fee shall be charged to all vacant unimproved stands where such a service is available or the services can be connected to the main supply.
 - ii. All domestic water consumers on improved stands may be charged a fixed charge after receiving the first 6 (six) kl of water consumed, free of charge, per month. Thereafter a stepped tariff per kl as determined by the council from time to time shall be applicable on the metered water consumption.
 - iii. All business and industrial consumers may be charged a fixed charge and a stepped tariff per kilolitre consumed may be applied.
 - iv. Institutional consumers which include schools, institutions of higher learning, hospitals, government buildings, places of worship, sporting clubs and non-governmental organizations. These consumers may be charged a fixed charge and a stepped tariff per kilolitre consumed may be applied.
 - v. Metered domestic consumers registered as indigents shall receive the first six (6) kilolitres of water consumed free of charge. A stepped tariff per kilolitre shall apply on consumption exceeding the first six (6) free kilolitres and no fixed or basic charge shall apply on this category of consumers.

- vi. As water is a very scarce resource in Mbombela Local Municipality, consumers can be restricted during dry seasons to use water to certain levels and a penalty fee shall be imposed if the consumer consumes more than the restricted levels.
 - vii. Consumer deposits shall be determined according to the municipality's Consumer Deposit Policy.
 - viii. Departmental water consumption shall be charged at cost.
4. Termination of services is to be done by letter, e-mail, fax or standard disconnection form. If this is not done then the disconnection date of the water supply may be taken as the date of termination or date on which a new connection is registered.
5. Customers connected to their private boreholes shall be charged the fixed availability charge.

CHAPTER 4

SANITATION

1. The categories of users shall be charged per the applicable two part tariff, namely basic charge and consumption charge, as approved by the council in each annual budget.
2. Tariff adjustments will be effective from 1 July each year.
3. Sanitation tariff structure and charges shall be:
 - i. A basic or availability charge shall be charged per month for every serviced stand. A serviced stand implies where such a service is available and the service can be connected to the main supply.
 - ii. On a full waterborne sewerage service, all consumers may be charged on a monthly basis a variable charge based on the consumption of water.
 - iii. Should water be supplied from a borehole or other supply and such supply is not metered by a municipal water meter, a fixed charge shall be charged.
 - iv. For suction tank and septic tank system, consumers shall be charged a tariff based on the number of kilolitres of sewerage waste removed.
4. Termination of services is to be done by letter, e-mail, fax or standard disconnection form. If this is not done then the disconnection date of the water supply may be taken as the date of termination or date on which a new water connection is registered.

CHAPTER 5

SOLID WASTE REMOVAL

- 1 The categories of solid waste consumers shall be charged at the current applicable fixed charge or volume based charge as approved by council in each annual budget.
- 2 Tariff adjustments shall be effective from 1 July each year.
- 3 The solid waste removal tariff structure shall be:
 - i. A fixed monthly charge or volume base charge.

CHAPTER 6

ELECTRICITY

1. The various categories of electricity consumers shall be charged at the applicable tariffs, and under such conditions as approved by the National Energy Regulator of South Africa (NERSA).
2. Tariff adjustments shall be effective from 1 July each year or as soon as possible thereafter.
3. The electricity tariff structure charges shall be:
 - i. Mbombela Local Municipality shall apply the following three standard tariff structures as recommended by the National Electricity Regulator.
 - (a) Domestic

This tariff is applicable for residential customers with a single phase connection of 60Amps or less with 230Volt supply or a three phase with 400Volt supply.

(b) Business and Commercial

Business and commercial customers with a connection of 80Amp or less, either single phase connection with 230Volts supply or three phase connection with 400Volts supply, may be charged a fixed and an energy charge. This includes domestic customers requiring a larger than 60Amp connection.

(c) Low tension/ High tension

This tariff is where the circuit breaker is more than 80Amps with three phase supply. The tariff shall consist of a fixed, energy, demand and network charge.

Where the customer uses more than 200 MWh per month, a time of use (TOU) tariff may be applied. This tariff shall consist of a fixed, multi energy, reactive energy, demand, and network charge, per Eskom's determined time periods and seasons.

- ii. With the single exception of registered indigents, all electricity consumers shall be billed for their electricity consumption at the tariff applicable to the category in which the particular consumer falls.
- iii. All domestic electricity consumers of the Mbombela Local Municipality who are registered as indigents with the municipality shall receive at least the first 50 (fifty) kWh electricity consumed, free per month.
- iv. All vacant unimproved properties that can be connected to the main supply shall be billed a basic charge per month.

- v. The consumer deposits shall be determined according the municipality's Consumer Deposit Policy.
 - vi. Departmental electricity consumption shall be charged at cost. The cost is based on the cost of the previous financial year divided by the number of units sold.
4. Termination of services is to be done by letter, e-mail, fax or standard disconnection form. If this is not done, then the disconnection date of the water supply may be taken as the date of termination or date on which a new connection is registered.

CHAPTER 7

SUNDRY TARIFF

1. All sundry tariffs shall be approved by the council in each annual budget, and shall, when deemed appropriate by the council, be subsidized by property rates and general revenues, particularly when the tariffs will prove uneconomical when charged to cover the cost of the service concerned, or when the cost cannot accurately be determined, or when the tariff is designed purely to regulate rather than finance the use of the particular service or amenity.
2. The following services shall be considered as **subsidized services** and an applicable tariff shall be paid for their intended use.
 - i. burials and cemeteries
 - ii. rentals for the use of municipal sports facilities

- iii. municipal swimming pool
- iv. municipal lending library

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

- i. municipal art gallery
- ii. disposal of garden refuse at the municipal dump site
- iii. municipal reference library
- iv. municipal botanical garden, and all other parks and open spaces.

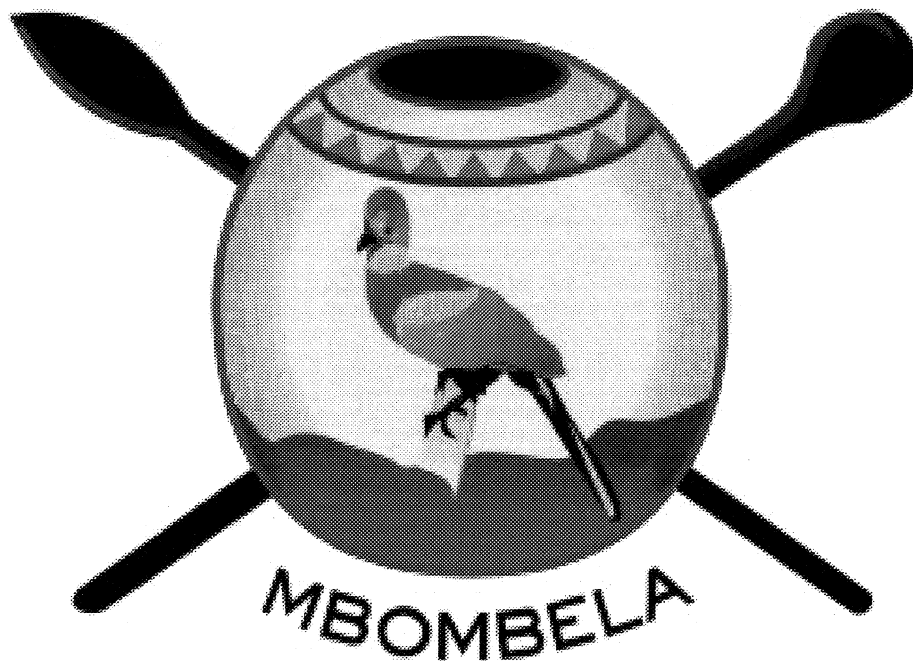
4. The following services shall be considered as **economic services**, and the tariffs levied shall cover 100% or as near as possible to 100% of the budgeted annual operating expenses of the service concerned:

- i. maintenance of graves and garden of remembrance (cremations)
- ii. housing rentals
- iii. rentals for the use of municipal halls and other premises (subject to the proviso set out below)
- iv. building plan fees
- v. sales of plastic refuse bags
- vi. sales of refuse bins
- vii. cleaning of stands
- viii. electricity, water, sewerage: new connection fees
- ix. sales of livestock and plants
- x. photostat copies and fees
- xi. clearance certificates.
- xii. valuation certificates
- xiii. tender documents

- xiv. stadium events fees.
5. The following charges and tariffs shall be considered as regulatory or punitive, and shall be determined as appropriate in each annual budget:
- i. fines for lost or overdue library books
 - ii. advertising sign fees
 - iii. pound fees
 - iv. electricity, water: disconnection and reconnection fees
 - v. penalty and other charges imposed in terms of the approved policy on credit control and debt collection
 - vi. penalty charges for the submission of dishonoured, stale, post-dated or otherwise unacceptable cheques and unpaid debit orders.
6. Market-related rentals shall be levied for the lease of municipal properties.
7. In the case of rentals for the use of municipal halls and premises, if the municipal manager is satisfied that the halls or premises are required for non-profit making purposes and for the provision of a service to the community, the municipal manager may waive 50% of the applicable rental.
8. The municipal manager shall determine whether an indemnity or guarantee must in each instance be lodged for the rental of municipal halls, premises and sports fields and in so determining shall be guided by the likelihood of the Mbombela Local Municipality's sustaining damages as a result of the use of the facilities concerned.

LOCAL AUTHORITY NOTICE 115

MBOMBELA LOCAL MUNICIPALITY



CREDIT CONTROL AND DEBT COLLECTION POLICY

MBOMBELA LOCAL MUNICIPALITY

CREDIT CONTROL AND DEBT COLLECTION POLICY

(Explanatory Note: This policy is applicable to Mbombela Local Municipality only. In terms of Section 80 of the Local Government: Municipal Systems Act, 32 of 2000, the Municipality may enter into service delivery agreements with service providers to provide municipal services to customers. In such instances the internal credit control and debt collection policies of those entities may differ from this policy, but shall always be subject to the promulgated Credit Control and Debt Collection By-Laws.)

1. Objectives

The objectives of the policy are to:

- a. Provide a framework within which the municipal council can exercise its executive and legislative authority with regard to credit control and debt collection;
- b. Ensure that all monies due and payable to the municipality are collected and used to deliver municipal services in the best interests of the community, residents and ratepayers and in a financially sustainable manner¹;
- c. Outline the procedures that will ensure that the members of the local community is afforded the opportunity to contribute in the decision-making processes of the municipality and that they are informed of the decisions and affairs of the municipality;
- d. Set realistic targets for debt collection;
- e. Outline credit control and debt collection policy procedures and mechanisms; and
- f. Provide a framework to link the municipal budget to
 - ▶ Indigent support; and
 - ▶ Tariff policies.

2. Principles

- a. The administrative integrity of the municipality must be maintained at all costs. The democratically elected officials (councillors) are responsible for policy-

¹ Section 96(a) of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) provides that a municipality must collect all money that is due and payable to it subject to this Act and any other applicable legislation.

making, while it is the responsibility of the municipal manager to execute these policies.

- b. All customers must complete an official application form formally requesting the municipality to connect them to service supply lines.
- c. A copy of the application form, conditions of services and extracts of the relevant council's credit control and debt collection policy and by-laws must be handed to every customer upon request.
- d. Billing is to be accurate, timeous, understandable and subject to the provisions of the National Credit Act, 2005.
- e. The customer is entitled to reasonable access to pay points and to a variety of reliable payment methods.
- f. The customer is entitled to an efficient, effective and reasonable response to complaints and appeals, and should suffer no disadvantage during the processing of a reasonable request or appeal.
- g. Enforcement of payment must be prompt, consistent and effective.
- h. Fraud/criminality will lead to loss of rights and heavy penalties and/or public prosecution.
- i. Incentives and disincentives may be used in collection procedures.
- j. The collection process will be efficient and cost-effective and all costs incurred by Council relating to the credit control and debt collection process shall be recovered from the customer.
- k. Results will be regularly and efficiently reported.
- l. Application forms will be used to categorise customers, to determine the amount of the deposit payable by the customer and whether the customer qualifies for indigent support, pre-payment or credit meters. Council may not unfairly discriminate amongst customers, and must at all times act fairly and objectively.
- m. New applications for services will be subject to prescribed credit information and outstanding amounts may be transferred to a new account. All information furnished on the application form may be verified by Council with any or all data information institutions, credit information bureau and/or any financial institutions as may be deemed necessary by Council in determining the applicant's credit worthiness.
- n. Where alternatives are available Council may provide reduced levels of service to manage the debt growth.
- o. Customers may be referred to 3rd party debt collection agencies and may be placed on a national credit rating listing.

- p. Interest charges will be levied on overdue accounts at the rate determined by Council from time to time, will be levied from the due date if not paid by the following due date and will be calculated for a full month(s) irrespective of when payment is made. The interest charged will appear in the following month's account.
- q. As part of the arrangements made to repay debt the customer may be required to co-operate with any reasonable measures that might be required to reduce the level of use of consumptive services to affordable levels.
- r. Although customer care and debt collection are inter-related issues, they should be performed by two separate divisions.
- s. Indigent households will be identified and supported. Welfare is to be separated from tariff and credit control issues and will be supported by appropriate and affordable policies and practices.
- t. Targets for performance in both customer service and debt collection will be set and pursued and remedies implemented for non-performance.
- u. Human dignity must be upheld at all times.
- v. The policy must be implemented with equity, fairness and consistency.
- w. Debts and arrangements to repay debts shall be treated holistically, but different repayment periods or methods may be determined for different types of service, customers or areas within the general rule that the repayment period should be in sympathy with the instalments that the customer can afford.

3. Duties and Functions of Council

- a. To approve a budget consistent with the needs of communities, ratepayers and residents.
- b. To impose rates and taxes and to determine service charges, fees and penalties to finance the budget.
- c. To provide sufficient funds to give access to basic services for the poor.¹

¹ Preferably, the total equitable share should be set aside for this purpose. If this amount is not enough, an additional sustainable provision must be made, according to the municipality's financial ability.

² The bad debt provision should at least reflect the increase in debtors during the previous financial year. The amount provided for can only be reduced by the amount provided for working capital.

- d. To provide for a bad debt provision, in line with the payment record of the community, ratepayers and residents, as reflected in the financial statements of the municipality.²
- e. To set an improvement target for debt collection, in line with acceptable accounting ratios.³
- f. To approve a reporting framework for credit control and debt collection.⁴
- g. To consider and approve by-laws to give effect to the Council's policy.
- h. To set performance targets and monitor the performance of the Municipal Manager regarding credit control and debt collection.
- i. To revise the budget should Council's targets for credit control and debt collection not be met.
- j. To take disciplinary action against councillors, officials and agents who do not execute council policies and by-laws.⁵
- k. To delegate the required authorities to monitor and execute the credit control and debt collection policy to the Municipal Manager and Chief Financial Officer respectively.
- l. To provide sufficient capacity in the Directorate: Finance for effective and efficient credit control and debt collection.

3.1 Duties and functions of the Executive Mayor

- a. To oversee and monitor the implementation and enforcement of this policy and by-laws enacted to give effect to the policy;¹
- b. To, when necessary, review and evaluate the policy and by-laws in order to improve the efficiency of Council's credit control and debt collection procedures, mechanisms and processes².
- c. To report to Council¹.

³ A realistic target would be to improve on the previous year's result by 5% - 10%. The target should be reviewed every year until the turnover rate of debtors is between 45-56 days.

⁴ See Section 3.4.

⁵ Including credit control and debt collection

Section 99 of the Local Government: Municipal Systems Act, 2000 provides that the executive mayor must –

(a) Oversee and monitor -

¹ (i) The implementation and enforcement of the municipality's credit control and debt collection policy and any by-laws enacted in terms of section 98; and

² (b) When necessary, evaluate or review the policy and any by-law, or the implementation of the policy or such by-laws, in order to improve efficiency of its credit control and debt collection mechanisms, processes and procedures; and

3.2 Duties and functions of the Municipal Manager

- a. To implement good customer care management.
- b. To implement council's credit control and debt collection policy.
- c. To install and maintain an appropriate accounting system.
- d. To bill customers.
- e. To demand payment on due dates.
- f. To raise penalties for defaults.
- g. To appropriate payments received.
- h. To collect outstanding debt.
- i. To provide different payment methods.
- j. To determine credit control measures.
- k. To determine work procedures for public relations, arrangements, disconnections of services, summonses, attachments of assets, sales in execution, write-off of debts, sundry debtors and legal processes.
- l. To appoint firm/s of attorneys or collection agents to assist with the execution of his/her duties, where necessary.
- m. To set performance targets for staff.
- n. To appoint staff to execute council's policy and by-laws in accordance with council's staff policy.
- o. To delegate certain functions to senior managers.
- p. To determine control procedures.

3.3 Duties and functions of communities, ratepayers and residents

- a. To fulfil certain responsibilities, as brought about by the privilege and or right to use and enjoy public facilities and municipal services.
- b. To pay service fees, rates on property and other taxes, levies and duties imposed by the municipality
- c. To observe the mechanisms and processes of the municipality in exercising their rights.
- d. To allow municipal officials reasonable access to their property to execute municipal functions.
- e. To comply with the by-laws and other legislation of the municipality.

¹ (c) At such intervals as may be determined by the Council report to a meeting of the Council, except when the Council itself performs the duties mentioned in paragraph (a) and (b).

- f. To refrain from tampering with municipal services and property.

3.4 Duties and functions of Ward Councillors and Political parties

- a. To hold regular ward meetings, at least quarterly, to inform the local community of at least the costs of service provision, the reason for payment of services charges and taxes and the manner in which the money received by the municipality is utilized.
- b. To adhere to and convey council policies to residents and ratepayers.
- c. To adhere to council's code of conduct for councillors.

POLICY PRINCIPLES

4. Customer Care and Management ¹

4.1 Communication and feedback

- 4.1.1 The municipality will, within its financial and administrative capacity, conduct an annual process of compiling its budget as per the Integrated Development Planning process.
- 4.1.2 Council's Credit Control and Debt Collection Policy and By-Laws will be available in English and any other official language, and will be made available upon specific request, and will also be available at Council's cash collection points.
- 4.1.3 Council will endeavour to distribute a regular newsletter, which will give prominence to customer care and debt issues.
- 4.1.4 Ward councillors will be required to hold regular ward meetings, at which customer care and debt issues will be given prominence.
- 4.1.5 The press will be encouraged to give prominence to Council's Customer Care and Debt issues, and will be invited to Council meetings where these are discussed.
- 4.1.6 Council aims to establish:
- a) A central complaints/feedback office;
- b) A centralized complaints database to enhance co-ordination of complaints, their speedy resolution and effective communication with customers;

1. Section 95(a) of the Local Government: Municipal Systems Act, 2000 provides that a municipality must, within its financial and administrative capacity, establish a sound customer management system that aims to create a positive and reciprocal relationship between persons liable for payments and the municipality.

- c) Appropriate training for officials dealing with the public to enhance communications and service delivery; and
- d) A communication mechanism to give council feedback on service, debt and other issues of concern.

4.2 Service application and agreements

- 4.2.1 All customers of services will be required to sign an agreement governing the supply of, and cost of, municipal services. Owners may allow a tenant to sign a separate agreement with the municipality, which the municipality may accept. On default by a tenant, the owner is jointly and severally liable for payment. Owners must co-sign all service agreements with their tenants wherein owners shall bind themselves as sureties and co- principal debtors for the due fulfilment of the obligations of their tenants. It is the duty of owners to ensure that tenants are not in arrears with payments of their accounts. Council will, within financial and human resource constraints, endeavour to inform property owners regarding the performance of their tenants in terms of the service agreement.
- 4.2.2 Prior to signing these agreements, owners and or tenants will be entitled to receive the policy document of the Council on request.
- 4.2.3 New customers from other municipalities shall be required to submit the particulars of their previous municipal accounts and to agree in writing that any other municipality may indicate whether all amounts due in respect of municipal services, surcharges on fees, property rates and other municipal taxes, levies and duties at the customer's previous address have been paid.
- 4.2.4 On the signing of the agreement, owners and or tenants will receive a copy thereof.
- 4.2.5 The agreement will be referred to the Credit Control and Debt Collection sub-directorate for a full credit check on the customer, where after the customer will be categorised in accordance with its credit rating and the security deposit payable as set out in paragraph 4.3.
- 4.2.6 In the agreement, customers will acknowledge that the information supplied is correct and that they accept liability for all costs of collection, and interest and penalties, in the event of delayed payment. Owners must however give written consent before any extension of payment shall be granted to tenants.
- 4.2.7 Council may require that applications for services for businesses, including but not limited to, trusts, body corporate, companies, close corporations, partnerships and sole proprietors or any other juristic person must include the submission of a resolution delegating authority to the applicant and furnishing, if applicable, the business entity's

registration number or IT number. It may also require that the names, addresses and all relevant contact particulars of all the business's directors or members or trustees or proprietors or partners be submitted with the resolution and, at the discretion of the Chief Financial Officer, at least one partner/member/director/trustee to bind him/herself in his/her personal capacity as surety and co-principle debtor for the due fulfilment of all of the business'/legal entity's obligations. The person, who signs the agreement on behalf of the business, shall warrant that he/she is duly authorised to do so, that the information supplied is true and correct and that the business is trading in solvent circumstances.

- 4.2.8 The relevant application form as approved by Council from time to time forms an integral part of this Policy insofar as the contents of such application form are not in conflict with any of the provisions of this policy.

4.3 *Customer screening and securities*

- 4.3.1 All applicants for municipal services may be checked for credit-worthiness including checking information from banks, credit bureau, local authorities, trade creditors, and employers and all information furnished by the customer may be verified by Council.
- 4.3.2 Bank guarantees cheques maybe used as security where deposits.
- 4.3.3 The Municipality can, in consultation with the community, increase deposits at any time and implement such increases over an agreed period.
- 4.3.4 Deposits can vary according to the credit-worthiness or legal category of the applicant.
- 4.3.5 The municipality will not pay any interest on deposits.
- 4.3.6 On the termination of the agreement the amount of the deposit less any outstanding amount due to the municipality will be refunded to the consumer.
- 4.3.7 In assessing the credit worthiness of a customer, the Municipality may not unfairly discriminate amongst customers, and the credit assessment must be fair and objective.

4.4 Accounts and billing¹

Customers will receive an understandable and accurate bill from the municipality, which bill will consolidate all service costs for that property.

- 4.4.1 Accounts will be produced in accordance with the meter reading cycle and due dates are linked to the statement date.
- 4.4.2 Accounts will be rendered monthly in cycles of approximately 30 days at the address last recorded with the municipality.
- 4.4.3 It is the customer's responsibility to ensure timeous payment in the event of accounts not received or received late.
- 4.4.4 It is the customer's responsibility to ensure that Council is immediately informed in writing of any change of address.
- 4.4.5 Settlement or due date is within 7 days of the beginning of each month.
- 4.4.6 The issuing of final demand by way of email or cell phone text message will also be accepted as a proper demand sent in terms of this policy
- 4.4.7 Where an account is not settled in full, any lesser amount tendered and accepted shall not be deemed to be in full and final settlement of such an account, even where a dispute exists.
- 4.4.8 Discretion in terms of negotiable amounts as per this policy is delegated to the Chief Financial Officer with the right to sub-delegate.
- 4.4.9 At all times the most financially beneficial arrangement to Council must be entered into whilst still retaining the principles of this policy.
- 4.4.10 The municipality must, if administratively possible, issue a duplicate account to a customer on request, against payment of the prescribed fee.
- 4.4.11 When services are discontinued and the customer applies for services at a different address, Council reserves the right to transfer any outstanding amounts to a customer's new account.

Where any payment made to the municipality by negotiable instrument is later dishonoured by the bank, the municipality:

- (a) May recover the average bank charges incurred relating to dishonoured negotiable instruments against the account of the customer;
- (b) Shall regard such an event as default on payment;
- (c) May refuse to accept further cheques from the drawer or beneficiary if there has been two (2) dishonoured payments;

¹ Section 95 (d) of the Local Government: Municipal Systems Act, 2000 provides that a municipality must, within its financial and administrative capacity take reasonable steps to ensure that the consumption of services has to be measured through accurate and verifiable metering systems.

- (d) May place the matter on the national adverse credit listing;
- (e) May institute legal action which may include criminal charges against the offender.

4.5 Metering¹

- 4.5.1 The municipality will endeavor, within practical and financial limits, to provide meters to every paying client for all meter able services.
- 4.5.2 All meters will be read monthly, if at all possible. If the meter is not read monthly the council will average the consumption for the preceding three months.
- 4.5.3 Customers are entitled to request verification of meter readings and accuracy within reason, but may be held liable for the cost thereof.
- 4.5.4 Customers will be informed of meter replacements in writing.
- 4.5.5 If a service is metered but it cannot be read due to financial and human resource constraints or circumstances out of the control of the municipality or its authorised agent, and the customer is charged for an average consumption the account following the reading of the metered consumption must articulate the difference between the actual consumption and the average consumption, and the resulting credit or debit adjustments.

4.6 Right of access to premises

- 4.6.1 The owner and or occupier of premises must give an authorised representative of the municipality access at all reasonable hours to the premises in order to read, inspect, install or repair any meter or service connection for reticulation, or to disconnect, stop or restrict, or reconnect, the provision of any service².
- 4.6.2 The owner accepts the cost of relocating a meter if satisfactory access is not possible.
- 4.6.3 If a person contravenes 4.6.1 the municipality may:
 - (a) By written notice require such person to restore access at his/her own expense within a specified period.

¹ Section 95 (e) provides that a municipality must ensure that persons liable for payments receive regular and accurate accounts that indicate the basis for calculating the amount due.

² Section 101 provides that the occupier of premises in a municipality must give an authorised representative of the municipality access at all reasonable hours to the premises in order to read, inspect, install or repair any meter or service connection for reticulation, or to disconnect stop or restrict the provision of any service.

- (b) If it is the opinion that the situation is a matter of urgency, without prior notice restore access and recover the cost from such person.

4.7 *Payment facilities and methods and stop orders and debit orders*

- 4.7.1 The municipality will operate and maintain suitable banking and cash facilities which facilities will be accessible to all users.
- 4.7.2 The municipality will, at its discretion, allocate all payments received and a customer who has overdue debt may not specify that the payment is for a specific portion of the account.
- 4.7.3 The municipality may, with the consent of a customer, approach an employer to deduct an agreed amount from the employee's weekly or monthly wages/salary to pay towards arrear municipal accounts.
- 4.7.4 The customer will acknowledge, in the customer agreement, that the use of customer agents in the transmission of payments to the municipality is at the risk of the customer – also for the transfer time of the payment – and the customer shall be liable for any additional bank costs which is levied, apart from the normal service charges connected to such a payment.

4.8 *Enquiries, appeals and service complaints*

- 4.8.1 If a customer is convinced that his or her account is inaccurate, he or she can lodge a written request with the municipality for recalculation of this account¹.
- 4.8.2 The customer must furnish full personal and/or business particulars, the relevant account number, direct contact number, addresses and any other relevant particulars required by Council.
- 4.8.3 In the interim the customer must pay the average of the last three months account where history of the account is available. Where no such history is available the customer is to pay an estimate provided by the municipality before payment due date until the matter is resolved.
- 4.8.4 The relevant department will give a written acknowledgement of receipt of the request, investigate the matter and inform the customer in writing of the outcome of the investigation and supply details thereof.
- 4.8.5 Any adjustments to the customer's account will be done within one month.
- 4.8.6 Failure to make interim payment or payments will make the customer liable for disconnection.

¹ Section 95 (f) of the Local Government: Municipal Systems Act, 2000 provides that a municipality must provide accessible mechanisms for those persons to query or verify accounts and metered consumption, and appeal procedures which allow such persons to receive prompt redress for inaccurate accounts.

- 4.8.7 After having been informed of Council's authorised official's decision, a customer may lodge an appeal against that decision by giving written notice of the appeal and reasons to the municipal manager within 21 days of the date of notification of the decision.
- 4.8.8 The municipal manager shall commence with the appeal within six weeks and shall decide the appeal within a reasonable period. His/her decision shall be final and will result in the immediate implementation of any credit control and debt collection measures provided for in this policy after the customer is provided with the outcome of the appeal.
- 4.8.9 The same dispute/enquiry/complaint will not be reconsidered.
- 4.8.10 If the customer is not satisfied with the outcome of his/her appeal, he/she must first under protest pay the amount in dispute before redressing his/her action in a court of law. Notwithstanding anything to the contrary contained herein, the authorised official and/or municipal manager may not allow or cause to allow the debt referred to in the dispute to prescribe.
- 4.8.10 The payment of an amount may not be withheld as a result of a dispute and the Municipality may in such an event proceed with debt collection subject to the provisions of the National Credit Act, 2005.

4.9 *Business who tender to the Municipality*

- 4.9.1 The Procurement Policy and Tender Conditions are to include the following:
- i. When inviting tenders for the provision of services or delivery of goods, potential contractors may submit tenders subject to a condition that consideration and evaluation thereof will necessitate that the tenderer obtain from the municipality a certificate stating that all relevant municipal accounts owing by the tenderer or its directors, owners or partners have been paid or that suitable arrangements (which include the right to set off in the event of non-compliance) have been made for payment of any arrears.
 - ii. A municipal account to mean any municipal service charge, tax or other fees, fines and penalties, due in terms of a contract or approved tariff or rate, which is outstanding after the due date normally appearing on the consolidated account or overdue in terms of the contract or any other due date that has passed.
 - iii. Tender conditions contain a condition allowing the municipality to deduct moneys owing to the municipality from contract payments in terms of a reasonable arrangement with the tenderer.

4.10 Incentives for prompt payment

- 4.10.1 The municipality may, to encourage payment, and to reward good payers consider from time to time incentives for the payment of accounts.
- 4.10.2 Such incentive schemes, if introduced, will be reflected in annual budgets as additional expenditure.

4.11 Customer assistance programmes

4.11.1 Water leakages

- 4.11.1.1 If the leakage is on the side of the customer the customer is responsible for the payment of the full account, subject to the municipality's water services by-laws.
- 4.11.1.2 The customer has the responsibility to control and monitor his/her consumption.

4.11.2 Rate rebates

Customers will be given rates rebates as per Mbombela Local Municipality Rates By-Laws

4.11.3 Arrangements for settlements

- 4.11.3.1 Notwithstanding an arrangement between the municipality and a customer whereby the customer is allowed to pay arrear amounts in instalments, the municipality may restrict and/or discontinue services until such time as the arrear payments are paid in full.
- 4.11.3.2 If a customer cannot pay his/her account with the municipality then the municipality may enter into an extended term of payment with the customer. He/she must:
- i. Sign an acknowledgement of debt;
 - ii. Sign a consent to judgement in terms of Section 57 of the Magistrate's court Act 32 of 1944;
 - iii. Consent to a garnishee order/emolument order/stop order (if he or she is in employment);
 - iv. Acknowledge that interest will be charged at the prescribed rate and in the manner determined by Council from time to time and that the particulars of the customer will be listed with credit bureau;
 - v. Pay the current portion of the account in cash every month; and
 - vi. Sign an acknowledgement that, if the arrangements are being negotiated later defaulted on, the full outstanding balance will become due and

payable, that no further arrangements will be possible and that the restriction and/or disconnection of water and/or electricity will continue as will legal proceedings.

- 4.11.3.2 Customers with electricity arrears must agree to the conversion to a prepayment meter upon request of Council, and when implemented the cost of which, together with the arrears total, will be paid off either by
- i. adding it to the arrears bill and repaying it over the agreed period; or
 - ii. adding it as a surcharge to the prepaid electricity cost, and repaying it with each purchase of electricity until the debt is liquidated.
- 4.11.3.3 Council reserves the right to raise the deposit/security requirement in accordance with paragraph 4.3 of customers who seek arrangements or who default in terms thereof.
- 4.11.3.4 The customer may be required to prove levels of income and must agree to a monthly payment towards arrears on his/her ability to pay or based on his total liquidity if Council so requires.
- 4.11.3.5 All negotiations with the customer should strive to result in an agreement that is sustainable and is most beneficial to Council.
- 4.11.3.6 Council may, in the sole discretion of the Chief Financial Officer or any other person authorised by him/her, refuse to allow any further arrangements should a customer default on any arrangement.
- 4.11.3.7 All arrangements shall be subject to periodic review.
- 4.11.3.8 Any arrangement for extension of payment shall be subject to the prior written consent by the owner.

4.11.4 Rates by instalments

Customers will be given the opportunity to pay the property rates as per Mbombela Local Municipality Rates By-Laws.

5. Credit Control and Debt Collection

5.1 Enforcement Mechanisms

5.1.1 Water, electricity and other services¹

- 5.1.1.1 Accounts must be paid by the due date shown on the account. Customers who are in arrears with their municipal account will have their supply of electricity and water, and other municipal services, suspended, restricted or disconnected.

- 5.1.1.2 When the municipal account is not paid on the due date shown on the account and unless permission for a deferred payment has been granted, a written warning of possible disconnection if the account is not paid will be forwarded to the customer as soon as practically possible. The notice shall also contain a proposal by Council that the customer refer the account to a Debt Counsellor with the intent that the parties resolve any dispute under the agreement or develop and agree and to plan to bring the payments up to date. The customer will be deemed to have received the notice on the same day if delivered by hand, e-mail or fax, on the third day after date of posting if posted by ordinary mail and on the fourth day after date of posting if posted by registered mail.
- 5.1.1.3 If payment is not received by the due date as reflected in the notice, the supply will be disconnected without further notice.
- 5.1.1.4 A notice shall be left at the property advising that the supply has been disconnected, warning that all electric points should be considered live and that all water outlets should be closed. The notice must also advise that the supply will only be reconnected after the total balance of the amount specified in the notice, as well as the prescribed reconnection fee has been paid. The notice must also warn of the consequences of unauthorised reconnection.
- 5.1.1.5 Only the Chief Financial Officer shall have the authority to approve arrangements for delayed payment in terms of this policy, which authority may be delegated.
- 5.1.1.6 Businesses shall be required to pay all arrears and prescribed fees before services are restored.
- 5.1.1.7 Subject to Council's capacity at the time to restore such service, disconnected services will be restored within a reasonable period of time after the customer produces proof of payment of the required amount. Services will only be restored during the official business hours of Council, except in the case of an emergency (in the discretion of Council), when an additional after hours fee will be charged as prescribed by Council.
- 5.1.1.8 The onus is always on the customer to request reconnection and prove payment.
- 5.1.1.9 Council reserves the right to deny or restrict the sale of electricity or water to customers who are in arrears with their rates or other municipal charges.
- 5.1.1.10 Council reserves the right to disconnect the service of a tenant if the owners account is in arrears.
- 5.1.1.11 The cost of the restriction or disconnection, and the reconnection, will be determined by tariffs agreed by Council, and will be payable by the customer.

- 5.1.1.12 Should a customer default in terms of an arrangement, Council may refuse further extension of payment and the full outstanding amount due to Council will be payable. The full outstanding amount will be payable before services are reconnected.
- 5.1.1.13 Customers who make no further use of any services but still owe an amount are classified as inactive and who, after the rendering of a second inactive account to their latest known postal addresses, shall be handed over to the internal collections division. Should no payment be received in response to a letter of demand addressed to the above-mentioned address, the particulars of the customer and the fact of non-payment shall be listed with ITC, subject to the provisions of the National Credit Act, 2005. If the outstanding amount warrants it, further legal action may be instituted for recovery of the outstanding balance.
- 5.1.1.14 Credit control measures of employee accounts will be subjected to the Municipal Systems Act, Act 32 of (schedule 2 of section 10) payment of services, wherein it states that a staff member of a municipality may not be in arrears to the municipality for rates and services charges for a period longer than three months, the municipality may deduct any outstanding amount from the staff members salary.
- 5.1.1.15 Credit control measures of councillors will be subjected to the Municipal Systems Act, Act 32 of (schedule 1 of section 12A) payment of services, wherein it states that a councillor may not be in arrears for rates and service charges for a period longer than three (3) months. The office of the Speaker will be informed of those arrears and salary deduction will be sanctioned through the office.
- 5.1.1.16 If the amount due for rates levied in respect of a property is unpaid by the owner of the property after the date determine by Council from time to time, the municipality may recover the amount in whole or in part from a tenant or occupier of the property in terms of the relevant legislation.

5.1.2 Rates

Monthly and Annual Rates (and other annual levies)

Customers will be given the opportunity to pay the property rates as per Mbombela Local Municipality Rates By-Laws.

5.1.3 Sundry and housing accounts

5.1.3.1 A letter of demand shall be forwarded in respect of all accounts 30 days in arrears and should payment not be received by the due date, legal action may be instituted forthwith. The debtor will be deemed to have received the notice on the same day if delivered by hand, e-mail or fax, on the third day after date of posting if posted by ordinary mail and on the fourth day after date of posting if posted by registered mail.

5.1.3.3 Property purchased from Council by way of suspensive sale agreement shall be repossessed in terms of the written agreement, subject to the provisions of the National Credit Act, 2005.

5.1.3.4 Once a property has been repossessed, the debtor will not be eligible for reinstatement of the agreement or to purchase any other property from Council by way of suspensive sale agreement.

5.1.2 Interest on overdue accounts

5.1.2.1 Interest will be raised as a charge on all accounts not paid by the due date in accordance with applicable legislation and as determined by Council from time to time.¹ Interest will be levied and capitalised monthly in arrears, on the monthly outstanding balance, from the due date, if not paid by the due date, and will be calculated for a full month(s) irrespective of when payment is made. The interest charged will appear on the following month's account.

5.1.3 Personal contact

5.1.3.1 Telephonic contact

5.1.3.2 Officials/agents calling on clients

5.1.3.2.1 Council will endeavour, within the constraints of affordability, to make personal or telephonic contact with arrear customers to encourage their payment, and to inform them of their arrears state, and their rights (if any) to conclude arrangements or to

¹ Section 97 (e) of the Local Government: Municipal Systems Act, 2000 provides that a credit control and debt collection policy must provide for interest on arrears, where appropriate.

indigence subsidies, and other related matters, and will provide information on how and where to access such arrangements or subsidies.

5.1.3.2.2 The municipality shall maintain a schedule of customers with large amounts outstanding, the cut-off amount to be agreed by Council from time to time, and will maintain intensive contact with these customers.

5.1.3.2.3 Such contact is not a right for customers that customers enjoy – disconnection of services and other collection proceedings will continue in the absence of such contact for whatever reason.

5.1.4 Legal Process/Use of attorneys/Use of credit bureaus

5.1.4.1 Council may, when any debtor is 60 days in arrears, commence legal process against that debtor, which process could involve final demands, summonses, judgments, garnishee and emolument attachment orders, financial enquiries and/or sales in execution of movable and immovable property, subject to the provisions of the National Credit Act, 2005.

5.1.4.2 Council will exercise strict control over this process, to ensure accuracy and legality within it, and will require regular reports on progress from outside parties, be they attorneys or any other collection agents appointed by council.

5.1.4.3 Council will establish procedures and codes of conduct with these outside parties.

5.1.4.4 All steps in the credit control procedure will be recorded for Council's records and for the information of the debtor.

5.1.4.5 All costs of this process are for the account of the customer.

5.1.4.6 Individual customer accounts are protected and are not the subject of public information. However Council may release debtor information to credit bureaus and other institutions lawfully entitled to such information. This release will be in writing and this situation will be included in Council's agreement with its customers.

5.1.4.7 Council may consider the cost effectiveness of this process, and will receive reports on relevant matters, including cost effectiveness.

5.1.4.8 Council may consider the use of agents, and innovative debt collection methods and products. Cost effectiveness, the willingness of agents to work under appropriate codes of conduct and the success of such agents and products will be part of the agreement Council might conclude with such agents or product vendors; and will be closely monitored by Council.

5.1.4.9 Customers will be informed of the powers and duties of such agents and their responsibilities including their responsibility to observe agreed codes of conduct.

- 5.1.4.10 any agreement concluded with an agent or product vendor shall include a clause whereby breaches of the code of conduct by the agent or vendor will see the contract terminated.
- 5.1.4.11 only payment in full of the outstanding balance reflected on the account shall be deemed acceptable payment before a customer's particulars are removed from any adverse credit listing. In the case of default judgments entered into against customers, the customer shall at its own cost appoint an attorney to set aside the judgment, after payment of the full outstanding balance has been made to Council.

5.2 Theft, tampering & fraud

- 5.2.1 Any person (natural or juristic) found to be illegally connected or reconnected to municipal services, interfering or tampering with meters, reticulation network or any other supply equipment or committing any unauthorised service associated with the supply of municipal services, as well as theft and damage to Council property, will be prosecuted and/or liable for penalties as determined from time to time.¹
- 5.2.2 Council will immediately terminate the supply of services to a customer should such conduct as outlined above be detected.
- 5.2.3 The total bill owing, including penalties, assessment of unauthorised consumption, damages and discontinuation and reconnection fees, and increased deposits as determined by Council if applicable, becomes due and payable before any reconnection can be sanctioned.
- 5.2.4 Council will maintain monitoring systems and teams to detect and survey customers who are undertaking such illegal actions.
- 5.2.5 Council may distinguish in its penalties between cases of vandalism and cases of tampering.
- 5.2.6 Subsequent acts of tampering will lead to penalties and deposits increasing in quantum.
- 5.2.7 Council reserves the right to lay criminal charges and to take any other legal action against both vandals and thieves and any person that contravenes any of Council's By-Laws or any other applicable legislation.
- 5.2.8 Any person failing to provide information or providing false information to the municipality may face immediate disconnection/restriction of services.

¹ Section 97 (h) of the Local Government: Municipal Systems Act, 2000 provides that a credit control and debt collection policy must provide for matters relating to unauthorised consumption of services theft and damages.

5.3 Cost of collection

5.3.1 All costs and charges pertaining to the credit control processes as set out herein, interest, administration costs, all penalties, surcharges, damages, service discontinuation and reconnection costs and all legal costs, fees and disbursements associated with credit control and debt collection are for the account of the customer and should reflect at least the actual cost of the particular action.

5.4 Irrecoverable debt

5.4.1 The Municipal Manager must ensure that all avenues are utilized to collect the municipality's debt.

5.4.2 There are some circumstances that allow for the valid termination of debt collection procedures:

- i. The insolvency or demise of the debtor, whose estate has insufficient funds;
- ii. A balance being too small to recover, for economic reasons considering the cost of recovery;
- iii. Debt prescribed in accordance to the Prescription Act;
- iv. When the debtor relocates and three tracing agents are unable to trace the current whereabouts of the debtor;
- v. All reasonable notifications and cost effective legal avenues to recover the outstanding amount have been exhausted;
- vi. The amount outstanding is the residue after payment of a dividend in the Rand from an insolvent estate;
- vii. It is impossible to prove the debt outstanding;
- viii. The outstanding amount is due to an administrative error by Council or by Council Resolution, on good cause shown.

5.4.3 The municipality will maintain audit trails in such an instance, and document the reasons for the abandonment of the debt.

5.4.4 The schedules setting out particulars of the debt and the reasons for abandonment, together with a written request authorising the writing off of the indicated debt must be presented to:

- o The manager in charge of credit control and debt collection for debts at R1, 00 – R25 000, 00 per customer;

- The senior manager in charge of credit control and debt collection for debts at R25 000, 00 – R 50 000, 00 per customer;
- The chief financial officer for debts at R50 000,00 - R75 000,00 per customer ;
- The municipal manager for debts at R75 000,00 – R150 000,00 per customer ;
- The executive mayor for debts above R150 000,00 per customer;

5.4.5 Notwithstanding the above, Council or its authorised officials will be under no obligation to write off any particular debt and will always have the sole discretion to do so.

5.4.6 Except in the case of the executive mayor who will do independent reports to Council, all officials as set out in paragraph 5.4.4 above shall submit a quarterly report to the Finance Committee regarding the exercise of their delegated powers and the Finance Committee shall report any irregularities to Council.

5.5 Rates clearance

5.5.1 On the sale of any property in the municipal jurisdiction, Council will withhold the transfer until all amounts 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 a clearance certificate have been fully paid, by withholding a rates clearance certificate.

5.5.2 In terms of Section 118(3) of the Act an amount due for municipal service fees, surcharge of fess, property rates and other municipal taxes, levies and duties is a charge upon the property in connection with the amount is owing and enjoys preference over any bond registered against the property.

5.5.3 Accordingly, all such municipal debts shall be a charge upon the property, the subject thereof, and shall be payable by the owner of such property.

5.5.4 Transfer of outstanding debt on a closed account to the owners account(refer to section 118(3) of the Act

6. Performance Evaluation

6.1 *Income Collection Targets*

Council shall create targets that include:

- i. Reduction in present monthly increase in debtors in line with performance agreements determined by council.

6.2 *Customer Service Targets*

Council shall create targets that will include:

- i. Response time to customer queries.
- ii. Date of first account delivery to new customers.
- iii. Reconnection time lapses.
- iv. Meter reading cycles.

6.3 *Administrative Performance*

Council shall create targets that will include:

- i. Cost efficiency of debt collection.
- ii. Query rates.
- iii. Enforcement mechanism ratios.

6.4 Council will create a mechanism wherein these targets are assessed; Council's performance is evaluated and remedial steps taken.

7. Reporting to Council

7.1. The Chief Financial Officer shall report quarterly to the Municipal Manager in a suitable format to enable the municipal Manager to report to the Finance Committee, who will report to the Executive Mayor, who will report to Council. This report shall report on:

- i. Cash flow information for the capital and operating accounts, and combined situation, showing Council's actual performance against its cash flow budgets.
- ii. Cash collection statistics, showing high-level debt recovery information (numbers of customers; enquires; default arrangements; growth or reduction of arrear debtors; ideally divided into areas, business (commerce and industry) domestic, state, institutional and other such divisions.
- iii. Performance of all areas against targets agreed to in item 6 of this policy document.

iv. Council's ongoing income and expenditure statements, comparing both billed income and cash receipt income, against ongoing expenditure in both the capital and operating accounts.

7.2. If in the opinion of the Chief Financial Officer, Council 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 he agrees with the Chief Financial Officer, immediately move for a revision of the budget according to realistically realizable income levels.

8. Structures of the Financial Directorate

Council shall regularly receive a report from the Chief Financial Officer, if necessary after consultation with suitable consultants, on the manpower and systems requirements of the financial directorate which requirements take into account Council's agreed targets of customer care and management, and debt collection, and, after considering this report, Council will within reason vote such resources as are necessary to ensure that the financial directorate has the staffing and structures to meet Council's targets in this regard or to outsource the service.

LOCAL AUTHORITY NOTICE 116



MBOMBELA LOCAL MUNICIPALITY

MBOMBELA PROPERTY RATES BY-LAW

NOTICE**MBOMBELA PROPERTY RATES BY-LAW**

In terms of section 13 of the Local Government: Municipal Systems Act no.32 of 2000 as amended; the Mbombela Local Municipal ("the municipality") hereby published the Property Rates By-laws set forth hereinafter, which have been made by the Municipality in terms of section 6 of the Local Government: Municipal Property Rates Act 6 of 2004.

PART ONE: PREAMBLE**Whereas:**

- 1.1 It is enshrined in Section 229 of the Constitution (Act 108 Of 1996) that a municipality may impose rates on property within a regulatory framework.
- 1.2 The Municipal Property Rates Act, 2004 (Act no. 6 of 2004) (MPRA) provides the regulatory framework to which the municipality must comply with when imposing rates on the property, which includes but is not limited to:
 - 1.2.1 The adoption of a rates policy will be implemented and made effective by way of a Rates By-Law;
 - 1.2.2 Criteria for determination of categories of properties and differential rates for each category of properties;
 - 1.2.3 Criteria to be applied for granting rates relief measures;
 - 1.2.4 Levying of rates in sectional title schemes;
 - 1.2.5 Appointment of a municipal valuer for preparation of a general valuation roll and supplementary valuation roll(s).
- 1.3 In terms of section 4(1)(c)(ii) of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000), read with section 2 of the said Local Government Municipal Property Rates Act, the municipality has the right to finance the affairs of the municipality by imposing, inter-alia, rates on property. In terms of section 4(2) of the Local Government: Municipal Systems Act, 2000 (32 of 2000), council of a municipality, within the municipality's financial and administrative capacity and having regard to practical considerations, has the duty to-
 - (a) Exercise the municipality's executive and legislative authority and use the resources of the municipality in the best interests of the local community;
 - (b) Provide, without favour or prejudice, democratic and accountable government;
 - (c) Encourage the involvement of the local community;

- (d) Strive to ensure that municipal services are provided to the local community in a financially and environmentally sustainable manner;
 - (e) Consult the local community about-
 - (i) The level, quality, range and impact of municipal services provided by the municipality, either directly or through another service provider; and
 - (ii) The available options for service delivery.
 - (f) Give members of the local community equitable access to the municipal services to which they are entitled;
 - (g) Promote and undertake development in the municipality;
 - (h) Promote gender equity in the exercise of the municipality's executive and legislative authority;
 - (i) Promote a safe and healthy environment in the municipality;
 - (j) Contribute, together with other organs of state, to the progressive realisation of the fundamental rights contained in sections 24, 25, 26, 27 and 29 of the Constitution; and
- 1.4 Further, a municipality must in the exercise of its executive and legislative authority respect the rights of citizens and those of other persons protected by the Bill of Rights.
- 1.5 In terms of section 62 of the Local Government: Municipal Finance Act, 2003 (Act 56 of 2003), the Municipal Manager must ensure that the municipality has and implements a rates policy embodied in a by-law as per section 6 of the said Local Government: Municipal Property Rates Act.

ARRANGEMENT OF THIS BY- LAW

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PART TWO: DEFINITIONS

All words and phrases in this by-law shall have the same meaning and interpretation as assigned in terms of the said Municipal Property Rates Act and for this purpose lists hereunder the definitions used in the Act to be mutatis mutandis applied in this by-law:

Unless the context indicates otherwise:

Act	Means the Local Government: Municipal Property Rates Act (Act 6 of 2004).
Child Headed Household	Means a household recognized as such in terms of section 137 of the Children's Amendment Act, 41 of 2007.
Actual Use	Means actual activities that are taking place on the property.
Agent	In relation to the owner of a property, means a person appointed by the owner of the property: (a) to receive rental or other payments in respect of the property on behalf of the owner; or (b) To make payments in respect of the property on behalf of the owner.
Agricultural purposes	In relation to the use of a property, excludes the use of a property for the purpose of ecotourism or for the trading in or hunting of game.
Annually	Means once every financial year.
Category	(a) In relation to property, means a category of properties determined in terms of Section 8 of the Act; and (b) In relation to owners of properties, means a category of owners determined in terms of Section 15(2) of the Act;
Community services	Means any services which the expenditure of rendering of such a service is financed from the revenue generated from property rates;
Date of valuation	Means 02 July 2008 as determined by the municipality council as per resolution in item c (8) paragraph (c).
Disabled people	Means a person who qualifies to receive relief in terms of

the Social Services Act, 1992 (Act No. 59 of 1992) or has been certified as disabled by a medical practitioner;

Disaster	Means a disaster within the meaning of the Disaster Management Act (57 of 2002); or any other serious adverse social or economic condition.
Effective date	(a) In relation to a valuation roll, means the date on which the valuation roll takes effect in terms of Section 32(1) of the Act; or (b) In relation to a supplementary valuation roll, means the date on which a supplementary valuation roll takes effect in terms of Section 78(2) (b) of the Act.
Exclusion	In relation to a municipality's rating power, means a restriction of that power as provided for in Section 17 of the Act.
Exemption	In relation to the payment of a rate, means an exemption granted by a municipality in terms of Section 15 of the Act.
Financial year	Means the period starting from 1 July in each year to 30 June the following year.
Income Tax Act	Means the Income Tax Act, 1962 (Act No. 58 of 1962)
Indigent household	Means an owner of property who is in permanent occupation of the property and qualifies for indigent relief in terms of the municipality's indigent policy, shall include state pensioner, child-headed household, disabled people, household without income or with income that falls within a certain threshold and medical boarded people;
Illegal use	Where any person uses land or buildings or causes it to be used in conflict with the provisions of the town planning scheme in operation.
Land reform beneficiary	In relation to a property, means a person who: (a) acquired the property through: (i) the Provision of Land and Assistance Act, 1993

- (Act No. 126 of 1993); or
- (ii) the Restitution of Land Rights Act, 1994 (Act No. 22 of 1944);
- (b) holds the property subject to the Communal Property Associations Act, 1996 (Act No. 28 of 1996); or
- (c) holds or acquires the property in terms of such other land tenure reform legislation as may pursuant to Section 25(6) and (7) of the Constitution be enacted after this Act has taken effect.
- Land Tenure right** Means an old order right or a new order right as defined in Section 1 of the Communal Land Rights Act, 2004.
- Local community** In relation to a municipality:
- (a) means that body of persons comprising:
- (i) the residents of the municipality;
- (ii) the ratepayers of the municipality;
- (iii) any civic organisations and nongovernmental, private sector or labour organisations or bodies which are involved in local affairs within the municipality; and
- (iv) visitors and other people residing outside the municipality who, because of their presence in the municipality, make use of services or facilities provided by the municipality; and
- (b) Includes, more specifically, the poor and other disadvantaged sections of such body of persons.
- Local Municipality** Means a municipality that shares municipal executive and legislative authority in its area with a district municipality within whose area it falls, and which is described in Section 155(1) of the Constitution as a category B municipality. Establish in terms of section 12 of the Municipal Structures Act No. 117 of 1998.
- Market Value** In relation to a property, means the value of the property

determined in accordance with Section 46 of the Act;

Municipal Finance Management Act	Means the Local Government: Municipal Finance Management Act No. 56 of 2003;
Municipal Manager	Means a person appointed in terms of Section 82 of the Municipal Structures Act;
Newly rateable property	Means any rateable property on which property rates were not levied before the end of the financial year preceding the date on which this Act took effect, excluding: <ul style="list-style-type: none">(a) a property which was incorrectly omitted from a valuation roll and for that reason was not rated before that date; and(b) A property identified by the Minister by notice in the Gazette where the phasing in of a rate is not justified.
Non-profit organization	Means any organization which is registered in terms of the Non- profit Organizations Act.
Occupier	In relation to a property, means a person in actual occupation of a property, whether or not that person has a right to occupy the property;
Organ of State	Means an organ of state as defined in Section 239 of the Constitution.
Owner	<ul style="list-style-type: none">(a) In relation to a property referred to in paragraph (a) of the definition of property, means a person in whose name ownership of the property is registered in a register;(b) In relation to a right referred to in paragraph (b) of the definition of property, means a person in whose name the right is registered;(c) In relation to a land tenure right referred to in paragraph (c) of the definition of property , means a person in whose name the right is registered or to whom it was granted in terms of legislation; or(d) In relation to public service infrastructure referred to in

paragraph (d) of the definition of property, means the organ of state which owns or controls that public service infrastructure as envisaged in the definition of “publicly controlled”, provided that a person mentioned below may for the purposes of this Act be regarded by a municipality as the owner of a property in the following cases:

- (i) A trustee, in the case of a property in a trust excluding state trust land;
- (ii) An executor or administrator, in the case of a property in a deceased estate;
- (iii) A trustee or liquidator, in the case of a property in an insolvent estate or in liquidation;
- (iv) A Judicial manager, in the case of a property in the estate of a person under judicial management;
- (v) A curator, in the case of a property in the estate of a person under 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 servitudes; or
- (vii) A buyer, in the case of a property that was sold by a municipality and of which possession was given to the buyer pending registration of ownership in the name of the buyer;
- (viii) A lessee in the case of property that is registered in the name of the municipality and is leased by it.

Permitted use

In relation to a property, means the limited purposes for which the property may be used in

terms of:

- a) any restrictions imposed by:

	<ul style="list-style-type: none"> (i) a condition of title; (ii) a provision of a town planning or land use scheme; or
	b) any legislation applicable to any specific property or properties; or
	c) any alleviation of any such restrictions;
Person	Means natural and legal person including an organ of state.
Prescribe	Means prescribe by regulation in terms of section 83 of the Act
Privately owned township	Means single properties, situated in an area not ordinary being serviced by the municipality, divided through sub – divisions or township establishment units (ten or more) full title stands and/ or sectional units and where all services inclusive of water, electricity, sewerage and refuse removal and roads development are installed at the full cost of the developer and maintained and rendered by the residents of such estate or township.
Property	<p>Means:</p> <ul style="list-style-type: none"> a) immovable property registered in the name of a person, including, in the case of a sectional title scheme, a sectional title unit registered in the name of a person; b) a right registered against immovable property in the name of a person, excluding a mortgage bond registered against the property; c) a land tenure right registered in the name of a person or granted to a person in terms of legislation; or d) public service infrastructure;
Property Register	Means a register of properties referred to in Section 23 of the Act.
Protected area	Means an area that is or has to be listed in the register referred to in Section 10 of the Protected Areas Act.
Protected Areas Act	Means the National Environmental Management: Protected

Areas Act, 2003

Publicly controlled

Means owned by or otherwise under the control of an organ of state, including:

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

Public Benefit Organization Property

Means property owned by public benefit organizations and used for any specified public benefit activity listed in item 1 (welfare and humanitarian), item 2 (health care), and item 4 (education and development) of part 1 of the Ninth Schedule to the Income Tax Act

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, 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 communication system serving the public;

- g) Runways or apron at national or provincial airports;
- h) Breakwaters, sea walls, channels, basins, 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 lighthouses, 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 infrastructure as may be prescribed; or
- j) Rights of way, easements or servitudes in connection with infrastructure mentioned in paragraphs (a) and (i)

Rate	Means a municipal rate on property envisaged in section 229 (1) (a) of the Constitution;
Rateable property	Means a property on which a municipality may in terms of Section 2 levy a rate, excluding property fully excluded from the levying of rates in terms of Section 17 of the Act.
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 that property at the lower amount.
Register	<ul style="list-style-type: none">a) means to record in a register in terms of –<ul style="list-style-type: none">(i) the Deeds Registries Act, 1937 (Act No. 47 of 1937); or(ii) the Mining Titles Registration Act, 1967 (Act No. 16 of 1967); andb) Includes any other formal act in terms of any other legislation to record :<ul style="list-style-type: none">(i) a right to use land for or in connection with mining purposes; or

	(ii) a land tenure right;
Residential property	Means a property included in a valuation roll in terms of Section 48 (2) (b) of the Act as residential.
Sectional Titles Act	The Sectional Titles Act, 1986 (Act No. 95 of 1986)
Sectional Title Scheme	A scheme defined in Section 1 of the Sectional Titles Act;
Smallholding	Means a property recorded in the Deeds Registry Database as being an Erf and zoned for Agricultural usage in terms of an adopted Town Planning Scheme.
Sectional title unit	A unit defined in Section 1 of the Sectional Titles Act;
Small, very small and micro business	Means businesses as per the criteria set by the National Small Business Act No. 102 of 1996 schedule;
Special rating area	Means a geographic area within which property owners agree to pay for certain services supplementary to those supplied by the municipality. These services are financed by levying an additional rate, which is added to the rate in a rand of the property owners within the precinct;
Specified public benefit activity	An activity listed in item 1 (welfare and humanitarian), item 2 (health care) and item 4 (education and development) of Part 1 of the Ninth Schedule to the Income Tax Act.
State Trust Land	Means land owned by the state: <ul style="list-style-type: none"> 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 No. 22 of 1994)
The Municipality	Means the Mbombela Local Municipality;
Value of property	Means the market value of the property as determined in

terms of the Act;

Vacant Land

Means land, irrespective of zoning or category and in respect of which the municipality has not issued an occupancy certificate, being unimproved urban land.

PART THREE: THE PURPOSE OF THIS BY-LAW

3. The purpose of this By-Law is to:

- 3.1 Comply with the provisions of the Municipal Property Rates Act, specifically with section 3 and 6 thereof;
- 3.2 Give effect to the principles outlined hereunder;
- 3.3 Ensure the equitable treatment of persons liable for rates;
- 3.4 Determine the methodology and to prescribe procedures for the implementation of the Act;
- 3.5 Determine criteria to be applied for the levying of differential rates for different categories of properties;
- 3.6 Determine or provide criteria for the determination of categories of properties and categories of owners of properties;
- 3.7 Determine criteria to be applied for granting exemptions, rebates and reductions;
- 3.8 Determine how the municipality's powers must be exercised in relation to multiple use properties;
- 3.9 Determine measures to promote local economic and social development; and
- 3.10 Identify which categories of properties the municipality has elected not to rate as provided for in section 7 of the Act.

PART FOUR: FUNDAMENTAL PRINCIPLES OF THIS BY-LAW

4. The principles of the By-Law are to ensure that:

- 4.1 The power of the municipality to impose rates on property within its area will not be exercised in a way that materially and unreasonably prejudices national economic policies, economic activities or the national mobility of goods, services, capital or labour as prescribed in terms of Section 229 of the Constitution of the Republic of South Africa;
- 4.2 All ratepayers, in a specific category, as determined by council from time to time, will be treated equitably;
- 4.3 Property rates will be assessed on the market value of all rateable properties in the jurisdiction of the municipality and for the purpose of generating revenue to balance the budget after taking into account:
 - 4.3.1 Profits generated on trading and economic services; and
 - 4.3.2 The amounts required to finance exemptions, rebates and reductions of rates as approved by the municipal council from time to time;
- 4.4 Property rates will not be used to subsidize trading and economic services;
- 4.5 The rates income generated by the municipality will take into account relief measures to address the social and economic needs of the community;
- 4.6 This By-Law and amendment thereof will be developed in consultation with the community and in compliance with a process of community participation in terms of Chapter 4 of the Municipal Systems Act.

PART FIVE: APPLICATION OF THIS BY-LAW

5.1 **IMPOSITION OF RATES**

- 5.1.1 The council shall as part of each annual operating budget cycle, impose a rate in the rand on the market value of all rateable property as recorded in the

municipality's valuation roll and supplementary valuation roll. Rateable property shall include a property on which the municipality may in terms of section 2 of the Act levy a rate, excluding property fully excluded from the levy of rates in terms of the Act.

- 5.1.2 The council pledges itself to limit the annual increase if financially viable of the rate in the rand in accordance with the National Treasury guidelines and/or the approved integrated development priorities.

PART SIX: EQUITABLE TREATMENT OF RATEPAYERS

- 6.1 This municipality is committed to treating all ratepayers on an equitable basis. "Equitable" does not necessarily mean "equal" treatment of ratepayers. The circumstances of each category of owner or category of property will be considered in a fair manner and within the limitations set out in the Act.
- 6.2 Any differentiation in the levying of rates must not constitute unfair discrimination.

PART SEVEN: DISCRETIONARY RESOLUTIONS ADOPTED BY THE MUNICIPALITY WITH RESPECT TO LEVYING OF RATES

7. It is recorded that the Municipality has adopted the following resolutions:
- 7.1 To levy rates on all rateable property in its area of jurisdiction;
- 7.2 To determine the date of implementation as being 1 July 2009;
- 7.3 To determine the date of general valuation as being 2 July 2008
- 7.4 To extend the current valuation roll for the period of 12 months from 1 July 2013 to 30 June 2014;
- 7.5 To determine the 2nd of July 2013 to be date of the next general valuation;
- 7.6 To levy different cents in the rand for different categories of rateable property;
- 7.5 That the categories of properties for the purpose of differential rating are those specified in this By-Law document;
- 7.6 That the criteria for the categorization in terms of section 8(1) of the Act shall be actual use where a property is improved and vacant land shall be categorized as a separate category irrespective of permitted use or zoning;
- 7.7 In case of a property used for multiple-purposes the category shall be determined according to the dominant use of the property;
- 7.8 To rate public service infrastructure (excluding municipal public service infrastructure) that is identifiable and to which a market related value can be determined with the proviso that the municipality may extend this annually to include other identifiable entities as the data set is developed; and
- 7.9 To not rate properties of which the municipality is the owner, except where leased to a third party.

PART EIGHT: CATEGORIES OF PROPERTIES FOR DIFFERENTIAL RATING PURPOSES

- 8.1 For the purposes of differential rates, the following categories of rateable property have been determined, being:

8.1.1 Residential Property

Means improved property that:

- (a) Is used predominantly for residential purposes including any adjoining property registered in the name of the same owner and used together with such residential property as if it were one property. Any such grouping shall be regarded as one residential property for rate rebate or valuation reduction purposes;
- (b) Is a unit registered in terms of the Sectional Title Act and used predominantly for residential purposes; and

- (c) Exclude a boarding or lodging undertaking.

8.1.2 Residential Property with special consent

Means improved property that is granted additional rights and consent use other than residential in terms of the Town Planning Scheme.

8.1.3 Business Property

Means improved property that is predominantly used for business, commercial and industrial purposes.

8.1.4 Agricultural Property

Means a property used for bona fide agricultural purposes in which the property owner deriving his principal source of income from the produce of the land on such property. Agricultural/farming property not used for bona fide agricultural/farming purposes shall be rated according to the actual use thereof.

8.1.5 State or Government Property

Means property owned and used by the state excluding the kinds of publicly controlled infrastructure listed in the definition of Public Service Infrastructure.

8.1.6 Public Service Infrastructure

Means a property as defined by the Act.

8.1.7 Public Benefit Organization Property

Means property owned by public benefit organizations and used for any specified public benefit activity listed in item 1 (welfare and humanitarian), item 2 (health care), and item 4 (education and development) of part 1 of the Ninth Schedule to the Income Tax Act

8.1.8 Rural Communal Land

Means the residual portion of a rural communal land excluding identifiable and rateable entities within the property and excluding State Trust Land and land reform beneficiaries as defined in the Act.

8.1.9 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 a land tenure;
- (b) over which land tenure rights were registered or granted; and
- (c) which is earmarked for disposal in terms of the Restitution of Land Rights.

8.1.10 Municipal property

In relation to property shall mean those properties owned & exclusively used by the municipality;

8.1.11 Places of Public Worship

means a property registered in the name of and used primarily as a place of 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 the services at that place of worship;

8.1.12 Protected area

Means an area that is, or has to be, listed in the register referred to in Section 10 of the Protected Areas Act.

8.1.13 Kruger National Park

Means properties that are situated within the boundaries of Kruger National Park excluding the properties as par 8.1.15.

8.1.14 Kruger National Park - Business

Means property that is predominantly used for business, commercial and industrial purposes within the boundaries of Kruger National Park.

8.1.15 Vacant land

Means land, irrespective of zoning or category and in respect of which the municipality has not issued an occupancy certificate, being unimproved urban land.

8.1.16 Other property

Means any property determined by the Municipality which is not associated with any of the categories of property listed above.

- 8.2 Differential rating among the above determined categories of properties will be done by way of setting different rates in the rand for each property category.
- 8.3 The basis of categorization of properties for rating purposes does not permit any illegal usage of such properties.
- 8.4 The criteria for weighting the categories determined above, for the purpose of determining cent in a rand amount (rates tariff) for each category, must take account of the following :
- 8.4.1 The reliance or otherwise of the owners of specific categories of property on the type of services supplied by the Municipality;
 - 8.4.2 The strategic importance of a category of property with reference to the aims and objectives of the municipality and the Government of the Republic of South Africa as a whole (such as social, economic and developmental issues); and
 - 8.4.3 The nature of the category of property, including its sensitivity to rating (for example agricultural properties used for agricultural purposes).
- 8.5 The following principles and section 8.4 above shall be applied for the determination of the cents in the rand;
- 8.5.1 The activities that take place on business, commercial, industrial and government properties have been identified as the cost drivers for community services;
 - 8.5.2 The rate ratio between residential and the properties mentioned in 8.4.1 above shall be 1:2.5 to business; and 1:0.25 to agricultural properties;
 - 8.5.3 The rate ratio between residential and residential property with special consent shall be 1:1.5
 - 8.5.4 The rate ratio between residential and government property shall be 1:3.
 - 8.5.5 The rate ration between residential and properties categorised as other shall be 1:1.5;
 - 8.5.6 The rate ratio between residential and agricultural property shall be 1:0.25 as prescribed by the Act;

- 8.5.7 The rate ratio between residential and public service infrastructure property shall be 1:0.25 as prescribed by the Act;
- 8.5.8 The rate ratio between residential and public benefit organization property shall be 1:0.25 as prescribed by the Act; and
- 8.5.9 The rate ratio between residential and vacant land shall be 1:1.5
- 8.5.10 The rate ratio between residential and Kruger National Property – Business shall be 1:2.5 as prescribed by the Act.

PART NINE: RELIEF MEASURES FOR PROPERTY OWNERS

- 9.1 The Municipality has considered the need and desire to grant relief to a specific category of owners of properties and owners of a specific category of properties with a view to providing for appropriate measures to alleviate the impact of the rates burden on them.
- 9.2 The municipality will not grant relief in respect of the payment of rates other than by way of an exemption, rebate or reduction provided for in this By-Law and granted in terms of section 15 of the Act to:
 - 9.2.1 A specified category of properties; or
 - 9.2.2 A specified category of owners of property as provided for hereunder.
- 9.3 The municipality will not grant relief to the owners of property:
 - 9.3.1 On an individual basis.
 - 9.3.2 If the account is in arrears on the date of application.
- 9.4 The relief measures shall be granted as follows;
 - 9.4.1 Category of specific owners

Part A: Rebates

(a) Indigent household	
Criteria	The owner should be registered in the indigent register in terms of the Indigent Policy of the municipality.
Rebate	The rebate on property rates shall be determined by the municipal council on annual basis during the budget process.
(b) Retired people	
Criteria	<ul style="list-style-type: none"> • Make application in writing in a prescribed form; • Own and permanently reside on the property; • Not own more than one property; • Be at least 60 years of age;
Rebate	A sliding scale rebate system on property rates account shall be determined by the municipal council on annual basis during the budget process.
(c) Owner of emerging lodges	
Qualification criteria	<ul style="list-style-type: none"> • Make application in writing in a prescribed form; • Own and utilise the property solely for a lodge; • Proof of business license issued by the municipality; • Proof of registration with the South African Grading Council; and • Be in a position to submit audited annual financial statements.
Rebate	Additional rebates on property rates shall be determined by the municipal council on an annual basis during the budget process.
(d) Owner of a property in estates/ complexes	
Qualification criteria	<ul style="list-style-type: none"> • Make an application in writing in a prescribed form; • The cost of rendering and maintaining of internal community

	<p>services should incurred by residents or Home owners Associations</p> <ul style="list-style-type: none"> • The property owner's account should be up to date.
Rebate	<ul style="list-style-type: none"> • A rebate on property rates account for owner of a property situated in unproclaimed area shall be determined by council on an annual basis during the budget process; and • A rebate on property rates account for owner of a property situated in proclaimed area where the municipality does not provide maintenance of the internal community services shall be determined by council on an annual basis during the budget process;
(e) Owner of properties in townships establishment (Private township developers/ Township owners)	
Qualification criteria	<ul style="list-style-type: none"> • Make an application in writing in a prescribed form; • Provide Service Level Agreement entered into with the municipality; • The full cost of infrastructural development of the township should be incurred by the owner(s); • The property owner's account should be up to date.
Rebate	<ul style="list-style-type: none"> • 100% rebates shall be granted as from proclamation date of the township and shall not exceed a period of twelve months; • Thereafter, a rebate of 75% year 1, 50% year 2 and 25% year 3 shall apply and/or terminated when a transfer to the third party takes place, whichever comes first. • Developers with existing Services agreement for Township development will be required to apply yearly for rebate and the application will be considered by a Property Rates Committee, consisting of the Accounting Officer and Chief Financial Officer or their nominees.
(f) Owner of a property in a formalized township within rural communal land	
Rebate	The rebate on property rates shall be determined by the municipal council on an annual basis during the budget process.
(g) Owners of properties within Kruger National Park	
	<ul style="list-style-type: none"> • Own properties within the Kruger National Park; • Property shall be used for any purposes other than nature reserves and national environmental management.
Rebate	The rebates shall be determined by the municipal council on an annual basis during the budget process.
(h) Owner of a smallholding property categorised as a residential property	
Qualification criteria	<ul style="list-style-type: none"> • The municipality should not be providing any of the community services
Rebate	The rebate on property rates shall be determined by the municipal council on an annual basis during the budget process.
(i) Properties Owned by Public Benefit Organisations, which includes;	
<ul style="list-style-type: none"> • Properties 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. • Any other properties that Council may deem to be owned and exclusively used for public benefit activities for the purpose of rebates. 	

Qualification criteria	<ul style="list-style-type: none"> • Make an application in writing in a prescribed form; • Provide proof of ownership of the property and registration as a Non-Profit Organisation in terms of the Income Tax Act or registration as a Public Benefit Organisation in terms of the Income Tax Act conducting one or more of the above specified public benefit activities listed in Part 1 of the 9th Schedule; • Submit an affidavit signed by the head of the organization before a Commissioner of Oaths that the property is used primarily for the specified public benefit activities and purposes of the organisation; • that no private pecuniary profit is made from the property; and that no rent is received by the applicant for any use of the property by other persons; and • Be in a position to submit audited annual financial statements.
Rebate	The rebate on property rates shall be determined by the municipal council on an annual basis during the budget process.

9.4.2 Category of specific properties

Part A: Rebates

(a) Agricultural Properties	
Qualification criteria	<ul style="list-style-type: none"> • Make an application in writing in a prescribed form; • Proof of registration as a bona fide farmer from South African Revenue Services or if not taxed as a farmer provide proof that income generated in excess of 40% is derived from farming activities; • The property must be predominately utilised for bona fide farming purposes; • The application should clearly motivate how the farm contributes in terms of: <ul style="list-style-type: none"> - local economy; - provision of permanent residence or decent accommodation to the farm workers and their dependants; - provision of portable water and electricity to the dwellings of farm workers; and - provision of land for cemetery or educational or recreational purposes to the farm workers, children as well as for people from surrounding farms.
Rebate	The rebate on property rates shall be determined by the municipal council on annual basis during the budget process.
(b) State Trust and Rural Communal Property	
Rebate	The rebate on property rates shall be determined by the municipal council on an annual basis during the budget process.

(c) Affordability rebates – the rebate is unconditionally granted to assist the property owners to leverage the rates burden because of the current economic conditions.	
• Business, Commercial and Industrial Property	The rebate on property rates shall be determined by the municipal council on an annual basis during the budget process.
• Government Property	The rebate on property rates shall be determined by the municipal council on an annual basis during the budget process.
• Mining Property	The rebate on property rates shall be determined by the municipal council on an annual basis during the budget process.
• Residential Property	The rebate on property rates shall be determined by the municipal council on an annual basis during the budget process.
• Other Property	The rebate on property rates shall be determined by the municipal council on an annual basis during the budget process.
(d) Newly rateable properties	25% phase-in rebate on property rates in terms of section 21(2) of the Act; and 100% phase-in rebate on property rates in terms of section 21(3) of the Act.
(e) Public Benefit Organization with no source of income (Depending on Donations/ Grants)	May be granted up to 100% rebates subject to an application and approval by the Chief Financial Officer; and application shall be done on a prescribe form obtainable from the Municipal Offices.

Part B – Exemptions

(a) Residential Property	<ul style="list-style-type: none"> The first R15 000.00 of the market value of the property is exempted from levying of rates in terms of section 17(1)(h) of the Act. The additional exemption on the market value to be exempted from levying of rates shall be determined by the municipal council on annual basis during the budget process.
(b) Public Services Infrastructure Property	<ul style="list-style-type: none"> The first 30% of the market value of the property is exempted from levying of rates in terms of section 17(1)(a) of the Act.
(c) Municipal Property	The property shall be 100% exempted from levying of rates
(d) Places of Worship, including an official residence registered in the name of the community	The property shall be 100% exempted from levying of rates.
(e) Other properties stated in terms of section 17(b), (c), (d), (e), (f) and (g) of the Act	The properties shall be 100% exempted from levying of rates

Part C: Reductions

(a) Properties Affected by a Disaster or other Serious Adverse Social or Economic Conditions	
Qualification criteria	The owner of any category of property may make application for the consideration of a reduction in the municipal valuation of

	property as contemplated in section 15 of the Act, where it is contended that the market value of the property is being affected by:
(a)	A disaster within the meaning of the Disaster Management Act (57 of 2002); or
(b)	Any other serious adverse social or economic conditions as may be defined and determined by the Council.
Reduction Granted	The relief provided will be in the form of a reduction in the municipal valuation of the property in relation to a certificate issued for this purpose by the municipal valuer. The resultant reduction in the quantum of the rates payable will be for the current financial year only and calculated on a pro-rata basis from the date of the disaster or adverse conditions to the end of the financial year. Should the applicant consider that the conditions resulting in the granting of relief remain unaltered at the conclusion of the financial year in question, a further application may be lodged for the new financial year

PART TEN: MULTIPLE PURPOSE PROPERTIES

- 10.1 The municipality shall determine a method of assessing the value of multi-purpose properties applying the following;
 - 10.1.1 The valuation for all other multiple-purpose properties will be assessed according to the dominant use of the property according to value.
- 10.2 With regard to the Rural Communal property;
 - 10.2.1 It shall be considered as a multiple use property as a whole;
 - 10.2.2 That identifiable and rateable entities within the property (such as commercial leases and commercial and institutional in possession of permission to occupy) be identified, valued and rated individually, with the proviso that the municipality may extend this annually to include other identifiable entities as the data set is developed; and
 - 10.2.3 That the residual portion of the land be considered as the 'Residual' portion of the land for valuation, rating and rebate purposes and be exempted from the payment of rates as stipulated in section 9.4.2, Part B, subsection (c).

PART ELEVEN: COMMUNITY PARTICIPATION

- 11 The municipality has conducted public participation and consultation processes in accordance with Chapter 4 of the Municipal Systems Act No. 32 of 2000 and Chapter 2 of this Act.

PART TWELVE: RECOVERY AND PAYMENT OF RATES

- 12.1 An owner of a rateable property shall be liable for a property rates account;
- 12.2 Property rates shall be recovered on a monthly basis over a twelve months period in equal installments;
- 12.3 Owners of rateable properties liable for the payment of property rates account shall be furnished with a written municipal account on a monthly basis;
- 12.4 If a person has not received a written account, that person must take the necessary inquiries from the municipality.
- 12.5 Payment of property rates with a single amount on or before 31 December of each year, shall be allowed on condition that;
 - 12.4.1 The owner applies to the municipality in writing on a prescribed form for such deferment of the payment of the property rates account;
 - 12.4.2 The owner has more than ten (10) property rates accounts with the municipality;
 - 12.4.3 The application reaches the municipality before 30 June of each year; and
- 12.6 Interest on overdue property rates accounts shall not be levied until 31 December of

- each year in case of payment of property rates with a single amount for twelve months;
- 12.7 Rates in arrears shall be recovered from tenants and occupants of a property if the owner fails to pay the property rates account.
- 12.8 The Credit Control and Debt Collection By-Law shall apply in cases where the property rates accounts are in arrears.
- 12.9 The consolidation of property rates and services charge in one account and any appropriation of payments received shall be done by the municipality on a discretionary basis in accordance with the Credit Control and Debt Collection By-Law.
- 12.10 Interest on property rates in arrears shall be calculated and charged at prime rate which shall be applicable at 30 June plus one percent fixed over the twelve months period of the financial year.

PART THIRTEEN SPECIAL RATING AREA

13. The establishment of or applications for establishment of special rating area(s) in terms of its City Improvement Districts By-Law shall be considered by the municipality.

PART FOURTEEN: REVIEW OF THIS BY-LAW

14. The By-Law shall be reviewed on an annual basis to ensure that it complies with the Municipality's strategic objectives and with legislation.

PART FIFTEEN: SHORT TITLE

15. This By-Law shall be known as Mbombela Property Rates By-Law.

PART SIXTEEN: IMPLEMENTATION OF THIS BY-LAW

16. This By-Law shall be effective from 1 July 2013.
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