



Western Cape Government • Wes-Kaapse Regering • URhulumente weNtshona Koloni

PROVINCE OF THE WESTERN CAPE

PROVINSIE WES-KAAP

# Provincial Gazette Extraordinary

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**NOTICE 94/2021****APPROVAL OF PROPERTY RATES BYLAW & RESOLUTION ON LEVYING PROPERTY RATES IN TERMS OF SECTION 14 OF THE LOCAL GOVERNMENT: MUNICIPAL PROPERTY RATES ACT, 2004. (ACT NO.6 of 2004)****LEVYING PROPERTY RATES FOR THE FINANCIAL YEAR 1 JULY 2021 TO 30 JUNE 2022**

In terms of section 14(1) and (2) of the Local Government: Municipal Property Rates Act, 2004; the Council of Cederberg Municipality resolved by the way of council resolution, RB9.1.1/31-05-2021 & RB6.1.1/28-06-2021, to levy the rates on property reflected in the schedule below with effect from 1 July 2021.

<b>Category of property</b>	<b>Cent amount in the Rand rate determined for the relevant property category</b>
Residential Property	0.01455976
Business and commercial property	0.01882332
Industrial property	0.01882332
Agricultural property	0.00363994
Mining property	n.a
Public service infrastructure property	0.00363994
Public benefit organisation property	0.00363994
Public Benefit organisations may receive a rebate of 100% if they apply and adhere to certain criteria.	

### PROPERTY RATES BYLAW

Bylaw attached as reviewed for the 2021/2022 financial year.

### PROPERTY RATES POLICY

Property Rates Policy attached for the 2021/2022 financial year.

Full details of the Council Property Rates Policy and Bylaw and rebates, reductions and exclusions specific to each category of owners of properties or owners of specific category of properties as determined through criteria in the municipality's rates policy are available for inspection on the municipality's offices, website and all public libraries.

NAME: A Titus

DESIGNATION: Acting Municipal Manager



SIGNATURE:

DATE: 30/08/2021

BUSINESS ADDRESS

2 A Voortrekker Road, Clanwilliam, 8135

TELEPHONIC DETAILS OF THE MUNICIPALITY

027 482 8000



**Customer Care, Credit Control, Debt  
Collection, Indigent and Tampering Policy  
2021/22**

<b>POLICY NAME</b>	<b>CUSTOMER CARE, CREDIT CONTROL, DEBT COLLECTION, INDIGENT AND TAMPERING POLICY</b>
Original Author(s)	REVENUE SERVICES
Policy status	Revised
Council Resolution No and Date of approval	
Signature of Speaker	
Signature of MM	

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## **1. INTRODUCTION**

This policy is established in terms of Chapter 9 of the Municipal Systems Act (Act no.32 of 2000) and section 62(f) (iii) of the Municipal Finance Management Act (Act no. 56 of 2003) which requires that a Municipality establish and maintain a credit control and debt collection policy.

## **2. SCOPE OF THE POLICY**

- (a) This Policy applies to the Cederberg Municipality and all persons of this administration.
- (b) This Policy as approved by Council, has been passed to give effect to the Municipal By-law in terms of the Local Government: Municipal Systems Act (Act no. 32 of 2000) and such Policy will be binding on the public, officials and Councillors of the Municipality of Cederberg and no interference in the process will be permitted.
- (c) The Policy is applicable until such time as it is reviewed and Council approves the revisions. All acts performed in terms of the above approved Policy, and the existing Municipal By-law, will not be invalidated due to the timing differences between approval and promulgation.
- (d) All acts performed as mentioned in the previous paragraph will be ratified with the promulgation of the related Municipal By-law.

## **3. OBJECTIVES OF THE POLICY**

The objectives of this Policy are to:

- (a) Define a framework within which the Municipality can exercise its executive and legislative authority with regard to credit control and debt collection and to develop an effective procedure to bill and collect its revenues;
- (b) Ensure that all monies due and payable to the Municipality are collected in full and used to deliver municipal services in the best interest of the community, residents and ratepayers and in a financially sustainable manner as prescribed by the Municipal Systems Act, 2000 (Act No, 32 of 2000), and other applicable legislation;
- (c) Ensure that the principles applied, as a result of this Policy, will enhance and support a healthy working capital position for the Cederberg Local Municipality;
- (d) Provide a framework for consumer care and indigent support;

- (e) Set realistic targets for credit control and debt collection;
- (f) Enable the implementation of this Policy throughout the Cederberg Local Municipality;
- (g) Effectively and efficiently deal with defaulters in accordance with the terms and conditions of this Policy; and
- (h) Promote a culture of payment and instil a sense of responsibility towards the payment of Municipal accounts and reduction of Municipal debt.

#### **4. PRINCIPLES**

- (a) The administrative integrity of the Municipality must be maintained at all times. The democratically elected Councillors are responsible for policy-making, while it is the responsibility of the Accounting Officer to ensure the execution of these policies.
- (b) All customers must complete an official application form, formally requesting municipal services. Existing customers may be required to complete new application forms from time to time, as determined by the Accounting Officer. The most important rights and obligations of the consumer and the Municipality must be included in the service application form.
- (c) A copy of the application form including conditions of services must be handed to every new customer on date of application for services. All customers must be informed of the contents of the Council's Customer Care, Credit Control, Debt Collection, Indigent and Tampering Policy and a copy made available to any customer on request.
- (d) Billing is to be accurate, timeous and understandable.
- (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 appeals, and should suffer no disadvantage during the processing of a reasonable appeal.
- (g) Enforcement of payment must be prompt, consistent and effective.
- (h) Unauthorised consumption, connection and reconnection, the tampering with or theft of meters, service supply equipment and the reticulation network and any fraudulent activity in connection with the provision of Municipal services will lead to disconnections, penalties, loss of rights and criminal prosecutions.
- (i) Incentives and disincentives may be used in collection procedures.

- (j) The collection process must be cost effective.
- (k) Results will be regularly and efficiently reported and monitored.
- (l) There must be legal cause between the Municipality and its customer, and customer debt must arise out of a legal framework and must be legally collectable.
- (m) Debtors may be referred to third party debt collection agencies and may be placed on the National Credit Bureau.
- (n) Targets for performance in both customer service and debt collection will be set and pursued and remedies implemented for non-performance.
- (o) Consumers that meet Council's indigent criteria must be identified and supported.
- (p) The Municipality shall not conduct any business activity with or provide any services to any persons with arrear municipal accounts except as provided for in this Policy and as determined by the Municipality from time to time, nor will any refunds of credits be made to any debtor who is in arrears with their Municipal account.

## 5. DEFINITIONS

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

**“Account”** means a notification by means of a statement of account to a ratepayer or customer who is liable for payment of any amount to the Municipality and any authorised service provider in respect of the following:

- (a) electricity that is consumed by a consumer based on a meter reading or an estimated consumption and any service fee;
- (b) water that is consumed by a consumer based on a meter reading or an estimated consumption or water availability fees;
- (c) refuse removal and disposal;
- (d) sanitation services and sanitation availability fees;
- (e) rates;
- (f) interest;
- (g) connection fees;
- (h) collection charges, miscellaneous;

- (i) sundry fees;
- (j) default administration charges;
- (k) housing, rentals and instalments

**“Accounting Officer”** means the person appointed by the Council as the Accounting Officer of the Municipality in terms of section 82 of the Local Government: Municipal Structures Act (Act No. 117 of 1998) and being the head of the administration and accounting officer in terms of section 60 of the Local Government: Municipal Systems Act 200 (Act No 32 of 2000). It will also include any person to whom the Accounting Officer has delegated a power, function or duty but only in respect of that delegated power, function or duty;

**“Act”** means the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) as amended from time to time;

**“Actual consumption”** means the measured consumption by a customer of a municipal service;

**“Agreement”** means a contractual relationship between the Municipality and a customer that arises, either as a result of the Municipality's approval of a written application for municipal services, including any subsequent variation that may be made to that agreement in conformity with this Policy, or that is deemed to be an agreement;

**“Agricultural Property”** Means a property that is used primarily for agricultural purposes but, without derogating from section 9, of the Municipal Property Rates Act (Act 6 of 2004) excludes any portion thereof that is used commercially for the hospitality of guests, and excludes the use of the property for the purpose of eco-tourism or for the trading in or hunting of game;

**“Applicable charges”** means the rate (including assessment rates), charges, tariffs or subsidies determined by the Council;

**“Area of supply”** means any area within or partly within the area of jurisdiction of the Municipality to which a service is provided;

**"Arrears"** means any amount that is due, owing and payable by a customer in respect of a municipal service provided to such customer that has not been paid on or before the due date reflected on an account rendered in respect thereof; **"Arrangements"** means a written agreement or an acknowledgement of debt in terms of which a Municipality agrees to the payment over a period of time of a debt that is outstanding;

**"Authorised agent"** means

- (a) any person authorized by the Council to perform any act, function or duty in terms of or to exercise any power under this Policy;
- (b) any person to whom the Council has delegated responsibilities, duties or obligations in respect of the provision of revenue collection services; or
- (c) any person appointed by the Council, in a written contract, as a service provider for the provision of revenue collection services or a municipal service to customers on its behalf, to the extent authorized by that contract;

**"Average consumption"** means the average consumption by a customer of a municipal service during a specific period, which consumption is calculated by dividing the total measured consumption of that service over that period, by the number of periods;

**"Back yard dwellers"** the portion of a building site behind a house, structure, where somebody lives or stay as a permanent resident;

**"Billing"** refers to the process of charging for services provided by issuing accounts;

**"By-law"** means a legislation that is made by a decision taken by the Council of the Municipality binding in the Municipality on the persons to whom it applies and is published in terms of the Municipal Systems Act;

**"(CFO) Chief Financial Officer"** means the official of the Municipality appointed by Council to administer its finances regardless of the designation or title attached to the post. He/she is responsible for the collection of moneys owed to the Municipality and/or any other staff member to whom he/she has delegated specific duties and responsibilities in terms of this Policy;

**"Collection costs"** means an amount that the Municipality can charge with regard to

the enforcement of a consumer's monetary obligations;

**“Commercial customer”** means a customer other than a domestic customer and an indigent customer, including, but not limited to, a business or an industrial, governmental or an institutional customer;

**“Connection”** means the point at which a customer gains access to municipal services;

**“Consolidated”** refers to the combining of all debt in order to establish the total obligation the debtor has to the Municipality;

**“Consumer”** means any occupier of a property to which the Municipality has agreed to supply services or already supplies services to, or when the occupier is not the responsible person, then the owner of the property;

**“Continuous service”** means the supply for consideration of a Municipal service with the intent that so long as the agreement to supply the service remains, the Municipality will make the service continuously available to be used by the consumer;

**“Council”** means the Council of the Local Municipality of Cederberg. A structure or person exercising delegated authority and power or carrying out an instruction in terms of these by-laws or a service provider fulfilling the responsibility under these by-laws;

**“Credit control and debt collection”** refers to the action/s required to safeguard revenue including disconnections, reconnections, normalizing installations and follow-up procedures and data integrity;

**“Customer”** means a person with whom the Municipality has concluded or is deemed to have concluded an agreement for the provision of a Municipal service;

**“Default administration charges”** means a charge that may be imposed by the Municipality to recover administration costs incurred as a result of a consumer's default;

**“Defaulter”** means a customer who owes money to the Municipality after the due date

for payment has expired;

**“Debt collection”** refers to the debt recovery process and includes sanctions (warning, disconnection, adverse credit rating, legal process and/or eviction, etc.) to be applied in the event of non-payment of accounts;

**“Disconnection”** means interrupting the supply of water or electricity to a debtor as a consequence of ignoring a notice for payment;

**“Domestic customer”** means a customer who, primarily for residential purposes, occupies a dwelling, structure or premises;

**“Due date”** means the date on which an amount payable in respect of an account becomes due, owing and payable by a customer, which date shall be the 15th of the month following the monthly debit raising;

**“Effective disconnection”** includes, inter alia, the physical removal of connections and/or equipment as a consequence of unauthorised reconnection (tampering and/or by-passing) of the disconnected service;

**“Emergency situation”** means a situation that would, if allowed to continue, pose a substantial risk, threat, impediment or danger to the present or future financial viability or sustainability of the Municipality or to a specific municipal service;

**“Estimated consumption”** means the consumption that a customer, whose consumption is not measured during a specific period, is deemed to have consumed and that is estimated by taking into account factors that are considered relevant by the Municipality and which may include the consumption of municipal services by the totality of the users of a service within the area where the service is rendered by the Municipality, at the appropriate level of service, for a specific time;

**“Equipment”** means a building or other structure, pipe, pump, wire, cable, meter, engine or any accessories;

**“Financial year”** means the period starting from 1 July of one year and ending 30 June of the next year;

**“Household”** means all occupants older than 18 years within the jurisdiction of the Council regardless whether the person rents or owns the property. The family unit is determined by the Municipality to be traditional by taking into account the number of persons in the unit, the relationship between the members of a household, their ages and any other factor that the Municipality considers to be relevant;

**“Illegal connection”** means a connection to any system through which a municipal service is provided and that is not authorized or approved by the Municipality;

**“Indigent amount”** refers to the applicable value of the indigent subsidy as determined by the Council of the Municipality from time to time;

**“Indigent household”** means a household that complies with the following conditions:

- (a) the total municipal valuation, determined in terms of the Municipal Property Rates Acts, of a permanently occupied residential property, which does not exceed an amount as determined by Council (R100 000); or
- (b) a household with a total monthly income of not more than two (2 times) the monthly Government old age pension;

**“Infrastructure”** means the facilities, installations or devices required for the rendering of a municipal service or for the functioning of a community including but not limited to facilities, installation or devices relating to water, power, electricity, transport, sanitation, gas and waste disposal;

**“Interest”** means a charge levied on all arrear accounts calculated at a rate of 1% higher than the prime interest rate and will be based on a full month where a part of a month shall also be deemed to be a full month;

**“Multiple purposes”** in relation to a property, means the use of a property for more than one purpose, subject to section 9 of the Municipal Property Rates Act (Act 6 of 2004);

**“Municipal consumer debt”** refers to the non-payment or late payment by consumers of property rates and municipal services (water, electricity, sanitation, refuse removal) traffic fines and rental housing payments and includes any amounts



considered as irrecoverable;

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

**“Municipality”** means

- (a) the Municipality of Cederberg, a local Municipality established in terms of paragraph 12 of the Local Government: Municipal Structures Act, (Act No. 117 of 1998) and its successors-in-title; or
- (b) subject to the provisions of any other law and only if expressly or impliedly required or permitted by this Policy, the Accounting Officer or his/her delegated, in respect of the performance of any function, or the exercise of any duty, obligation, or right in terms thereof or any other law; or
- (c) an authorized agent of the Municipality.

**“Municipal services”** for purposes of this Policy, means services provided by the Municipality, including refuse removal, water supply, sanitation, electricity services and rates either collectively or singularly;

**“Non-residential debtors”** are classified as those debtors who do not qualify for or receive free-water;

**“Occupier”** means any person who resides on and/or occupies any premises to which municipal services are supplied;

**“Office bearer”** in relation to places of worship, means the primary person who officiates at services at that place of worship;

**“Official residence”** in relation to places of public worship means

- (a) a portion of the property used for residential purposes; or
- (b) one residential property, if the residential property is not located on the same property as the place of public worship, registered in the name of a religious community or registered in the name of a trust established for the sole benefit of a religious community and used as a place of residence for the office bearer.

**“Owner”** refers to the Rates Policy

**“Payment”** refers to any form of settlement acceptable to the Council of Cederberg from time to time towards the balance on an account;

**“Person”** means;

- (a) any natural person; or
- (b) any legal entity or institution considered by law to have contractual capacity in its name and capacity to sue or be sued in a court of law, and includes but is not limited to –
  - (i) a private or public company established in terms of the Companies Act, 1973 (Act 61 of 1973), as amended from time to time;
  - (ii) a trust in terms of the Trust Property Control Act, 1988 (Act 57 of 1988);
  - (iii) the state or any of its organs as defined in section 239 of the Constitution of the Republic of South Africa, 1996;
  - (iv) a Co-operative registered in terms of the Co-operatives Act, 2005 (Act 14 of 2005);
  - (v) a community-based organisation or voluntary association or any other non-governmental organisation or voluntary association with legal competence;
  - (vi) governments of foreign countries and includes their Embassies occupying property within the Municipality’s jurisdictional area;
  - (vii) a curator of an insolvent estate appointed in terms of the laws of South Africa;
  - (viii) an administrator of a deceased estate appointed in terms of the laws of South Africa; or
  - (ix) such other person or legal entity, as the case may be, recognised by law;

**“Place of public worship”** means property used primarily for the purposes of congregation, excluding a structure that is primarily used for educational instruction in which secular or religious education is the primary instructive medium; provided that the property is

- (a) registered in the name of the religious community;
- (b) registered in the name of a trust established for the sole benefit of a religious community; or
- (c) subject to a land tenure right.

**“Poor households”** means a household which qualifies as a poor household on the following conditions:

- (a) total monthly household income must not be more than three times monthly Government old age pension and less than the amount determined by Council during approval of the annual budget;

**“Premises”** means any piece of land, the external surface boundaries of which are delineated on

- (a) a general plan or diagram registered in terms of the Land Survey Act (Act No. 9 of 1927) or in terms of the Deeds Registries Act, (Act No. 47 of 1937);
- (b) a sectional plan registered in terms of the Sectional Titles Act, (Act No. 95 of 1986); or
- (c) a register held by a tribal authority or in accordance with a sworn affidavit made by a tribal authority; and, where the text so requires, includes any building, structure or the like erected on such land;

**“Prescribed tariff or charge”** means a charge prescribed by the Municipality;

**“Principle debt”** means a debt that is owed to the Municipality in respect of rates and services. It may include interest, collection charges, default administration charges, connection charges and any other charges;

**“Private Towns, Developments and/or complexes”** means properties where services such as water, electricity or sewerage networks and/or streets and open spaces has not been taken over by the municipality and a body corporate has been appointed by the individual owners to ensure sufficient levies are raised on the individual owners to cover these expenses;

**“Property”** in relation to public service infrastructure referred to in paragraph (d) of the definition of **“property”** means the organ of state that owns or controls that public service infrastructure as contemplated in the definition of **“publicly controlled”**, provided that a person will, for the purposes of the By-law, be regarded by the Municipality as the owner of a property in the following cases:

- (a) a trustee in the case of a property in a trust, excluding state trust land;
- (b) an executor or administrator in the case of a property in a deceased estate;
- (c) a trustee or liquidator in the case of a property in an insolvent estate or a property in liquidation;

- (d) a judicial manager in the case of a property in the estate of a person under judicial management;
- (e) a curator in the case of a property in the estate of a person under curatorship;
- (f) a person in whose name a usufruct or other personal servitude is registered where the property is subject to a usufruct or other personal servitude;
- (g) a lessee in the case of a property that is registered in the name of the Municipality and is leased by it;
- (h) a buyer in the case of a property that was sold by the Municipality and of which possession was given to the buyer pending registration of ownership in the name of the buyer;
- (i) in the case of property occupied by provincial or national government the relevant department of such government;
- (j) in the case of property occupied by an embassy of a foreign country, then such embassy; or in the case of the Municipality being unable to establish the identity of such person, the person who is entitled to derive benefit from the property or any buildings thereon or his or her legally appointed representative.

**"Public notice"** means publication in the media including one or more of the following:

- (a) publication of a notice, in at least two of the official languages in general use within the Province or area in question and, where possible, the notice shall be published in a newspaper appearing predominantly in the language utilised in the publication of the notice:
  - (i) in any local newspaper or newspapers circulating in the area of supply of the Municipality;
  - (ii) in the newspaper or newspapers circulating in the area of supply of the Municipality determined by the Council as a newspaper of record; or
  - (iii) on the official website of the Municipality;
  - (iv) by means of radio broadcasts covering the area of supply of the Municipality;
- (b) displaying a notice in or at any premises, office, library or pay-point of either the Municipality or of its authorized agent and to which the public has reasonable access; and
- (c) communication with customers through public meetings and ward committee meetings;

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

- (a) hospitals or clinics;
- (b) schools, pre-schools, early childhood development centres or further education and training colleges;
- (c) national and provincial libraries and archives;
- (d) police stations;
- (e) correctional facilities; or
- (f) courts of law;

but excludes property contemplated in the definition of "public service infrastructure.

**"Residential debtors"** are classified as those debtors who qualify for and receive free water;

**"Residential Property"** means a property included in a valuation roll in terms of section 48(2) (b) of the Local Government Municipal Property Rates Amendment Act 2014 {as residential:} in respect of which the primary use or permitted use is for residential purposes without derogating from section 9 of the Municipal Property Rates Act (Act 6 of 2004); and which includes the following:

- used predominantly (60% or more) for residential purposes;
- a unit registered in terms of the Sectional Titles Act, 95 of 1986, used predominantly (60% or more) for residential purposes, and includes any unit in the same Sectional title scheme registered in the name of the same owner which is used together with the residential unit as if it were one property, for example a garage or domestic worker's quarters. (Any such grouping shall be regarded as one residential property for rate rebate or valuation reduction purposes and for clearance application purposes); or
- owned by a share block company and used predominantly (60% or more) for residential purposes but will be considered as one Residential property as set out in 5.1 of the Rates Policy;

**"Service"** means a municipal service rendered by the Municipality and includes the supply of electricity, water, sanitation and refuse removal;

**"Subsidised service"** means

- (a) a municipal service which is provided to a customer at an applicable rate which

is less than the cost of actually providing the service and includes services provided to customers at no cost;

- (b) an area, as determined by the Council, within which all customers are provided with services from the same bulk supply connection; and
- (c) the receipt, use or consumption of any municipal service which is not in terms of an agreement or authorised or approved by the Municipality;

**“Sundry debt”** refers to any debt other than for rates, housing, metered services, sanitation and refuse removal;

**“Supply”** means any metered supply of water or electricity;

**“Tariff”** means the levying of fees, rates or taxes for municipal services provided by the Municipality itself and that complies with the Municipal Systems Act, (Act no. 32 of 2000);

**“Tampering”** means the unauthorised interference with a service rendered by the Municipality, or to damage or make unauthorised changes to the equipment or property of the Municipality used in connection with the provision of Municipal services. Reconnection of a supply that has been disconnected for non-payment, the interference with the supply mains or bypassing of the metering equipment to obtain an un-metered service;

**“Total household income or household income”** refers to the total formal and informal gross income of all people living permanently or temporarily on the property on which the account is based; and

**“Unauthorised service”** means the receipt, use or consumption of any municipal service which is not in terms of an agreement with or approved by the Municipality.

## 6. Legislative Framework

This policy is designed and implemented with the framework of the following legislation:

This following framework also covers the duties and functions of council, executive mayor all councillors, accounting officer, municipal staff, communities, rates payers

and residents.

- The Constitution of the RSA, 1996;
- The Municipal Systems Act, 2000 (Act 32 of 2000);
- The Municipal Finance Management Act, 2003 (Act 56 of 2003);
- The Promotion of Administration Justice Act, 2000 (Act 3 of 2000);
- The Promotion of Access to information Act, 2000 (Act 2 of 2000); and
- The Property Rates Act 2000 (Act 6 of 2004)

## **7. CUSTOMER CARE**

### **7.1. Objective**

To focus on the client's needs in a responsible and pro-active way, to enhance the payment for services and to create a positive and cooperative relationship between the persons responsible for the payment for services received, and the Municipality, and where applicable, any service provider.

In terms of Section 95 of the Local Government Municipal Systems Act 2000, in relation to the levying of rates and other taxes by a Municipality and the charging of fees for Municipal services, a Municipality must, within its financial and administrative capacity provide for:

### **7.2. Service Delivery**

Establish a sound Customer Management System that aims to create a positive and reciprocal relationship between persons liable for these payments and the Municipality itself;

### **7.3. Communication**

- (a) establish mechanisms for users of services and ratepayers to provide feedback to the Municipality or other service provider regarding the quality of the services and the performance of the service provider;
- (b) take reasonable steps to ensure that users of services are informed of the costs involved in service provision, the reasons for the payment of service fees, and the manner in which monies raised from the service are utilised;
- (c) within its financial and administrative capacity, conduct an annual process of compiling and communicating its budget, which may include targets for credit control and debt collection;
- (d) make available Council's Customer Care, Indigent, Credit Control, Debt

Collection and Tampering Policy by general publication, on specific request, and which will also be available for perusal at the Municipality;

- (e) endeavour to distribute a regular newsletter, which will give prominence to customer care and debt issues;
- (f) require ward councillors to hold regular ward meetings, at which Customer Care and Debt Collection issues will be given prominence;
- (g) encourage the press to give prominence to Council's Customer Care, Credit control, Debt Collection Indigent and Tampering Policies.

#### 7.4. Personal contact

Telephonic contact, agents calling on clients:

- (a) the Municipality will endeavour, within the constraints of affordability and available capacity, to make personal, electronic or telephonic contact with certain arrear debtors to encourage their payment, and to inform them of their arrears state, their rights (if any) to conclude arrangements or to indigent subsidies, other related matters and will provide information on how and where to access such arrangements or subsidies;
- (b) such contact is not a right for debtors to enjoy and disconnection of services and other collection proceedings may continue in the absence of such contact for whatever reason.

#### 7.5. Metering

- (a) The Municipality will, endeavour, within practical and financial limits, to provide meters to every paying consumer for all services;
- (b) Where the consumption of services has to be measured, take reasonable steps to ensure that the consumption by individual users of services is measured through accurate and verifiable metering systems;
- (c) All meters will be read monthly, if at all possible. If the meter is not read monthly the Council will estimate the consumption in terms of Council's operational procedures;
- (d) Consumers are entitled to request verification of meter readings and accuracy within reason, but may be held liable for the cost thereof;
- (e) Consumers will be informed of meter replacement;
- (f) 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 consumer is charged for an estimated



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;

- (g) If an electricity meter cannot be read due to no access for six consecutive months, the meter may be replaced with a pre-paid meter at the cost of the owner;
- (h) The occupier can give the readings through telephonically but at least every six months a true reading must be obtained by the meter reader;
- (i) In the case of holiday houses, average consumption will not be levied monthly. A true reading must be obtained by the meter reader at least once a year if possible;
- (j) If no reading on a water meter can be obtained for more than six consecutive months, the meter may be moved at the cost of the owner/tenant.

#### 7.6. Accounts and billing

- (a) Consumers on the billing system will receive an understandable and accurate bill from the Municipality, which bill will consolidate all rates and service costs for that property;
- (b) Accounts will be produced in accordance with the meter reading cycle and due dates will be linked to the statement date;
- (c) Accounts will be rendered monthly in cycles of approximately 30 days at the address last recorded with the Municipality or its authorised agent;
- (d) It is the consumer's responsibility to ensure that the postal address and other contact details are correct;
- (e) It is the consumer's responsibility to make enquiries and ensure timeous payments in the event of accounts not received;
- (f) Settlement or due dates will be as indicated on the statement;
- (g) Where any payment is made to the Municipality or its authorized representative by negotiable instrument and it is later dishonoured by the bank, the Municipality or its authorized agent:
  - (i) may recover an admin fee as determined by Council relating to dishonoured negotiable instruments against the account of the consumer;
  - (ii) shall regard such an event as a default on payment;

- (iii) may insist on cash payments for all future accounts.
- (h) The Municipality or its authorised agent must, if administratively possible, issue a duplicate account or any acceptable alternative to a consumer on request, at a cost determined by Council from time to time.

7.7. Payment facilities and methods

- (a) The Municipality will operate and maintain suitable payment facilities, which facilities will be accessible to all users;
- (b) The Municipality will, at its discretion allocate a payment between service debts. A consumer who has overdue debt, may not specify that the payment is for a specific portion of the account;
- (c) The Municipality may in terms of Section 103 of the Systems Act, with the consent of a consumer, approach an employer to secure a debit or stop order arrangement;
- (d) The consumer will acknowledge, in the consumer agreements that the use of consumer agents in the transmission of payments to the Municipality is at the risk of the consumer – also for the transfer time of the payment;
- (e) Postal orders must be crossed and be made payable to Cederberg Municipality;
- (f) Payments will always be appropriated to the oldest account (notwithstanding the kind of service), where after it will be appropriated in order of a predetermined priority as approved by the Municipality;
- (g) Payments can be made:
  - (i) at Cederberg Municipal Customer care offices from Mondays to Fridays (public holidays excluded) 08h00 to 16h00 (Satellite Offices) and Mondays to Thursdays 08h:00 to 16h00 and Fridays 08h00 to 13h00 ( Clainwilliam, Citrusdal, Lamberts Bay, Elands Bay and Graafwater)
  - (ii) at any of the Easy Pay, Pay@ Snap scan, Zapper, Spar and Post Office pay points as approved by Council. Please note that at least 48 hours should be allowed for processing of all third-party payments; However, payments made at a third party will be done at own risk. It also remains the responsibility of the person making the payment, to ensure that the receipt is correct;

- (iii) by direct Bank – and/or electronic payments to the Municipal bank account using Cederberg Municipality as beneficiary. The Municipal account number must at all times be used as the reference number;
- (iv) by way of an automatic debit order. These forms are available at any of the Municipal Offices.

#### 7.8. Enquiries, appeals and service complaints

Within its administration and financial ability, the Municipality will 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 consumers;
- (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 the application of the policies on customer care and management, credit control debt collection and other issues of concern;
- (e) accessible mechanisms for those persons to query or verify accounts and metered consumptions, and appeal procedures which allow such persons to receive prompt redress for inaccurate accounts;
- (f) mechanisms to monitor the response time and efficiency in complying with the above points.

##### 7.8.1. Water leakages – Normal consumers

If the leakage is on the consumer's side of the meter, the consumer will be responsible for the payment of all water supplied to the property. The consumer has the responsibility to control and monitor his/her water consumption.

- (a) A consumer may qualify for a reduction in levy as determined by Council on his/her account in the event of a water leakage, if:
  - (i) the leakage was underground or under the foundation of the building and not easily detectable; and
  - (ii) the leakage was repaired within 48 hours after detection

- / notification by the municipality; and
- (iii) the consumer submits a sworn affidavit by him/herself
  - (iv) the consumer has not applied for discount on water leakages within the previous 12 months; and
  - (v) an authentic certificate issued by a registered plumber must reach the Municipality within 10 days after completion of repairs done with respect to a water leakage and must contain the following:
    - the date of the invoice and repair work as well as the receipt; and
    - confirmation that surface leakage was not visible; or-
  - (vi) If repairs were done by the consumer themselves, his / her sworn affidavit must reach the Municipality within 10 days after completion of repairs done with respect to a water leakage and must contain the following:
    - the date of the invoice and repair work as well as the receipt and/or date stamped photos proving that the leak was underground and repaired by themselves; and
    - that the reading has normalised; and
    - confirmation that surface leakage was not visible.
- (b) Once the Accounting Officer declares that the Clanwilliam dam volume has dropped to below 30%, no water charges in respect of water losses because of leakages will be reduced;
- (c) Water lost due to the meter being stolen, defective irrigation, broken geyser, leaking toilet or leaking tap cannot be considered for reduction;
- (d) Council will only allow a reduction up to the difference between the levied amount of the leakage and the recalculated amount calculated as follows:
- (i) The consumer's last 6 months' average consumption calculated on the normal tariff tears; plus
  - (ii) The usage above the average consumption calculated on the highest tariff tear of his/her average consumption.
- (e) Any applications that do not comply with points in 7.8.1 (a) (iv) and 7.8.1 (a) (v) above, may be referred to a special water

leakage committee for further consideration of possible reductions.

#### 7.8.2. Leakages -Indigent consumers

If the leakage is on the indigent or poor household consumer's side of the meter, the consumer will be responsible for the payment of all water supplied to the property. The indigent or poor household consumer has the responsibility to control and monitor his/her water consumption.

- (a) An indigent or poor household consumer may qualify for a reduction as determined by Council on his/her account in the event of a water leakage, if:
  - (i) The indigent or poor household consumer submits a sworn affidavit by him/herself confirming the leakage was reported and repaired and that the reading has normalised;
  - (ii) The indigent or poor household consumer has not applied for discount on water leakages within the previous 12 months.
- (b) Council will only allow a reduction up to the difference between the levied amount of the leakage and the recalculated amount calculated as follows:
  - (i) The consumer's last 6 months' average consumption calculated on the normal tariff tears; plus
  - (ii) The usage above the average consumption calculated on the highest tariff tear of his/her average consumption.

#### 7.9. Clients in correctional care or clients who were imprisoned

- (a) Must obtain a letter from correctional services, which indicates the date of release;
- (b) If a lodger occupies the dwelling while the owner is imprisoned, such lodger should accept responsibility for the account;
- (c) If no tenant is occupying the dwelling the services should be restricted until the owner is released from prison;

7.10. Temporary suspension of actions for special reasons

The written approval of the Chief Financial Officer (CFO) or his/her delegate to temporary suspend actions must at all times be obtained for special reasons. If the suspension of actions in terms of this Policy exceeds 3 months, it must be reported to Council.

7.11. Restricted water

- (a) If a person is in arrears and his/her water has been restricted, such person should negotiate a settlement agreement to redeem the debts;
- (b) The water restriction however cannot be restored until the arrear debt is paid in full ;( unless payment arrangements are in place)
- (c) Once the account has been paid in full, the water flow can be restored.

7.12. Process regarding disabled persons or persons who are linked to a respirator or life supporting machine

- (a) All collection actions can be suspended where needed with the Chief Financial Officer or his/her delegated officials' consent;
- (b) A medical certificate to confirm the client's health condition must be obtained at regular intervals to qualify for this support;

7.13. Inheritor of an insolvent estate

Where the inheritor of a property, with no/or an insolvent estate, qualifies for an indigent subsidy, the outstanding debt can be written off by Council in order for clearance to be given and the property to be transferred.

7.14. Property Rates rebates

Subject to certain criteria the Municipal Council may grant rate rebates annually to certain categories of ratepayers in accordance to the Municipality's Rates Policy and By-law.

The following properties will be excluded from the payment of rates:-

- 7.14.1. Properties of which the municipality itself is the owner:-

First 30% of the market value of public service infrastructure in terms of section 17(1)(a) of the Act-

rights registered against immovable property in the name of a person:-

On property registered in the name of and used primarily as a place of public worship by a religious community, including the official residence registered in the name of that community, which is occupied by the office-bearer of that community who is, officiates at services at that place of worship in terms of section 17(1)(i) of the Act.

On the first R15, 000 of the market value of a property assigned in the valuation roll or supplementary valuation roll to a category determined as residential property or multiple used property provided that one or more component is used for residential purposes in terms of section 17(1)(h)

The additional valuation of domestic property (excluding accommodation establishments and vacant land) as follows:

- a) To the amount of R35 000 as per council approved tariff for 2020/21 financial year, for properties with valuation above R 100 000 (One hundred thousand rands)
- b) Domestic improved properties (excluding accommodation establishments, garages, jetty's and vacant land) valued at R100 000 and below are exempted from the payment of property rates.
- c) Businesses including accommodation establishments 1-8 and accommodation establishments 9+ will be rated at business rates tariff.

Properties that are used as accommodation establishments 1-8 will be granted a 40% rebate on the business tariff.

Properties registered or recognised as private nature reserves in terms of relevant legislation, which are not developed or used for commercial, business, agricultural or residential purposes in terms of section 17(1)(e) of the Act.

Rebates granted in terms of section 4 of the Property Rates Policy may be considered for the following categories of properties:

- (a) Market value of residential property below a determined threshold.
- (b) Retention and restoration of conservation worthy buildings
- (c) Heritage areas

Over and above the determinations contemplated in section 17(1)(h) of the Act owners of property who depend on pensions or social grants for their livelihood may qualify for a rebate as determined by Council's Indigent policy.

#### 7.15. Arrangements for settlements

- (a) If required, consumers with arrears must convert to a prepayment meter, and when implemented the cost of the conversion and the arrears total, will be paid off either by
  - (i) adding the debt to the arrears bill and repaying it over the agreed period; or
  - (ii) adding the debt as a surcharge (auxiliary) to the pre-paid electricity cost, and repaying it with each purchase of electricity until the debt is settled;
  - (iii) installation of pre-paid meter is free of charge if a person is indigent.
- (b) Council reserves the right to increase the deposit requirement of debtors who seek arrangements;
- (c) If an arrangement is not honoured the arrangement will be cancelled;
- (d) All arrangements for settlements will be in accordance with the processes and guidelines approved by the Accounting Officer or



Chief Financial Officer from time to time in pursuance of the credit control and debt collection targets set by Council.

7.16. Restriction of services

If the Accounting Officer, or his/her delegated authority, is of the opinion that the termination of services, in the case of a particular property in respect of which the account is in arrear, is not in the best interests of the community, specifically because of the potential endangerment of the life of any person, whether resident in or outside the property concerned, the Accounting Officer, or his/her delegated authority, may appropriately restrict rather than terminate the services in question.

7.17. Estate Account Collection

7.17.1. Estates with legal status

The accounts of debtors who are declared insolvent, or are under administration or deceased are dealt with according to normal legal practices by collection staff of the Municipality. Unsuccessful claims must be submitted to Council for approval to be written off.

7.17.2. Estates without formalised legal status

In numerous cases the head of a household has died without leaving a will indicating to whom ownership of the family residence is to be transferred upon the event of his or her death OR the owner of the property has abandoned his or her family to fend for themselves. As these exceptions are not provided for in the normal legal practice, the following process will be followed in such cases:

The remaining family must report the situation to the Municipality's collection office, who will require the relevant documentation to be obtained by the family, i.e. a death certificate and an order of the local magistrate allocating right of ownership to a member of the surviving family in the case of a deceased estate OR an order of the local magistrate allocating right of ownership to a member of the abandoned family.

In all of these cases, extension for the payment of the arrears (arrangements to pay debt over a period of up to 12months) as at the date of notification will be given by the debt collectors of the Finance Department. Disconnected electricity will also be reconnected and the remaining family will be expected to pay all amounts levied on monthly current accounts in excess of the amount of the extension until such time as the matter has been finalised. This will prevent any further service restrictions or collection actions at the residence while the family are legalising ownership of the property.

As soon as ownership has been officially allocated by the magistrate, the documents concerned must be presented to the Municipality's debt collection office, which will then change the name of the account to that of the new owner. They will also instruct the new owner to make an arrangement for the payment of the arrears to prevent credit control and collection action by the Municipality. Alternatively, if the family qualifies to be registered for assistance in terms of the Municipality's Indigent Policy, they must apply for it. After registration, their arrears can be dealt with in terms of the Policy. Child headed families, where the parents are deceased and there are only unemployed minor children living in the dwelling, may qualify for the debt being written off.

A reduced burial fee, as determined by Council is charged for an indigent grave.

Unsuccessful claims must be submitted to Council for approval to be written off.

In the event where the applicant is a tenant, the application must be accompanied by a copy of the rental agreement;

## 8. CREDIT CONTROL

### Specific objectives

To implement procedures that will restrict the unauthorised use of Municipal services, escalation of debt and limit the Municipality's risks.

#### 8.1. Application for Municipal Services

- (a) All consumers of services will be required to sign an agreement governing the supply and cost of Municipal services.
- (b) The process must occur at least seven days prior to taking occupation of the premises, so that the Municipality can ensure that a meter reading is taken on the appropriate day and that the services are available when occupation is taken. Failure to adhere to the timeframe may result in customers not having the services available when occupation is taken;
- (c) Applicants for municipal services may be checked for creditworthiness including banking details and information from credit bureaus, other local authorities, trade creditors and employers. This will require the provision of, an Identity Document, binding lease agreement, title deed and other supporting documents as required by Council from time to time;
- (d) An applicant must provide all the information and documentation which the Municipality requires;
- (e) If an applicant for Municipal service is an existing customer of the Municipality in respect of any other municipal service and such customer has an outstanding amount that is due and payable to the Municipality:
  - (i) the arrears must be paid on this property or any other property within the municipal boundaries; or
  - (ii) an agreement for payment of arrears must be concluded with the Municipality before an application for services can be approved.
- (g) If a consumer fails or refuses to sign a new service agreement or pay the deposit, the Municipality may discontinue services until the necessary agreement has been signed and/or deposit been paid;
- (h) The Municipality will render the first account after the first meter reading cycle to be billed following the date of signing the service agreement;
- (i) Consumers who illegally consume services without this agreement will be subject to punitive action.

## 8.2. Property Developments

- (a) A property developer must inform the Municipality of the nature and extent of the municipal services or services that will be provided as well as the measuring devices that will be used.
- (b) A property developer who fails to comply with the provisions of paragraph (a) shall be liable for the payment of all the applicable charges that would have been payable by customers in respect of municipal services that have been used or consumed by such customers.

## 8.3. Termination of Services

- (a) It is the responsibility of the consumer to notify the Municipality when municipal services are no longer required due to the sale of the property or other reasons;
- (b) Failure to comply with the provision of paragraph (a) above renders the consumer liable for all service charges and interest thereon accumulated from the date when the premises are vacated to the date when Council becomes aware of such vacation;
- (c) A customer shall remain liable for all arrears and applicable charges that are payable for Municipal services rendered prior to the termination of an agreement.
- (e) An owner may request for the disconnection of services where the meters are on his name, under the following conditions:
  - The meter must be removed from the property by our Technical Department;
  - Availability will be charged;
  - Normal new connection fees and procedures will be applicable for reconnection.

## 8.4. Payment of a Deposit

- (a) Every consumer must, on application for the provision of Municipal services pay a deposit to the Municipality, prior to the provision of any Municipal services. A minimum deposit will be payable equal to the amount determined by Council from time to time;
- (b) The Council may require a consumer to whom services are provided and who was not previously required to pay a deposit, for whatever reason, to pay a deposit on request, within a specified period;

- (c) The Council may from time to time review the sum of money deposited by a consumer in terms of this section and, in accordance with such review require that an additional amount be deposited by the consumer. The deposit will also be reviewed where any change in service connection is done. This adjustment will be in line with the amount determined by council for that specific financial year;
- (d) The Municipality shall give the owner or occupier of the premises, where Municipal services are rendered reasonable notice of any increase of the deposit;
- (e) An amount deposited with the Municipality in terms of this paragraph shall not be regarded as being in payment or part payment of an account due for services rendered except in the case of a final account where the final amount will first be cleared before the remaining portion of the deposit can be paid back;
- (f) No interest shall be payable by the Municipality on the amount of a deposit held by it in terms of this paragraph;
- (g) An agreement for the provision of services may contain a condition that a deposit shall be forfeited to the Municipality or its authorised agent if it has not been claimed within twelve months of the termination of the agreement;
- (h) The Municipality will not accept a bank guarantee as a deposit;
- (i) Only 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 or transferred to any other outstanding account of the client;
- (j) For any changes to a connection type, the deposit will be adjusted in accordance with the approved tariff list.
- (k) In case of lowering of amps or supply, the deposit will not be adjusted on the municipal
- (l) Any inactive deposit that is correctly recognised in the financial statements as payable and has not been claimed back within a period of three years after the service has been delivered completed or finalised, will be forfeited.
  - (i) The only exception to this is when a block booking has been made and the deposit is carried over for the next booking. This is only applicable within a financial year. The deposit must be repaid and revised at the beginning of a new financial year.

- (ii) A request for repayment of an inactive deposit after the three-year period can be made after which the CFO will consider each case on its own merit.
- (m) Commercial, Business and Industrial:
  - (i) deposits for businesses will be levied according to twice the highest bill during the previous 12 months for similar businesses or the deposit as specified in the tariff list, whichever is the highest
  - (ii) New connections at new extensions of businesses will be as specified in the tariff list for the current financial year.
- (n) Payment of a deposit is not applicable to properties where the property has been identified as an Indigent household.
- (o) For any changes requested on the connection type the deposit will be adjusted accordingly and in accordance with the current approved tariff list. All outstanding debt on this premises or any other property of the consumer must be paid in full. The deposit will not be decreased with the lowering of amps or supply.

#### 8.5. Recovery of Additional Costs

The Municipality may, in addition to any charge, tariff, levy or payment of any kind referred to in this Policy, recover from a customer any reasonable costs incurred by it in implementing this Policy, including all legal costs, including attorney and client costs incurred in the recovery of arrears which shall be debited against such customer as arrears in his/her account.

#### 8.6. Payment for Municipal Services Provided

- (a) A customer shall be responsible for the payment of all Municipal services accounts rendered to him/her from the commencement date of the agreement until the account has been paid in full and the Municipality shall be entitled to recover all payments due to it from the customer concerned;
- (b) Payments will always be appropriated to the oldest account (notwithstanding the kind of service), where after it will be appropriated in order of a priority as determined by the Municipality;
- (c) If a customer uses a Municipal service for a use other than that for which it is rendered by the Municipality in terms of an agreement and if he is charged an amount lower than the applicable prescribed charge, the

Municipality may alter the amount so charged and recover from him/her the difference between the altered charge and the amount initially charged to him/her;

- (d) Discontinuation of services and rendering of a final account will always be between two debit raisings. Thus, any request for discontinuation of services after the 01<sup>st</sup> of a month (or if on a weekend or public holiday the first working day thereafter) will only be finalised with the next debit raising of the following month and the basic charges for that period will be payable;
- (e) The basic fee for water and/or electricity will only be levied on accounts with active meters or active tariffs. This is to ensure that the basic fee is not duplicated where one consumer vacates a property and a new consumer moves in. For example, if a final account is requested during a period as mentioned in (d) above, the meter will stay active until the following debit raising when the account will be finalised and transferred to the new consumer. Although the new consumer will be liable for the water usage from date of the final reading the basic fee will only be levied from the following debit raising when the meter becomes active on the new account;
- (f) "Full and final settlement" of an amount: Where an account is not settled in full, any lesser amount tendered to and accepted by the Municipality shall not constitute a full and final settlement of such an account despite the fact that the payment was tendered in full and final settlement unless the Accounting Officer or his/her nominee or the manager of the Municipality's authorized agent expressly accepts such payment in writing as being in full and final settlement of the amount reflected on the relevant account;
- (g) Responsibility for payment of amounts due and payable:
  - (i) Notwithstanding any other provision in this Policy, an owner of premises shall be liable for the payment of any amount that is due and payable to the Municipality by a customer who is a lessee or occupier of such premises to which municipal services have been provided, if the Municipality, after having taken reasonable steps to recover from such customer any amount due and payable by him/her, could not do so;
  - (ii) Paragraph (a) must not be construed as absolving the Municipality

from its responsibility to collect outstanding amounts in respect of Municipal services provided to premises from the customer who has benefited from it.

- (h) Dishonoured payments
  - (i) If the payee or the consumer is an existing consumer of Council, the reversal and penalty fee may be debited to an account of the drawer or beneficiary.
  - (ii) If the consumer who received value from the payment is not an existing debtor of Council, a sundry debtor account is opened and the debit and penalty is raised. Once the account is submitted and the debtor fails to honour the payment including the penalty within 14 days of receipt, a final demand is generated and submitted;
  - (iii) If the debtor who received value from the payment is an existing debtor of Council, the reversal and penalty fee may be debited to an account of the drawer or beneficiary and a letter of notification must be sent to the debtor. Such fee shall be deemed to be a tariff charge and shall be recovered from the debtor. Council reserves the right to institute legal action which may include criminal charges against the offender.
- (i) The Council may, by resolution, approve incentive schemes to encourage prompt payment of charges for services rendered and to reward customers who pay their accounts regularly and on time;
- (j) The aforementioned incentive schemes may include the conclusion of a written agreement with the employer of a customer in terms of which such employer undertakes to deduct outstanding rates and service charges or to settle regular monthly accounts, through deductions from the relevant customer's salary or wages, in exchange for a monetary reward either by way of payment of a commission or the grant of a rebate on the charges owing by the employer concerned to the Municipality in respect of services rendered to such employer.
- (k) Pay points and payment methods
  - (i) A customer must pay his account at pay points specified by the Municipality or by an approved agent of the Municipality;
  - (ii) The Municipality will inform customers of the location of specified pay-points and the identity of approved agents who may receive payments on its behalf in respect of services rendered to



customers;

- (iii) Subparagraphs (i) and (ii) must not be construed as prohibiting a customer from paying amounts due to the Municipality or its authorized agent by means of electronic payment methods provided that the date of receipt of a payment shall be the date such payment appears on or is reflected in the banking account of the Municipality.

#### 8.7. Payment of Interest

Except where expressly provided to the contrary in this Policy, the Municipality will levy interest on all arrear accounts at a rate of prime plus 1%,

- (a) Interest on arrear debt shall be calculated for each month for which such payment remains unpaid and part of the month shall be deemed to be a month;
- (b) The interest that is payable cannot exceed the capital amount that is owed by the consumer.

#### 8.8. Accounts and Billing

- (a) The Municipality shall provide every person liable to pay for Municipal services assessments rates and taxes with an account in respect of every property for which that person is liable and all services rendered in respect of that property at the address last recorded with the Municipality;
- (b) Failure by the Municipality to render an account does not relieve a consumer of the obligation to pay any amount due and payable. The onus shall be on the consumer to obtain a copy of the account before the due date;
- (c) If no account has been received before the 10<sup>th</sup> of a month, a copy should be obtained from the Municipality. The account must at all times be produced when payments are done or enquiries are made. The request of copies of monthly accounts for a whole financial year, will be charge at the prescribed tariffs;
- (d) An account rendered by the Municipality for services provided to a consumer shall be paid not later than the last date for payment specified in such account which date will not be more than 21 days after the date of the account;

- (e) Accounts will be rendered on a monthly basis in cycles of 30 days and shall be payable on the due date as indicated on the account;
- (f) Payments shall be deemed to be late unless received on or before the due date as determined by the Municipality. Electronic payments and payments made through agents must be received in a Municipal bank account by the close of business on the due date;
- (g) The Municipality may consolidate any separate accounts for the municipality will:
  - (i) consolidate any separate accounts of a person(s) or entity liable for payments to the municipality;
  - (ii) Credit a payment by such a person against any account of that person; and
  - (iii) Implement any of the debt collection and credit control measures provided for in this Policy in relation to any arrears on any of the accounts of such a person.
  - (iv) Section (i to iii) above does not apply where there is a dispute between the municipality and a person referred to in that subsection concerning any specific amount claimed by the municipality from that person.
- (h) Accounts must contain at least the following;
  - (i) the consumption or estimated consumption of water and electricity
  - (ii) rates and services; and
  - (iii) interest and arrears.
- (i) Accounts may be accompanied by a notice stating that –
  - (i) legal action may be instituted against any consumer for the recovery of any arrear amount in terms of the Policy contained herein;
  - (ii) the defaulting consumer's name may be listed with a credit bureau or any other equivalent body as a defaulter;
  - (iii) the account may be handed over to a debt collector for collection;

#### 8.9. Disputes, Queries and Complaints

- (a) In this section "Dispute" refers to when a consumer questions the correctness of any account rendered by the Municipality to such consumer and the consumer lodges an appeal with the Council in accordance with this section. A consumer may lodge a query or a

complaint in respect of any amount that is due and payable by him/her before or on the due date for payment specified in the account concerned or as soon as reasonably possible thereafter;

- (b) Procedure to be followed. In order for a dispute to be registered with the Municipality, the following procedures must be followed:

By the Consumer:

- (i) The consumer must submit the dispute in writing to the Accounting Officer of the Municipality before or on the due date for payment specified in the account concerned or as soon as reasonably possible thereafter;
- (ii) It must clearly state that it is a dispute;
- (iii) No dispute will be registered verbally whether in person or over the telephone;
- (iv) The consumer must furnish his full personal particulars including the account number, direct contact telephone number, fax, e-mail addresses and any other relevant information as may be required by the Municipality;
- (v) The full nature of the dispute must be described in the correspondence referred to above;
- (vi) The onus will be on the consumer to ensure that he receives a written acknowledgement of receipt of the dispute from the Municipality;
- (vii) In the interim the debtor must pay 30% of the outstanding amount until the matter is resolved.

By the Council:

On receipt of the query or dispute, the following actions are to be taken:

- (i) All incoming queries or disputes must be registered on the Collaborator system and a reference number obtained. Within 14 days after receipt of a query it must be answered via e-mail, telephonically or by normal mail depending on the contact details available;
- (ii) If the client is not satisfied with the reply or the corrective actions regarding the query and a formal written dispute is received, the authorised official must ensure that the dispute is taken to the Chief Financial Officer for a final decision;
- (iii) A written acknowledgement of receipt of the dispute must be

provided to the consumer within 7 days;

- (iv) The Municipality should not institute enforcement proceedings against the consumer for an amount or an account entry that is in dispute until it has resolved the dispute;
- (v) All investigations regarding disputed amounts must be concluded by Council's Chief Financial Officer or his/her delegate within 21 calendar days from receipt thereof;
- (vi) The consumer shall be advised in writing of the findings.

#### 8.10. Appeals against Findings

- (a) A consumer may, in writing, appeal against a finding of the Municipality;
- (b) An appeal shall be in writing and shall clearly state that it is an appeal, set out the reasons for the appeal and be lodged with the Accounting Officer within 21 days from the date the consumer was advised of the findings of the dispute investigation;
- (c) An appeal must be decided by the Council of the Municipality at its first ordinary meeting held after the appeal was lodged;
- (d) The decision of the Council shall be final and the consumer must pay any amounts due and payable in terms of such decision within 14 days from the date of the letter of him/her being advised of the Council's decision;
- (e) The Council may, in its sole discretion, condone the late lodging of an appeal or other procedural irregularity;
- (f) If the consumer is not satisfied with the outcome of the appeal, he/she may, under protest, pay the amount in dispute and redress his/her action in a court of law.

#### 8.11. Agreement for the Payment of Arrears in Instalments

- (a) The offer by the consumer to payment arrangements for arrear amounts plus accrued interest thereon shall be embodied in a written agreement signed by the parties. The aforesaid agreement shall include an acknowledgement of debt signed by the consumer and a copy of the agreement shall be made available to the consumer.
- (b) The Municipality may, on an individual basis, allow a longer period than twenty-four months for the payment of arrears if special circumstances prevail that, in the opinion of the Head: Income, warrants such an extension and which the consumer reasonably could not prevent or avoid.

Documentary proof of any special circumstances must be furnished by the consumer on request by the Municipality;

- (e) In concluding an agreement with a consumer, the arrangement criteria referred to in other sections of this policy shall be applied and, as far as possible, be incorporated into the agreement referred to in this Section;
- (f) The Municipality may, in exercising its discretion have regard to a consumer's—
  - (i) credit record;
  - (ii) consumption;
  - iii) level of service;
  - (iv) previous breaches of agreements for the payment of arrears in instalments; and
  - (v) any other relevant factors.
- (g) Should a consumer fail to comply with an agreement for the payment of arrears in instalments, the total of all outstanding amounts, including the arrears, any interest thereon, administration fees, costs incurred in taking relevant action, and penalties, including payment of a higher deposit, will immediately be due and payable, without further notice or correspondence;
- (h) A consumer may, in the sole discretion of the Head: Income, be allowed to enter into a new agreement for the payment of arrears in instalments where that consumer has failed to honour a previous agreement for the payment of arrears in instalments, entered into after the receipt of a discontinuation notice. In the event of such further agreement been permitted, then the arrangements mentioned in 9.4(f) below shall be applied to such consumer on the basis of primary arrangements;
- (i) Where a body corporate is responsible for the payment of any arrear amount to the Municipality in respect of a sectional title development, other development, private town or complex the liability of the body corporate shall be extended to the members thereof, jointly and severally and the agreement shall reflect this status accordingly;
- (j) A copy of the agreement will, on request, be made available to the consumer.
- (k) If water is already restricted, the restriction cannot be restored until the arrear debt is paid.

#### 8.12. Unauthorised Reconnection of Water/Electricity Supply Tampering

- (a) The unauthorised reconnection of, or tampering with a service supply is prohibited and shall constitute a criminal offence that will result in legal action being taken against the person responsible for such unauthorised reconnection or tampering. Where this happens, the service reconnected without authorisation or tampered with will be effectively disconnected;
- (b) The full amount of arrears plus any unauthorised consumption, and any applicable reconnection tariffs, interest and increased deposit will be payable prior to reconnection. Should exceptional circumstances exist, adequate payment arrangements may be permitted at the discretion of the Accounting Officer in consultation with the Chief Financial Officer.
- (c) Tampering at indigent/subsidy household will be handled the same as with normal households and removed from the list of indigents.

#### 8.13. Unoccupied Premises

- (a) When a consumer terminates a services agreement and no new service agreement is entered into with the Municipality, the property shall be deemed to be unoccupied;
- (b) Whenever water and/or electricity consumption is recorded at a property that is deemed to be unoccupied, an account will be raised and forwarded to the owner of the property for payment. A written notice in this regard will also be mailed to the owner.

#### 8.14. Installation of Prepaid Meter

If required consumers with arrears must convert to a pre-payment meter, and the arrears total, will be paid off either by

- (a) adding the debt to the arrears bill and repaying it over the agreed period; or
- (b) adding the debt as a surcharge (auxiliary) to the pre-paid electricity cost, and repaying it with each purchase of electricity until the debt is liquidated;
- (c) the first installation of pre-paid meter is free of charge for indigent and subsidised households; however, this is not applicable for more than one meter per property;
- (d) the cost of the conversion must first be paid before the actual conversion can be done.

- (d) Cancellation of prepaid electricity tokens with a value of R500 or more, must first be inspected before cancellation of the token.

#### 8.15. Allocation of Prepaid Purchases to Arrears

The Municipality will use its pre-payment system to:

- (a) link the provision of electricity by the Municipality to a "prepayment" system comprising, first prepaid kWh electricity; and
- (b) raise and recover payments in respect of arrear municipal taxes and other municipal levies, tariffs and duties in respect of services such as water, refuse removal and sanitation via a percentage as determined by Council, of the value of units purchased for electricity allocated to any arrears;
- (c) to enforce satisfactory arrangements with consumers in arrears by blocking the prepaid meter in order to prevent purchasing of electricity and also enforce the consumer to enter into a service agreement with council and pay the necessary fees as per the policy
- (d) Pre-paid electricity tokens must be inserted into the meter within three months after the purchase date as the tokens can expire after three months and no refund or replacement of the tokens are allowed;

#### 8.16. Right of Access

- (a) An authorised representative of the Municipality must, at all reasonable hours, be given unrestricted access to the consumer's premises in order to read, inspect, install or repair any meter, service or service connection for reticulation, or to disconnect, reconnect, stop or restrict the provision of any service;
- (b) The owner will be responsible for all the cost associated with the relocation of a meter if satisfactory access is not possible.

#### 8.17. Employer Deductions

The Council may, enter into a written agreement with any employer within the Council's area of jurisdiction to deduct outstanding rates and service charges or to settle regular monthly accounts through deductions from salaries or wages of its employees.

### 8.18. Rates

- (a) Rates (and other annual levies)
  - (i) Where rates, sanitation and availability fees (on vacant erven) are paid on a monthly basis or annually, such payment must be made before the due date for payment. Failing this, interest at the standard rate of prime +1%, will be levied on the outstanding amount;
  - (ii) If an account is not paid by the due date as displayed on the account, a notice shall be issued showing the total amount owed to Council;
  - (iii) If an account is not settled or there is no response from the consumer to make acceptable arrangements to repay the debt, summons shall be issued and the legal process followed;
  - (iv) At any stage while the debt is outstanding, all reasonable steps shall be taken to ensure that the ultimate sanction of a sale-in-execution is avoided or taken only as a last resort. The Council, however, has total commitment to a sale-in execution should the consumer fail to make use of the alternatives provided for by the Council from time to time;
  - (v) All rate payers will be placed on the annually rates payment arrangement, but on application can be changed to a monthly rates payment.
- (b) Monthly Rates;
  - (i) Interest will be charged on all overdue accounts at an interest rate of Prime + 1%;
  - (ii) The monthly amount payable for current annual rates will be calculated to allow the total balance of such amount to be paid in equal instalments by the end of that financial year.
- (c) Rates Clearance Certificate:

With the sale of a property within the municipal jurisdiction the council shall withhold rates clearance certificate until all rates, services and sundry costs attached to the property is paid and an amount equal to four months rates and service charges will be collected in advance as part of the rates clearance process. The rates clearance remains valid for 60 days from the date of issuing.



(d) **Persons and Businesses Who Tender to the Municipality**

The Procurement Policy and Tender Conditions of the Municipality will include the following;

Reject any bid from a bidder if any Municipal rates and taxes or Municipal service charges owed by that bidder or any of its directors to the Municipality, or to any other Municipality or Municipal entity, are in arrears for more than three months, unless a suitable agreement has been made between the supplier and the municipality that the payments be recovered directly from the suppliers Invoice.

## **9. DEBT COLLECTION**

### Objective

To provide procedures and mechanisms to collect all the monies due and payable to Council arising out of the supply of services and any levies, in order to ensure financial sustainability and delivery of Municipal services in the interest of the community.

#### 9.1. Disconnection / Restriction of Services

- (a) Consumers who are in arrears with their Municipal account and who have not made arrangements with the Council will have their supply of electricity and water, and other Municipal services, suspended, restricted or disconnected;
- (b) Council reserves the right to deny or restrict the sale of electricity to consumers who are in arrears with their rates or other Municipal charges.

#### 9.2. Restoration of Services

Upon the liquidation of arrears, or the conclusion of an acceptable arrangements for term payment, the service will be reconnected as soon as conveniently possible.

#### 9.3. Discretion: Negotiable Amounts

- (a) Discretion in terms of the agreement amounts as per this Policy is delegated to the Chief Financial Officer with the right to sub-delegate;
- (b) Officials with delegated powers may use discretion as a final tool by which decisions can be made in accordance with this Policy;

- (c) At all times, and at all levels, discretion will only be used so as to apply the principles embodied in the Policy and to ensure that some form of payment acceptable to Council is forthcoming from negotiations with the consumer;

#### 9.4. Arrangements

##### Principles for Residential Debtors

- (a) Notwithstanding that all debts should be treated the same, certain categories of debt may be subject to category specific repayment parameters;
- (b) Current charges must be paid in full and cannot be negotiated;
- (c) The consumer may be required to prove levels of income and must agree to a monthly payment towards arrears based on his ability to pay or based on his total liquidity if Council so requires;
- (d) All negotiations with the consumer should strive to result in an agreement that is sustainable and is most beneficial to Council;
- (e) Debtors, excluding housing debtors, who default on two occasions in respect of arrangements made, will be denied the privilege of making further arrangements and the full amount becomes due and payable;
- (f) All arrangements should be subject to periodic review;
- (g) All services may be disconnected or restricted and legal action will be taken against consumers as provided for in this Policy and/or such debt may be referred to third party debt collectors, for recovery.

#### 9.5. Arrangement Criteria for Residential Debtors

All consumers who are in arrears and apply to make arrangements to reschedule their debt will, be obliged to make the following minimum payment requirements at the time of entering into such arrangement:

- current account, plus;
- an initial payment towards arrears with the minimum payment being 50% of the arrear amount
- and a monthly instalment which will liquidate the arrear amount plus accrued interest thereon within a period of 12 months.

9.6. Arrangement Criteria for Non-Residential Debtors

- (a) Non-residential debtors may make arrangements to liquidate their arrears where it would be financially beneficial to the Council for them to do so;
- (b) The final decision to make these arrangements will rest with the Chief Financial Officer with the authority to sub-delegate.

9.7. Listing of Debtor with Credit Bureau

Where an account rendered to a consumer remains outstanding for more than 60 days

- (a) the defaulting consumer's name may, at the option of the Municipality, be listed with a credit bureau or any other equivalent body as a defaulter; and
- (b) may be handed over to a debt collector or an attorney for collection.

9.8. Termination, Limitation and Discontinuation of Services

- (a) A consumer may terminate an agreement for the provision of services by giving to the Municipality not less than seven days' notice in writing of the consumer's intention to do so;
- (b) The Municipality may, after having given notice, terminate an agreement for services if a consumer has vacated the premises to which such agreement relates;
- (c) The Municipality may, subject to the conditions contained in this Policy, limit or discontinue services provided in terms of this Policy–
  - (i) on failure by the consumer to pay the prescribed tariffs or charges on the date specified and after the final demand referred to in this Policy has been issued and there has been no response from the consumer;
  - (ii) on the failure of the consumer to comply with the provisions of any agreement entered into with the Municipality in terms of this Policy;
  - (iii) on failure by the consumer to comply with any other provisions of this Policy and after due notice has been given to the consumer;
  - (iv) if the agreement for the provision of services has been terminated and the Municipality has not received an application for subsequent services to the premises after a period of 30 days of such termination, transfer the services to the account of the owner. After 3 months, a deposit will be levied on the owners account;

- (v) if the building on the premises to which services were provided has been demolished;
  - (vi) if the consumer has interfered with a limited or discontinued service;  
or
  - (vii) obstructs the efficient supply of electricity, water or any other Municipal services to another customer;
  - (viii) supplies such Municipal service to a consumer who is not entitled thereto or permits such service to continue;
  - (ix) causes a situation, which in the opinion of the Municipality is dangerous, or a contravention of relevant legislation;
- (d) The deposit of any defaulter will be adjusted and brought into line with relevant policies of Council;
  - (e) The cost of the restriction or disconnection and the reconnection, will be payable as per the tariffs approved by Council;
  - (f) The Municipality will not be liable for any damages or claims that may arise from the limitation or discontinuation of services provided in terms of this Section.

9.9. Services Not Reconnected or Reinstated

If services have been terminated or restricted in the case of a property in respect of which the account is in arrear, and the accountholder has not paid such arrears, including the interest raised on such account, or made an acceptable arrangement with the Accounting Officer for the payment of the arrear account, including the interest raised on such account, within a period of 28 (twenty eight) calendar days after the date of termination or restriction of the service(s) concerned, the Accounting Officer or the Municipality's Debt Collection Agent shall forthwith proceed with legal actions collection and such further action as is deemed necessary.

Such further action shall include if necessary, the sale in execution of such property to recover arrear property rates and service charges (if the accountholder is also the owner of the property). All legal expenses incurred by the Municipality shall be for the account of the defaulting accountholder.

#### 9.10. Notices and Documentation

- (a) An order, notice or other document issued by the Municipality in terms of this Policy shall be deemed to be duly authorised by the Council of the Municipality if signed by the Accounting Officer or by a duly authorised employee of the Council;
- (b) Any notice or other document served on a person by a Municipality in terms of any other legislation is regarded as having been served by:
  - (i) delivering the notice to him/her personally or to his duly authorised agent; or
  - (ii) by delivering the notice at his residence or place of employment to a person apparently not less than sixteen years of age and apparently residing or employed there;
  - (iii) if he has nominated an address for legal purposes, by delivering the notice to such an address; or
  - (iv) if he has not nominated an address for legal purposes, delivering it to the address given by him/her in his application for the provision of water services, for the reception of an account for the provision of water services;
  - (v) sending it by pre-paid registered or certified post addressed to his last known address;
  - (vi) in the case of a body corporate, by delivering it to the registered office or the business premises of such a body corporate;
  - (vii) if service cannot be effected in terms of the aforesaid subsections by affixing it to the principal door of entry to the premises, or displaying it on a conspicuous place.
- (c) In the case where compliance with a notice is required within a specified number of working days, such period shall be deemed to commence on the date of delivery or sending of such notice;
- (d) Delivery of a copy of the document shall be deemed to be delivery of the original.

#### 9.11. Legal Processes / Use of Attorneys / Use of Credit Bureaus

- (a) The Accounting Officer may, when a debtor is in arrears for a period of more than 60 days, commence legal process against that debtor, which process could involve final demands, disconnections, restrictions, summonses, judgements, execution of loose assets, garnishee orders

and as a last resort, sales in execution of property;

- (b) The Accounting Officer 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;
- (c) Council will establish procedures and codes of conduct where external service providers have been appointed to collect outstanding debtors;
- (d) Emolument Attachment order, in the case of employed debtors, are preferred to sales in execution, but both are part of Council's system of debt collection procedures;
- (e) All steps in the consumer care and credit control procedure will be recorded for Council's records and for the information of the debtor;
- (f) Individual debtor accounts are protected and are not the subject of public information. However, Council may release debtor information to credit bureaus;
- (g) Council may consider the cost effectiveness of the legal process, and will receive reports on relevant matters;
- (h) Council may consider the use of agents as service providers 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 service providers; and will be closely monitored by Council;

## **10. INDIGENT, SENIOR CITIZENS AND PEOPLE WITH DISABILITY**

### **10.1. The objectives of this policy is to:**

- (a) determine the criteria for qualification of indigent and poor households;
- (b) ensure that the criteria are applied correctly and fairly to all applicants;
- (c) allow the Municipality or its authorised agent to conduct in local visits to the premises of applicants to verify the actual status of the household;
- (d) allow the Municipality to maintain and publish the register of names and addresses of account holders receiving subsidies;
- (e) ensure the provision of basic services to the community in a sustainable manner within the financial and administrative capacity of the Council;  
and

- (f) ensure the provision of procedures and guidelines for the subsidisation of basic service charges to indigent households.

#### 10.2. Principles of This Policy

- (a) The administrative integrity of the Municipality must be maintained at all costs. The democratically elected Councillors are responsible for making the Policy, while it is the responsibility of the Accounting Officer to ensure the execution of this Policy;
- (b) All applicants qualifying for an indigent subsidy, due to the valuation of the property being less than the amount determined by Council, must complete an official application form, which is to be submitted together with the supporting documents as specified in this Policy;

#### 10.3. Criteria for Indigent or Poor Households

##### 10.3.1. Indigent Income Households

To qualify as an Indigent Income Household, a household must comply with the following criteria:

- a) For an Indigent subsidy the verified gross household monthly income, may not exceed the sum of two times the amount of state funded social grant or up to maximum of R3720 per month; and child support and foster care grant forms part of the household income.
- b) The registered indigent must be the full-time occupant of the property concerned.
- c) Owners may only qualify for one property/household.
- d) The valuation of the property must not exceed the amount of R100 000 as determined by Council; or living in a new RDP property/household which have not yet been valued;

#### 10.4. Application for Indigent Income Households

The account holder must apply in person at all Municipal Finance offices of the Municipality on the prescribed application form. The following items must accompany the application:

- (a) The latest municipal account of the household;
- (b) Certified copy of the account holder's identity;

- (c) Proof of income (SASSA Affidavit, Salary Slip, Bank Statement etc.) of the total household income;
- (d) Sworn affidavit if unemployed.

10.5. Consequence of a false sworn affidavit

If a sworn affidavit is false, the following will happen;

- (a) The indigent benefit will be cancelled;
- (b) All previous discounts for the current financial book year will be reversed
- (c) Local Audit (Verification) of Indigent household Income.

The Municipality reserves the right to send officials and/or representatives of the Municipality to the property/household or site of the applicant(s) at any reasonable time, with the aim of carrying out a local verification of the accuracy of the information provided by the applicant(s)

The Municipality also reserves the right to contact employers in Cederberg to verify whether a person applying for subsidy is employed by them.

10.6. Subsidy

- (a) Indigent subsidies will be funded from the equitable share contribution made from the national government's fiscal policy and as provided for in the municipal budget;
- (b) Subsidised services may include water, electricity, sanitation, refuse removal and assessment rates or any other sundry levies;
- (c) If a consumer's consumption or use of the municipal service is less than the subsidised service, the unused portion will not be accrued by the consumer and will not entitle the consumer to cash or a rebate in respect of the unused portion;
- (d) All consumers who qualify for a subsidy must agree to the installation of a prepaid electricity and water meter and will, if in arrears, be placed on restricted service levels in order to limit further escalation of debt. Installation of a pre-paid meter is free of charge for indigent and subsidised households;
- (e) When a household qualifies for a subsidy for the first time, the arrear account will be taken to Council to consider writing off the debt;
- (f) Where a qualifying consumer's account is paid in full at the date of



application, or regularly maintains a paid-up account after receiving the subsidy, the restriction on service levels will be waived. If the account is cleared due to the arrear debts being written off, the restriction on service levels can only be waived after usages normalised and during which the account was paid in full every month;

- (g) Where the household qualifies for the subsidy but is not the owner or account holder of the property and the owner cannot be traced, a tenant account can be opened for the occupier. A deposit must be paid as stipulated in the tariff policy.
- (h) A subsidised consumer must immediately request deregistration by the Municipality or its authorized agent if his/her circumstances have changed to the extent that he/she no longer meet the criteria;
- (i) A subsidised consumer may at any time request deregistration;
- (j) A list of subsidised consumers will be maintained and audited on a regular basis and the info may be supplied to the general public.

#### 10.7. Rates and Services subsidies per Category:

##### 10.7.1. Indigent Income Households

- (a) Water -6 kl free and no basic charges per month
- (b) Electricity -50 kWh and no basic charges per month
- (c) Refuse removal – no basic charges per month
- (d) Sewerage – no basic charges per month and 2 free sewer removal (septic tank)
- (e) Property Rates – property rates on the valuation in terms of the council approved property rates policy.

##### Other subsidies-at Indigent

- (a) Water Leakages where water leakages occur at indigent or pensioner's households, such leakages must be reported in accordance with the water leakage policy, after which the remaining debt may be written off and recovered from the equitable share grant, on condition that a water restrictor meter was installed.
- (b) Fire Brigade Fees
  - (i) All fire brigade fees may be written off that was levied on indigent income households and pensioner's households.

- (ii) In cases where the client is an indigent valuation household or pensioner household, an audit must be performed to determine whether the client would have qualified as an indigent income household or pensioner household, before the debt will be presented to Council for write off.
- (c) Blocked Drains and Sewerage
  - (i) All fees relating to blocked drains and sewerage may be written off that was levied on indigent income households and pensioner households.
  - (ii) In cases where the client is an indigent valuation household or pensioner household, an audit must be done to determine whether the client would have qualified as an indigent income household or pensioner household, before the debt will be presented to Council for write off.
- (d) Pensioners (Senior Citizens) / people with disability
  - (i) Water -6 kl free per month as per council approved tariffs
  - (ii) Electricity -50 free per month as per council approved tariffs
  - (iii) Refuse removal – as per the council approved tariff.
  - (iv) Sanitation – as per the council approved tariffs and free sewer removal (septic tank)
  - (v) Property Rates – property rates on the valuation in terms of the council approved property rates policy.

#### 10.8. Additional subsidy categories

- (a) Subject to the extent of the equitable share contribution received and affordability levels Council may provide, free of charge to consumers, certain basic levels of water and electricity;
- (b) Further rebates may be provided as determined from time to time in Council's Policies and By-laws;
- (c) The Council adopt the Indigent Management Policy which shall provide for the procedures and guidelines for the provision of indigent benefits to indigent households in its Municipal area.

## 11. IRRECOVERABLE DEBT

The Municipal Council may, on recommendation from the Accounting Officer, or any duly delegated official, write off any debt or portion thereof, provided that the Municipal Council is satisfied that the debt or portion thereof is irrecoverable or that it will be in the best interest of the Municipality to accept part payment of the debt in full and final settlement.

The Chief Financial Officer may recommend to the Municipal Council that any outstanding debt or portion thereof be written off, if in his/her opinion it would be in the best interest of the Municipality, and that the writing off of the debt will not be contrary to the provisions of the Local Government: Municipal Finance Management Act, (Act No. 56 of 2003).

The Chief Financial Officer and Accounting Officer also have the right to authorise write off, of debt if the amount falls within their delegated power.

### 11.1. Debt Will Be Regarded as Irrecoverable If:

The Accounting Officer has ensured that all avenues were utilized to collect the arrear debt.

Circumstances whereby a Council may validate the termination of debt collection procedures as contemplated in section 109(2) of the Municipal Systems Act:

- (a) All reasonable notifications and cost-effective measures to recover a specific outstanding amount have been exhausted; or
- (b) If the amount to be recovered is too small to warrant further endeavours to collect it; or
- (c) The cost to recover the debt does not warrant further action, i.e. to summons in another country; or
- (d) Inactive accounts where all the necessary steps have been taken with no success and/or the debtor has no assets;
- (e) The amount outstanding is the residue after payment of a dividend in the rand from an insolvent estate, sequestration, liquidation; or
- (f) A deceased estate has no liquid assets to cover the outstanding amount;

or

- (g) Poor household with no liquid assets (nulla bona) to cover the outstanding debt; or
- (h) It has been proven that the debt has prescribed; or
- (i) The consumer is untraceable or cannot be identified so as to proceed with further action; or
- (j) It is impossible to prove the debt outstanding; or
- (k) The outstanding amount is due to an administrative error by Council;
- (l) If the debtor qualifies as an indigent or poor household and are receiving a subsidy;
- (m) Clients in correctional care or clients who are imprisoned and there is no way of recovering the debt;
- (n) Water leakages resulting in high water levies at registered indigent or poor households.
- (o) Fire brigade fees at registered indigent or poor households;
- (p) Blocked drains and sewerage at registered indigent or poor households.

11.2. Criteria for the Determination of the Recoverability or Non-Recoverability of Debt

- (a) All cases with the following classification “summons, judgment or execution” should be tested prior to the taking of action, with regard to the following:
  - (i) Asset’s Survey. To undertake a home visit to make a survey of the type of house, its contents and other assets like vehicles registered in the name of the account holder
  - (ii) as well as the combined income of the household. The result of this survey will determine whether further action is to be taken;
- (b) If the survey however reveals that the debt is still not recoverable after all necessary steps has been taken, it should be tabled together with the “write off compliance report” for consideration by Council to write off the debts.

**12. INCENTIVES FOR PROMPT PAYMENT**

- a) The municipality may, to encourage payment, and to reward good payers consider, from time to time, incentives for the payment of accounts.
- b) Such incentive schemes, if introduced, will be reflected in annual budgets as additional expenditure.
- c) Incentive measures may be implemented as per Council resolution.
- d) Where a customer is prepared to pay off the capital amount on an outstanding account, older than 3 years, in one payment, then the municipality will write off 100% of interest charged.
- e) For any other payment incentive arrangement, the CFO must approve it.

**13. OFFENCES AND PENALTIES**

- (a) The Council acknowledges that, in terms of Section 119 of the Local Government: Municipal Systems Act of 2000 it is an offence for any person who
  - (i) fails to give the access required by a duly authorised representative of the Municipality in terms of this Policy as refers to in clause 8.17 above;
  - (ii) obstructs or hinders a duly authorised representative of the Municipality in the exercise of his or her powers or performance of functions or duties in terms of this Policy;
  - (iii) unlawfully uses or interference with municipal equipment or the consumption of services supplied to any customer;
  - (iv) tampers with or breaks any seal on a meter or on any equipment belonging to the Municipality, or causes a meter not to register properly the service used;
  - (v) fails, or refuses, to give a duly authorised representative of the Municipality such information as he or she may reasonably require for the purpose of exercising or performing his or her powers or functions in terms of this Policy, or gives such representative false or misleading information, knowing it to be false or misleading; or
  - (vi) contravenes, or fails to comply with, a provision of this Policy, shall be guilty of an offence.
- (b) When any of the above-mentioned offences is detected, a tamper fee will be payable. Services will only be reconnected once this fee and outstanding debt is paid.
- (c) Council may decide on further prosecution through the court, where the court will determine further penalties or imprisonment.

## 14. TAMPER POLICY

### 14.1. Objective

- (a) Section 97(1) (h) of the Act stipulates that a Municipality's Credit Control and Debt Collection Policy must provide for matters relating to unauthorised consumption of services, theft and damages;
- (b) The objective of this Policy is to provide in this Policy an extension of Credit Control and Debt Collection Policy for the matters referred to in that section.

### 14.2. Implementing Authority

The Accounting Officer must implement and enforce this Policy and any By-laws enacted to give effect to this Policy.

### 14.3. Unauthorised use of property of the Council

- (a) No one may tamper with any Municipal equipment or property;
- (b) An authorised officer must inspect the equipment and property of the Municipality when he or she suspects tampering;
  - (i) that any illegal connections were attached to such equipment or property; or
  - (ii) that any unauthorised consumption or use of services is taking place; or
  - (iii) any theft of such equipment or property; or
  - (iv) any damage to such equipment or property.

### 14.4. Municipality's right of access to premises

In terms of section 101 of the Act the occupier of premises in a Municipality must give an authorised officer access at all reasonable hours to the premises in order to read, inspect, repair; any meter or service connection for reticulation, or to stop or restrict the provision of any service.

### 14.5. Power to restrict or terminate supply of services

- (a) Where the Municipality has suffered any loss or damage as a result of any act contemplated in paragraph 13.3 a penalty equal to the amount of damages or loss may be imposed on the occupier of the premises concerned;
- (b) The occupier must be notified of the amount of damage or loss by means

of a notice which is hand delivered, or sent per mail, to the latest recorded address of the occupier, and such notice must also stipulate the date on or before which such amount must be paid to the Municipality;

- (c) The Council may in addition to the steps contemplated in paragraph (2) limit or discontinue the supply of water and electricity in terms of the prescribed disconnection procedures or discontinue any other service to any premises;
- (d) The Council may hand deliver or send per mail to the latest recorded address of the consumer a discontinuation notice informing such consumer –
  - (i) that the provision of the service will be, or has been discontinued on the date stated on the discontinuation notice; and
  - (ii) of the steps which can be taken to have the service reconnected.
- (e) The Council shall reconnect or restore full levels of supply of any of the restricted or discontinued Municipal services only after the full amount of the penalty, including the costs of such disconnection and reconnection, if any, have been paid in full, or any other relevant condition or conditions of the Council's Credit Control Policy as it may deem fit have been complied with.
- (f) The right of the Council or any duty appointed agent to limit or discontinue water to any premises or customer, shall be subject to the provisions of sections 3 and 4 of the Water Service Act, (Act No. 108 of 1997).

#### 14.6. Illegal reconnections and/or tampering

- (a) The Accounting Officer shall, as soon as it comes to his/her attention that any terminated or restricted service has been irregularly reconnected or reinstated, institute one, some or all of the following enforcement actions;
- (b) not reinstate such service(s) until the arrear account, including the interest raised on such amount, the charges for the notice sent in terms of paragraph 1 and the charges for both the original and subsequent reconnection or reinstatement of the service(s) and the revised deposit and penalty have been paid in full for normal meters and prepaid electricity meters;
- (c) laying criminal charges with the police;
- (d) cancel the contract;

- (e) In the event of a second tampering of an electricity installation or where the meter has been damaged with the tampering, the meter will be removed, and only be replaced with a prepaid split meter, after the cost of the meter as well as the fine has been paid.
- (f) All indigent households shall be visited by a person or firm delegated by Council on a regular basis to investigate tampering and illegal connection cases and or to inspect the status of meter's connections and restrictions and/or flow limiters.

## 15. COMMENCEMENT

In the event of an inconsistency between the English, Afrikaans or Xhosa text, the English text shall prevail.

This Policy will come into effect on 01 July 2021

### DOCUMENT AND VERSION CONTROL

**Version: Revision 1**

**Date: May 2021**

**Summary:** This document describes the Customer Care, Credit Control, Debt Collection, Indigent and Tapering Policy that will be applicable to the Cederberg Municipality, with effect from **1 July 2021**





# CEDERBERG MUNICIPALITY PROPERTY RATES POLICY 2021/2022

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<b>POLICY NAME</b>	<b>PROPERTY RATES POLICY</b>
Original Author(s)	<b>REVENUE SERVICES</b>
Policy status	<b>Effective 1 July 2021</b>
Council Resolution No and Date of approval	
Signature of Speaker	
Signature of MM	
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## **1. BACKGROUND**

- 1.1. In 2016, the Cederberg Municipality initiated a process to prepare a General Valuation Roll of all property situated within the geographical boundaries of the municipality in terms of the Local Government: Municipal Property Rates Act, 6 of 2004 (MPRA), which became operative on 2 July 2005. The General Valuation Roll 2017/22 came into effect on 01 July 2017 and remains valid until 30 June 2022.
- 1.2. This policy is formulated in terms of section 3 of the Local Government: Municipal Property Rates Act, 6 of 2004 (MPRA)

## **2. LEGISLATIVE CONTEXT**

- 2.1. In terms of section 229 of the Constitution, a municipality may impose rates on property.
- 2.2. In terms of section 4(1) (c) of the Local Government: Municipal Systems Act, 32 of 2000 (MSA), a municipal council has the right to finance the affairs of the municipality by imposing, inter alia, rates on property.
- 2.3. In terms of section 2(1) of the MPRA, a municipality may levy a rate on property in its area in accordance with the other provisions of the MPRA.
- 2.4. This policy must be read together with, and is subject to the provisions of the MPRA and the Cederberg Municipality's Property Rates By-Law.
- 2.5. In terms of Section 8(1) of the MPRA, the Municipality may, in terms of its rates policy, levy different rates for different categories of rateable property, determined in subsection (2) and (3) of the MPRA, which must be determined to the –
  - a) Use of the property;
  - b) Permitted use of the property; or a combination of (a) and (b)

## **3. DEFINITIONS & INTERPRETATION**

- 3.1. In addition to the definitions contained in the MPRA and the Cederberg Municipality's Property Rates By-Law, the following words and phrases bear the meanings assigned to them below:
  - 3.1.1. "Act" means the Local Government Municipal Property Rates Act, 2004 (No.6 of 2004);

- 3.1.2. "MPRA" means the Local Government Municipal Property Rates Act, 2004 (No.6 of 2004);
- 3.1.3. "Agricultural property" means property that is used primarily for agricultural purposes but excludes any portion thereof that is used commercially for the hospitality of guests, and excludes the use of the property for the purpose of eco-tourism or for the trading hunting of game. The definition includes agricultural properties used for subsistence farming.
- 3.1.4. "Bona-fide farmers" means genuine or real farmer whose dominant income is generated from farming activities, on an agricultural property, within the Cederberg municipal area, and is taxed by SARS as a bona-fide farmer.
- 3.1.5. "Business" means the activity of buying, selling or trade in goods or services and includes any office or other accommodation on the same erf, the use of which is incidental to such business, with the exclusion of the business of mining, agriculture, farming, or inter alia, any other business consisting of cultivation of soils, the gathering in of crops or the rearing of livestock or consisting of the propagation and harvesting of fish or other aquatic organisms.
- 3.1.6. "Category" (a) in relation to property, means a category of property determined in terms of section 8 (2) of the Act; (b) in relation to owners of property, means a category of owners determined in terms of section 15 (2) of the Act.
- 3.1.7. "Exemption" in relation to the payment of a rate, means an exemption granted in terms of section 15 of the Act.
- 3.1.8. "Heritage" means a property containing a building or other heritage resource of national, provincial, or municipal significance.
- 3.1.9. "Indigent person" means a person whose household income does not exceed the minimum household income as predetermined by the council;
- 3.1.10. "Market value", in relation to a property, means the amount the property would have realized if sold on the date of valuation in the open market by a willing seller to a willing buyer as per section 46 of the Act;
- 3.1.11. "Multi Purposes" in relation to a property, means the use of a property for more than one purpose

- 3.1.12. "New Business incentive rebate" means a rebate granted, on a declining scale, on a property used for a new business brought to the Cederberg municipal area. The definition excludes existing business where:
- 3.1.12.1. change of ownership occurred
  - 3.1.12.2. name change occurred
  - 3.1.12.3. current business operations are expanded.
- 3.1.13. "Household income" means the income accruing to all members of the household permanently residing at the address. It includes income of spouses.
- 3.1.14. "Industrial" means a building or usage, other than a noxious trade, which concurs with the meaning of factory as defined in the Machinery and Occupational Safety Act, 1983), and includes an office, caretaker's quarters, or other building, the use of which is incidental to, and such as would ordinarily be incidental to, or reasonably necessary in connection with the use of such factory on the same site, and included all light industrial uses, but does not include a service trade.
- 3.1.15. "Non-residential" means all property other than those defined as residential.
- 3.1.16. "Permitted use", in relation to a property, means the limited purposes for which the property may be used in terms of –
- 3.1.16.1. any restrictions imposed by-
    - 3.1.16.1.1. a condition of title;
    - 3.1.16.1.2. a provision of a town planning or land use scheme; or
    - 3.1.16.1.3. any legislation applicable to any specific property; or
  - 3.1.16.2. any alleviation of any such restrictions;
- 3.1.17. "Place of public worship" means property used primarily for the purposes of congregation, excluding a structure that is primarily used for educational instruction in which secular or religious education is the primary instructive medium:
- 3.1.17.1. Provided that the property is –
    - 3.1.17.1.1. registered in the name of the religious community;
    - 3.1.17.1.2. registered in the name of a trust established for the sole benefit of a religious community; or
    - 3.1.17.1.3. Subject to a land tenure right.

- 3.1.18. "Private Open Space" means any land in private ownership used primarily as a private site for play, rest, recreation without financial gain.
- 3.1.19. "Property" means-
- 3.1.19.1. 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;
  - 3.1.19.2. a right registered against immovable property in the name of a person, excluding a mortgage bond registered against the property;
  - 3.1.19.3. a land tenure right registered in the name of a person or granted to a person in terms of legislation;
  - 3.1.19.4. public service infrastructure
- 3.1.20. "Protected area" means an area that is listed in the register referred to in section 10 of the National Environmental Management: Protected Areas Act 2003.
- 3.1.21. "Public Benefits Organisation" means an Organisation conducting specified public benefit activities as defined in the Act and registered in terms of the Income Tax act for tax reductions because of those activities.
- 3.1.22. "Public Service Infrastructure" means publicly controlled infrastructure ( as defined in the MPRA) may not be rated on the first 30% of market value in terms of section 17(1)(a) of the MPRA.
- 3.1.23. "Public Service Purposes" in relation to the use of a property means property owned and used by an organ of state as-
- (a) Hospitals or clinics;
  - (b) schools, pre-schools early childhood development centres or further education and training colleges;
  - (c) national and provincial libraries and archives;
  - (d) police stations;
  - (e) correctional facilities; or
  - (f) courts of law
- of the Municipal Property Rates Act., but excludes property contemplated in the definition of "public service infrastructure"



- 3.1.24. "Rebate", in relation to a rate payable on a property, means a discount on the amount of the rate payable on the property.
- 3.1.25. "Reduction", in relation to a rate payable on a property, means the lowering of the amount for which the property was valued and the rating of the property at that lower amount.
- 3.1.26. "Residential" means a property included in a valuation roll in terms of section 48 (2)(b) of the Act as residential in respect of which the primary use or permitted use is for residential purposes without derogating from section 9 of the Act.
- 3.1.27. "Vacant land" means land where no immovable improvements have been erected. Vacant land can be classified as follows:
- 3.1.27.1. Residential vacant, means a property included in a valuation roll in terms of section 8(2) of the Act (read with section 8 (3) as vacant.
- 3.1.27.2. Business vacant means a property included in a valuation roll in terms of section 8(2) of the Act (read with section 8 (3) as business vacant.
- 3.1.27.3. Industrial vacant, means a property included in a valuation roll in terms of section 8(2) of the Act (read with section 8(3) as industrial vacant.
- 3.1.27.4. Vacant State land means a property included in a valuation roll in terms of section 8(2) of the Act (read with section 8(3) as State Owned vacant.

#### **4. PRINCIPLES**

- 4.1. The following principles ensure that the municipality treats persons liable for rates equitably:
- 4.1.1. Equity
- 4.2. The municipality will treat ratepayers with similar properties in a like manner
- 4.2.1. Affordability
- 4.3. The ability of a person to pay rates will be taken into account by the municipality. The municipality may provide relief measures through specified exemptions, reductions or rebates to the poor or indigent as defined in Council's Indigent policy.
- 4.4. The Municipality may: -
- 4.4.1. levy different rate tariffs on different categories of properties,

- 4.4.2. exempt a specific category of property from payment of rates,
- 4.4.3. grant a rebate on, or a reduction in, the rate payment.
- 4.5. Council also pledges itself to limit each maximum annual increase, as far as is practicable, to the increase stipulated by National Treasury in the appropriate annual Budget Circular except when the approved integrated development plan of Council requires a greater increase or there has been a significant change in the valuation of a property.

## 5. CATEGORIES OF RATEABLE

Properties will be categorised as follows:

A. RESIDENTIAL	<ol style="list-style-type: none"> <li>1. Improved Residential (code )</li> <li>2. Indigent (code)</li> <li>3. Pensioners (code)</li> </ol>
B. INDUSTRIAL	<ol style="list-style-type: none"> <li>1. Industrial (code)</li> </ol>
C. BUSINESS AND COMMERCIAL PROPERTIES	<ol style="list-style-type: none"> <li>1. Business and Commercial (code)</li> <li>2. Lettable Accommodation 1 – 8 Rooms (code)</li> <li>3. Lettable Accommodation 9+ Rooms (code)</li> </ol>
D. AGRICULTURAL	<ol style="list-style-type: none"> <li>1. Agricultural - Bona Fide Farming (code)</li> </ol>
E. PROPERTIES OWNED BY AN ORGAN OF STATE USED FOR PUBLIC SERVICE PURPOSES	<ol style="list-style-type: none"> <li>1. State (code)</li> <li>2. Vacant State Land (code)</li> </ol>
F. PUBLIC SERVICE INFRASTRUCTURE	<ol style="list-style-type: none"> <li>1. PSI (code)</li> </ol>
G. PROPERTIES OWNED BY PUBLIC BENEFIT ORGANISATIONS AND USED FOR SPECIFIED PUBLIC BENEFIT ACTIVITIES	<ol style="list-style-type: none"> <li>1. Public Benefit Organisations (code)</li> </ol>
H. PROPERTIES USED FOR MULTIPLE PURPOSES	

I. VACANT LAND	<ol style="list-style-type: none"> <li>1. Residential (code)</li> <li>2. Business (code)</li> </ol>
J. MUNICIPAL OWNED PROPERTIES	<ol style="list-style-type: none"> <li>1. Municipal Buildings (code)</li> <li>2. Municipal Improved Residential (code)</li> <li>3. Municipal Staff Housing (code)</li> <li>4. Municipal Vacant Residential (code)</li> <li>5. Municipal Vacant Public Open Spaces (code)</li> <li>6. Municipal Vacant Non-Residential (8034)</li> </ol>
K. PLACES OF WORSHIP (Section 17(1)(i))	<ol style="list-style-type: none"> <li>1. Place of Worship (code)</li> <li>2. Non-Developable (code)</li> </ol>
L. PROPERTIES:	<ol style="list-style-type: none"> <li>1. Acquired through Provision of Land and Assistance Act, 1993 (No. 126 of 1994) or</li> <li>2. the Restitution of Land Rights Act, 1994 No. 22 of 1994), or</li> <li>3. subject to the Communal Property Associations Act, 1996 (No. 28 of 1996)</li> </ol>
M. OTHER	<ol style="list-style-type: none"> <li>1. Any other category of property as Council may from time to time identify</li> <li>2. As may be determined by the Minister or Council with the concurrence of the Minister of Finance by Notice in the Gazette.</li> </ol>

#### 6. EXCLUSION OF RATEABLE PROPERTY FROM THE PAYMENT OF RATES

The following properties will be excluded from the payment of rates:-

- 6.1. properties of which the municipality itself is the owner in terms of section 7(2) (a) of the Act:-
- 6.2. first 30% of the market value of public service infrastructure in terms of section 17(1) (a) of the Act-
- 6.3. rights registered against immovable property in the name of a person:-
  - 6.3.1. On property registered in the name of and used primarily as a place of public worship by a religious community, including the official residence registered in the name of that community, which is occupied by the office-bearer of that community who is, officiates at services at that place of worship in terms of section 17(1)(i) of the Act.
  - 6.3.2. The additional valuation of domestic property (excluding accommodation establishments and vacant land) in terms of section 15(2)(e) will be exempted as follows:
    - 6.3.2.1. To the amount of R35 000 as per council approved tariff for 2021/22 financial year, for properties with valuation above R 100 000 (One hundred thousand rands)
    - 6.3.2.2. Domestic improved properties (excluding accommodation establishments, garages, jetty's and vacant land) valued at R100 000 and below are exempted from the payment of property rates.
- 6.4. Properties registered or recognised as private nature reserves in terms of relevant legislation, which are not developed or used for commercial, business, agricultural or residential purposes in terms of section 17(1)(e) of the Act.

## **7. DIFFERENTIAL RATE TARRIFS**

### **7.1. GENERAL**

- 7.1.1. The following may be taken into consideration in determining differential rate tariffs:
  - 7.1.1.1. The use of the property, the permitted use of the property or a combination of use and permitted use.
  - 7.1.1.2. The nature of the property including the impact of rates on its operations e.g. agricultural properties used for farming purposes.
  - 7.1.1.3. The promotion of social and economic development of the municipality.

## 7.2. MULTIPLE USE PROPERTIES

- 7.2.1. Property tax on properties used for multiple purposes will be determined by:
- 7.2.1.1. Apportioning the market value of the property to the different purposes for which the property is used.
  - 7.2.1.2. Applying the relevant rate tariff, to the corresponding market value.

## 7.3. ACCOMMODATION ESTABLISHMENTS

- 7.3.1. It is required that all properties within the definition of accommodation 1-8 or accommodation 9+ register with the municipality in order to be categorised in terms of use, by means of a supplementary valuation as provided for in the Act.
- 7.3.2. Properties that are no longer operating as accommodation establishment are required to provide proof of the following;
- 7.3.2.1. That all signage is removed.
  - 7.3.2.2. That all links on accommodation websites are removed (safari now, sleeping out etc.)
  - 7.3.2.3. That any links or affiliation with any letting agents be removed.
  - 7.3.2.4. Home page website to be removed (should you wish to retain your home page domain name for email purposes, please ensure a generic page is loaded by your hosting company that does not show any accommodation)
  - 7.3.2.5. Any other form of marketing
  - 7.3.2.6. An inspection maybe carried out on the property by a municipal official or representative to verify details on the application.
- 7.3.3. Businesses including accommodation establishments 1-8 and accommodation establishments 9+ will be rated at business rates tariff.
- 7.3.4. Properties that are used as accommodation establishments 1-8 will be granted a 40% rebate on the business tariff.
- 7.3.5. A penalty fee will be levied, where the municipality detects/identify a property operating as an accommodation establishment, where the owners failed to register the property as an Accommodation Establishment with the municipality or in the event where owners supplied incorrect/false information.

## 8. RELIEF MEASURES RELATED TO CATEGORIES OF OWNERS

NOTE: IN ADDITION TO WHAT IS SET OUT BELOW, COUNCIL MAY ANNUALLY DETERMINE A BASE VALUE WHICH WILL BE DEDUCTED FROM THE MARKET VALUE SHOWN ON THE VALUATION ROLL, IN COMPUTING THE RATE LIABILITY.

### 8.1. EXEMPTIONS, REDUCTIONS AND REBATES.

When granting in terms of subsection (1) exemptions, rebates or reductions in respect of owners of categories of properties, a municipality may determine such categories in accordance with section 8(2). and when granting exemptions, rebates or reductions in respect of categories of owners of properties, such categories may include –

- a) indigent owners;
- b) owners dependent on pensions or social grants for their livelihood
- c) owners temporarily without income;
- d) owners of property situated within an area affected by -
  - (i) a disaster within the meaning of the Disaster Management Act 2002
  - (ii) any other serious adverse social or economic conditions
- e) owners of residential properties with a market value lower than an amount determined by the municipality; or
- f) owners of agricultural properties who are *bona fide* farmers.

In addition to the categories of rateable property determined in terms of 8 (2) of the MPRA a municipality may, subject to any ratio determined in terms of section 19, for the purposes of granting exemptions, rebates and reductions, determine such property categories based on-

- a) Properties used for public service purposes and;
- b) Properties to which the provisions of the National Heritage Resources Act, 1999 (Act 25, of 1999), apply, or an institution that has been declared to be subject to the Cultural Institutions Act, 1998 (Act 119 of 1998).

### 8.2. CRITERIA FOR EXEMPTIONS, REBATES AND REDUCTIONS

- 8.2.1. Sufficient proof of status / income of household / affidavits for proof of reasons / identity documents must be attached to all applications;
- 8.2.2. Applicants must be the owner and occupy the property and not own more than one property;

- 8.2.3. Where the owner is for acceptable reasons due to no fault of his/her own unable to occupy the property, the spouse or minor children may satisfy the occupancy requirements;
- 8.2.4. The municipal manager or his/her nominee must approve all applications;
- 8.2.5. Applications must reach the municipality before the end of May preceding the start of the new municipal financial year for which relief is sought; and
- 8.2.6. The municipality retains the right to refuse exemptions, rebates or reductions if the details supplied in the application form were incomplete, incorrect or false.

## **9. SPECIAL CASES**

### **9.1. PUBLIC BENEFIT ORGANISATIONS**

- 9.1.1. All properties categorised as Public Benefit Organisations will be rated at the prescribed ratio as per the Municipal Property Rates Regulations.
- 9.1.2. Taking into account the effects of rates on Public Benefit Organisations performing a specific public benefit activity and registered in terms of the Income Tax Act for tax reduction because of those activities, it is proposed that Public Benefit Organisations (PBOs) performing the following specified public benefits activities will be rated at the prescribed rate ratio as per the Municipal Property Rates ratio regulation.
  - 9.1.2.1. Welfare and humanitarian, such as providing disaster relief.
  - 9.1.2.2. Health Care, such as the counselling, care and treatment of persons (and their dependants) afflicted with HIV and AIDS.
- 9.1.3. Applications for Public Benefit organizations must reach the municipality before end October preceding the start of the new municipal financial year in which relief is sought. A tax exemption certificate issued by the South African Revenue Services(SARS) as contemplated in Part 1 of the Ninth Schedule of the Income Tax Act ,1962 No 58 of 1962.The municipal manager or his nominee must approve all applications.

## 9.2. PUBLIC SERVICE INFRASTRUCTURE

9.2.1. All public service infrastructure providing essential services to the community shall be rated at the prescribe ratio as per the Municipal Property Rates Regulations.

**“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 communications system servicing the public;
- (g) runways, aprons and the air traffic control unit at national or provincial airports, including the vacant land known as the obstacle free zone surrounding these which must be vacant for air navigation purposes;  
[Para. (g) substituted by s. 1 (k) of Act 29 of 2014.]
- (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) a right registered against immovable property connection with infrastructure mentioned in paragraph (a) to (i);  
[Para. (j) substituted by s. 24 (b) of Act 19 of 2008.]



### 9.3. AGRICULTURAL PROPERTIES

- 9.3.1. Agricultural properties used primarily for agricultural activities will be categorised as Agricultural and shall be rated at a rate determined by applying the prevailing ratio as prescribed by Regulation. Agricultural properties not predominantly used for bona fide farming purposes shall be rated according to the category of the actual use thereof.
- 9.3.2. Proof of bona fide farming from SARS is required to request a change of category from other to Agricultural. Confirmation of subsistence farming is subject to in loco inspection to the property.

## 10. **REBATES AND GRANTS**

- 10.1. Rebates granted in terms of section 4 of this Policy may be considered for the following categories of properties:
- 10.1.1. Market value of residential property below a determined threshold.
  - 10.1.2. Retention and restoration of conservation worthy buildings
  - 10.1.3. Heritage areas
- 10.2. Over and above the determinations contemplated in section 17(1) (h) of the Act owners of property who depend on pensions or social grants for their livelihood may qualify for a rebate as determined by Council's Indigent policy.

## 11. **CRITERIA FOR ANNUAL INCREASING RATE TARIFFS**

- 11.1. Annual increase of rate tariffs will be done in accordance with section 20 of the Act and the following will be taken into account for the purpose of increasing or decreasing of rates:
- 11.1.1. Priorities of a municipality reflected in its Integrated Development Plan.
  - 11.1.2. The revenue needs of the municipality.
  - 11.1.3. Affordability of rates to ratepayers.
- 11.2. The municipality will consider the imposition of rates annually during the budget process.
- 11.3. All increases in property rates will be communicated to the community in terms of Section 21 A of the Municipal Systems Act (Act no. 32 of 2000).

## **12. REDUCTIONS IN MARKET VALUES**

- 12.1. A reduction in the municipal valuation as contemplated in section 15 (1) (b) of the MPRA, may be granted where the value of a property is affected by fire damage, demolition or flood.
- 12.2. The reduction will be granted by Council only after a valuer has carried out an inspection of the property concerned.

## **13. LIABILITY FOR RATES**

### **13.1. ANNUAL PAYMENT ARRANGEMENTS**

- 13.1.1. By prior arrangement Cederberg Municipality will recover the rates levied in a single amount, which is due on or before 30 September of the year in which it is levied. Applications must be submitted before 31 May for this option however the Chief Financial Officer may consider any applications after this date on merit.

### **13.2. METHOD AND TIME OF PAYMENT**

- 13.2.1. Cederberg Municipality will recover the rates levied in periodic instalments of equal amounts over twelve months. The instalment is payable on or before the last working day of every month, following the month in which it has been levied. Interest will be charged at 1% above the prime interest rate for any late payments received.

### **13.3. RECOVERY OF ARREAR RATES FROM TENANTS, OCCUPIERS AND AGENTS**

- 13.3.1. If an amount due for rates levied in respect of a property is unpaid by the owner of the property after the date determined in terms of section 26(2) of MPRA, the municipality may recover the amount in whole or in part from a tenant or occupier of the property, despite any contractual obligation to the contrary on the tenant or occupier. The municipality may recover an amount only after the municipality has served a written notice on the tenant or occupier.
- 13.3.2. The amount the municipality might recover from the tenant or occupier of the property in terms of subsection above is limited to the amount of the rent or other money due and payable but not yet paid by the tenant or occupier to the owner of the property.

13.3.3. Any amount the municipality recovers from the tenant or occupier of the property must be set off, by the tenant or occupier, against any money owed by the tenant or occupier to the owner.

13.3.4. The municipality may recover the amount due for rates from an agent of the owner after it has given written notice to that agent or person. The amount the municipality may recover from the agent or other person is limited to the amount of rent received by the agent or person, less the commission due to that agent or person, subject to the Estate Agents Act, 1976 (Act No. 112 of 1976). The agent or other person must, on request by the municipality, furnish the municipality with a written statement specifying all payments for rent on the property and any other money received by that agent or person during a period determined by the municipality. Section 29(2) of the MPRA

#### 13.4. OWNERSHIP

13.4.1. Properties, which vest in the municipality during developments, i.e. open spaces and roads, will be transferred at the cost of the developer to the municipality. Until such time, rates levied will be for the account of the developer.

#### 13.5. INTERIM VALUATION DEBITS

13.5.1. In the event that a property has been transferred to a new owner and rates emanating from a supplementary valuation become due and payable, the new owner will be held responsible from the date of registration for the settlement of the interim rates account.

#### 13.6. DEVELOPMENTS

13.6.1. The developer of a property will be liable for all rates raised on the development until the individual units are transferred to the new owners including properties which must be transferred to the municipality in terms of the land use ordinance and development agreement.

#### 13.7. CLEARANCE CERTIFICATE

13.7.1. With the sale of a property within the municipal jurisdiction the council shall withhold rates clearance certificate until all rates, services and sundry costs attached to the property is paid and an amount equal to four months rates and service charges will be collected in advance as

part of the rates clearance process. The rates clearance remains valid for 60 days from the date of issuing.

#### 13.8. LEVYING OF RATES ON PROPERTY IN SECTIONAL TITLE SCHEMES

13.8.1. A rate on property, which is subject to a sectional title scheme, will be levied on the individual sectional title units in the scheme in terms of section 10 of the Act. However, in valuing the sectional title unit there shall be included in that value the owners proportionate share of the value of the common use areas such as gardens, roads, swimming pools, passages etc.

#### 14. **COSTS OF EXEMPTIONS, REBATES AND REDUCTIONS**

14.1. During the budget process the Chief Financial Officer must inform Council of all costs associated with exemptions, rebates and reductions.

14.2. Provision must be made on the operating expenditure budget for:

14.2.1. the full potential income associated with property rates; and

14.2.2. the full costs associated with exemptions, rebates and reductions.

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

15.1. The municipality may grant rebates to organisations that promote local, social and economic development based on the criteria determined in its local, social and economic development policy(s). The following criteria will apply:

15.1.1. job creation in the municipal area;

15.1.2. social upliftment of the local community; and

15.1.3. creation of infrastructure for the benefit of the community.

15.2. Rebates may be granted up to 100% of the rates payable and must be phased out within 3 years from the date that the rebate was granted for the first time.

#### 16. **REGISTER OF PROPERTIES**

16.1. The Chief Financial Officer must cause to have drawn up and maintain a register of properties as contemplated as section 23 of the Municipal Property Rates Act.

#### 17. **NOTIFICATION OF RATES**

17.1. Council will give notice of all rates approved at least 30 days prior to the date that the rates become effective in the local media and by publishing a resolution in the provincial gazette. Accounts delivered after the 30 days' notice will be based on the new rates.

17.2. A notice stating the purport of the Council resolution, date on which the new rates shall become operational will be displayed by the municipality at places installed for that purpose.

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

18.1. Where the rates levied on a particular property have been incorrectly determined, because of an error or omission or false information provided by the property owner concerned or a contravention of the permitted use to which the property concerned may be put, the rates payable shall be appropriately adjusted for the period extending from the date on which the error or omission is detected, back to the date on which rates were first levied in terms of the current valuation roll. Interest on the unpaid portion of the adjusted rates payable shall be levied at the maximum rate permitted by prevailing legislation.

18.2. Where the rates and services levied on a particular property have been incorrectly billed due to an error by the municipality, the rates and services payable shall be appropriately adjusted from the date of discovery of the error. No interest will be charged.

## **19. ROUNDING**

19.1. The values of properties will be rounded off to the nearest R10,000 rand value.

## **20. FREQUENCY OF VALUATIONS**

20.1. The municipality shall prepare a new valuation roll every 5 years. The MEC for local government may extend the period for which the valuation roll is valid to 7 years.

20.2. A supplementary valuation roll shall be prepared at least once a year, in terms of subsection 78(1) of the Act, in respect of any rateable property-

20.2.1. Incorrectly omitted from the valuation roll;

20.2.2. Included in a municipality after the last general valuation roll;

20.2.3. Subdivided or consolidated after the last general valuation roll;

20.2.4. Of which the market value has substantially increased or decreased after the last general valuation roll;

20.2.5. Substantially incorrectly after the last general valuation roll;

20.2.6. That must be revalued for any other exceptional reason;

20.2.7. Of which the category has changed;

20.2.8. The value of which was incorrectly recorded in the general valuation roll as a result of a clerical or typing error.

20.3. An interim valuation request fee in respect of interim valuations submitted outside the prescribed objection period(s) will be payable and proof of payment must accompany the said interim form.

## **21. REVIEW OF THE POLICY**

21.1. This Property Rates Policy is the sole policy governing property rates in the municipality. The Municipal Council must approve any reviews to this policy.

21.2. The Mayor must submit any proposed changes to this policy to the Council as part of the annual review of policies submitted with the budget documentation.

21.3. Whenever the Minister of Finance or the National Treasury or the Auditor-General requires changes to the policy by means of legislation or requests, it should be reviewed promptly in accordance with such requirements, giving full details of the reasons for the revision.



**CEDERBERG MUNICIPALITY**  
**TARIFF POLICY**  
**2021/2022**

<b>Policy Name</b>	<b>TARIFF POLICY</b>
Original Author(s)	<b>REVENUE SERVICES</b>
Policy status	<b>FINAL</b>
Council Resolution No and Date of approval	
Signature of Speaker	
Signature of MM	



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## 1. OBJECTIVE

The objectives of this policy are to ensure that-

- All consumers within a specific category are treated equally and reasonably.
- The income base of the municipality is optimally safeguarded by only approving exemptions, reductions and rebates that are reasonable and affordable.
- The principles supporting the Councils Mission, Vision and IDP are supported.
- Municipal tariffs are set in a manner that promotes the provision of reliable, sustainable and affordable services to all.

## 2. DEFINITIONS

In this tariff policy, unless the context otherwise indicates –

“**availability tariff**” means where vacant properties are not connected to the municipal infrastructure but can reasonably be connect to the service

“**basic charge**” also referred to as a minimum charge, is the recovery of the distribution and billing-related costs, which include having a distribution system in place, plus the cost of the meter, servicing and reading the meter, mailing the bills and maintaining customer records;

“**business**” means the activity of buying, selling or trading in goods or services and includes any office or other accommodation on the same erf, the use of which is incidental to such business, with the exclusion of agriculture, farming or, inter alia, any other business consisting of cultivation of soils, the gathering in of crops or the rearing of livestock or consisting of the propagation and harvesting of fish or other aquatic organisms;

“**Business unit**” in relation to any premises, means a building or section of a building occupied or used for shops, offices, hotel rooms etc.

**“industrial consumers”** means industrial undertakings, factories, warehouses, workshops, scrap yards, wine cellars, abattoirs, dairy processing plants, fish markets and suchlike consumers;

**“community service”** means services in respect of which the tariffs are set at a level that the costs of the services are not recovered fully from public service charges and are of a regulatory nature;

**“consumer”** means the owner of a premises, regardless of whether it is domestic, commercial, industrial or any other type and who has entered into an agreement with the Municipality for the supply of a service. A consumer must only be the owner and not a tenant or lessee;

**“the council”** means Cedeberg Municipal Council, and "municipal council" shall have a corresponding meaning;

**“domestic consumers”** means residential properties, group housing, town houses, semi-detached houses and suchlike properties;

**“due date”**–

- (a) in relation to accounts payable monthly on a recurring basis, the last day of the month which follows on the month during which an account is rendered;
- (b) in relation to accounts payable annually, 31st July unless otherwise provided by any other law; and
- (c) in all other instances, as and when demand for payment is made by the Municipality;

**“economic services”** means services in respect of which the tariffs are set at a level that the total costs of the services are recovered from customers;

**“educational institutions”** means schools and suchlike institutions;

**“fixed costs”** means costs which do not vary with consumption or volume produced;

**“indigent households”** means households that are registered at the municipality as such and meet the municipality's criteria in terms of its credit control and debt

collection policy and occupying a property within the jurisdiction of the municipality and "poor households" shall have a corresponding meaning;

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

**"minimum charge"** shall refer to the minimum amount payable by the consumer in respect of a particular service irrespective of the extent to which the service is used during any given period of time.

**"MSA"** means the Local Government: Municipal Systems Act, 2000 (Act no 32 of 2000);

**"owner"** in relation to a property, means the person in whose name the property is registered in the Deeds Registry and such owner's successors;

**"Premises"** means any erf, immovable property or property which is capable of receiving municipal services whether it is receiving such services or not and whether occupied or not

**"Property"** means-

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

**"public benefit organisations"** means an organisation conducting specified public benefit activities as defined in the Act and registered in terms of the Income Tax act for tax reductions because of those activities;

**"resident"** means a person who ordinarily resides in the municipal area;

**“Place of public worship” means property used primarily for the purposes of congregation, excluding a structure that is primarily used for educational instruction in which secular or religious education is the primary instructive medium:**

**Provided that the property is –**

- (a) registered in the name of the religious community;
- (b) registered in the name of a trust established for the sole benefit of a religious community; or
- (c) subject to a land tenure right.

**“Non-residential” means all property other than those defined as residential.**

**“service charge”** means the charged levied for the provision of a service on a daily, monthly or annual basis;

**“special agreements”** means special tariff agreements entered into with categories of consumers making significant economic contributions to the community and that create job opportunities;

**“sport and recreation facilities”** means properties used exclusively for sport and recreation purposes including school sport fields which are metered separately for water and electricity consumption;

**“total cost”** means the sum of all fixed and variable costs associated with a service;

**“trading services”** means services referred to in paragraph (7)(a) and in respect of which the tariffs are set at a level that the Council makes a profit on the delivery of the services;

**“units consumed”** means the number of units consumed of a particular service and are measured in terms of the tariff structure reflected in paragraph 9;

**“variable costs”** means costs that vary with consumption or volume produced;

“**VAT**” means Value-Added Tax in terms of the Value-Added Tax Act, 1991, as amended.

### **3. ABBREVIATIONS**

**Kg** – Kilogram

**Kl** – Kilolitre, 1000 litres

**kVa** – KiloVolt Ampere

**kWh** – Kilowatt Hour

**m<sup>3</sup>** - Cubic meter

### **4. PURPOSE OF THIS POLICY**

- (1) The Cedeberg Municipality wishes to achieve the following objectives by adopting this tariff policy:
  - (a) To comply with the provisions of section 62 (1)(f) of the MFMA.
  - (b) To comply with the provisions of section 74 of the MSA.
  - (c) To prescribe procedures for calculating tariffs where the municipality wishes to appoint service providers in terms of section 76(b) of the MSA.
  - (d) To give guidance to the Executive Mayor regarding tariff proposals that must be submitted to the council annually during the budget process.

### **5. TARIFF PRINCIPLES**

- (1) In setting its annual tariffs the council shall at all times take due cognisance of the tariffs applicable elsewhere in the economic region, and of the impact which its own tariffs may have on local economic development.
- (2) The Municipality wishes to record that the following tariff principles will apply:
  - (a) Service tariffs imposed by the municipality shall be viewed as user charges and shall not be viewed as taxes, and therefore the financial ability of the relevant user of the services to which such tariffs relate, shall not be considered as a relevant criterion (except in the case of the relief measures for poor households and deserving categories of users approved by the municipality from time to time).

(b) The municipality shall ensure that its tariffs are uniformly and fairly applied throughout the municipal region.

- (3) Tariffs for service charges rendered by the municipality, namely:
- (a) electricity
  - (b) water
  - (c) Sanitation
  - (d) Refuse

shall as far as possible recover the expenses associated with the rendering of each service concerned. The tariff, which a particular consumer or user pays shall therefore be directly related to the standard of service received and the quantity of the particular service used or consumed.

- (4) The municipality shall, as far as circumstances reasonably permit, ensure that the tariffs levied in respect of service charges generate an operating surplus each financial year of between 1% to 10% or such percentage as the council may determine at the time that the annual operating budget is approved. Such surpluses shall be applied for the future capital expansion of the service concerned, for the partial financing of general services and in relief of property rates and or, or both.
- (5) In line with the principles embodied in the Constitution and in other legislation pertaining to local government, the municipality may differentiate between different categories of users and consumers in regard to the tariffs which it levies. Such differentiation shall, however, at all times be reasonable, and shall be fully disclosed in each annual budget.
- (6) The municipality's tariff policy shall be transparent, and the extent to which there is cross-subsidisation between categories of consumers or users shall be disclosed to users.
- (7) The municipality shall ensure that its tariffs shall be readily understandable by all users affected by the tariff policy.
- (8) The municipality undertakes to render its service costs effectively in order to ensure the best possible cost of service delivery.

- (9) The consumption of such services shall be properly metered by the municipality, and meters shall be read, wherever circumstances reasonably permit, on a monthly basis. The charges levied on consumers shall be proportionate to the quantity of the service which they consume.
- (10) The municipality shall levy monthly availability or basic charges for the services concerned, and these charges shall be fixed for each type of property as determined in accordance with the detailed policies. Generally, consumers of water and electricity shall therefore pay two charges: one, which is unrelated to the volume of consumption and is to recover the distribution on costs; and another directly related to the consumption of the service in question.

In considering the costing of its water, electricity and sewerage services; the municipality shall take due cognisance of the high capital cost of establishing and expanding such services, and of the resultant high fixed costs, as opposed to variable costs of operating these services. The municipality therefore undertakes to plan the management and expansion of the services carefully in order to ensure that both current and reasonably expected future demands are adequately catered for, and that demand levels which fluctuate significantly over shorter periods are also met. This may imply that the services may at times or for certain periods operate at less than full capacity, and the costs of such surplus capacity must also be covered in the tariffs which are annually levied.

- (11) The municipality shall, by adopting what is fundamentally a two-part tariff structure, namely a fixed minimum charge coupled with a charge based on consumption, endeavour to address the demands which both future expansion and variable demand cycles and other fluctuations will make on service delivery.
- (12) Part of the municipality's tariff policy for electricity services will be to ensure that those consumers who are mainly responsible for peak demand, and therefore for the incurring by the municipality of the associated demand charges from Eskom, will have to bear the costs associated with these charges. Such consumers shall therefore pay the relevant demand charge as well as a service charge directly related to their actual consumption of electricity during the relevant metering period.



- (13) A property used for multiple purposes must for purposes of these tariffs be assigned to a category determined by the council for properties used for a purpose corresponding with the dominant use of the property if the municipality cannot readily make an apportionment in relation to the services concerned and the categories of users.
- (14) In order to provide the municipality with appropriate security for payment of amounts owing to it from time to time for services rendered, the Council shall impose a system of deposits payable by customers. The deposits shall be set with due regard to the potential financial risk associated with the amounts owing from time to time. The level of the deposits shall be revised annually depending on the defaults instances.

## **6. CATEGORIES OF CONSUMERS**

- (1) Separate tariff structures may be imposed for the following categories of consumers (which the council may change):
- (a) domestic consumers;
  - (b) commercial consumers;
  - (c) industrial consumers;
  - (d) municipalities;
  - (e) consumers with whom special agreements were made;
  - (f) educational institutions; and
  - (g) public benefit organisations and suchlike institutions.
  - (h) place of worship
  - (i) public service purpose properties
- (2) Where substantially different demands are made on the infrastructure to provide a service to a specific group of users within a category or the standard of services required by such users, the Council may, after having considered a report by the Municipal Manager or the relevant Director, determine differentiated tariffs for the different consumers within the specific category.
- (3) The differentiation must be based on one or more of the following elements; infrastructure costs, volume usage, availability and service standards.

- (4) If, for purposes of determining the tariff applicable to a particular user or category of users, the user or category of users has not specifically by definition been included under a defined category of users, the Chief Finance Officer shall, by applying the closest match principle, determine the category under which the user or category of users fits in best taking into account the nature of the service concerned and the user or category of users involved.

## **7. SERVICE AND EXPENDITURE CLASSIFICATIONS**

### **Service classification**

The Chief Financial Officer may, subject to the guidelines provided by the National Treasury and the Executive Mayoral Committee of the council, make provision for the following classification of services:

#### **(a) Trading services**

- Water.
- Electricity.

#### **(b) Economic services**

- Solid waste.
- Waste water.

#### **(c) Community services**

- (i) Air pollution.
- (ii) Firefighting services.
- (iii) Local tourism.
- (iv) Town planning.
- (v) Municipal public works, only in respect of the needs of municipalities in the discharge of their responsibilities and to administer functions specially assigned to them under the Constitution or any other law.
- (vi) Stormwater management system in built-up areas.
- (vii) Trading regulations.
- (viii) Fixed billboards and the display of advertisements in public places.
- (ix) Cemeteries.
- (x) Control of public nuisances.
- (xi) Control of undertakings that sell liquor to the public.

- (xii) Facilities for accommodation, care and burial of animals.
- (xiii) Fencing and fences.
- (xiv) Licensing and control of undertakings that sell food to the public.
- (xv) Local amenities.
- (xvi) Local sport facilities.
- (xvii) Municipal parks and recreation.
- (xviii) Municipal roads.
- (xix) Noise pollution.
- (xx) Pounds.
- (xxi) Public places.
- (xxii) Street trading/street lighting.
- (xxiii) Traffic and parking.
- (xxiv) Building control.
- (xxv) Licensing of motor vehicles and transport permits.
- (xxvi) Nature reserves.

**(d) Subsidised services**

- (i) Libraries and museums.
- (ii) Proclaimed roads.
- (iii) Street lights.

**Expenditure classification**

Expenditure will be classified in the following categories:

**(a) Subjective classification:**

- (i) Salaries, wages and allowances;
- (ii) Bulk purchases;
- (iii) General expenditure;
- (iv) Repairs and maintenance;
- (v) Capital charges (interest and redemption)/depreciation;
- (vi) Contribution to fixed assets;
- (vii) Contribution to funds:
  - (a) Bad debts;
  - (b) Working capital; and
  - (c) Statutory funds.
- (viii) Contribution to reserves;
- (ix) Gross expenditure;

- (x) Less charge-out;
- (xi) Net expenditure;
- (xii) Income; and
- (xiii) Surplus/Deficit.

**(b) Objective classification:**

- (i) Cost centres will be created to which the costs associated with providing the service can be allocated:
- (ii) Department.
- (iii) Section/service.
- (iv) Division/service.
- (v) The subjective classification of expenditure each with a unique vote will be applied to all cost centres.

**(c) Cost elements**

- (a) The following cost elements will be used to calculate the tariffs:
  - (i) Fixed costs which consist of the capital costs (interest and redemption) on external loans as well as internal advances and or depreciation whichever are applicable and any other costs as determined by the Council from time to time.
  - (ii) Variable cost: This includes all other variable costs.
  - (iii) Total cost: consist of the fixed cost and variable cost.

## **8. TARIFF TYPES**

In determining the type of tariff applicable to the type of service the municipality shall make use of the following options or a combination of the same.

**Single tariff:**

This tariff shall consist of a cost per unit consumed.

**Cost related two to three part tariff: electricity**

This tariff shall consist of two to three parts. Management, capital, maintenance and operating costs will be recovered by grouping certain components together e.g.

management, capital and maintenance costs may be grouped together and be recovered by a fixed charge, independent of consumption for all classes of consumers, while the variable costs may be recovered by a unit charge per unit consumed. Three part tariffs will be used to calculate the tariff for electricity and to provide for maximum demand and usage during limited demand.

#### **Inclining block tariff: electricity**

This tariff is based on consumption levels being categorised into blocks, the tariff being determined and increased as consumption levels increase. This tariff will only be used to subsidised free basic services and to prohibit the exorbitant use of a commodity. The first step in the tariffs will be calculated at break-even point. Subsequent steps will be calculated to yield profits and to discourage excessive use of the commodity.

#### **Declining block tariff: electricity**

This tariff is the opposite of the inclining block tariff and decreases as consumption levels increase. The first step will be calculated by dividing the fixed and variable cost and profit, determined by council from time to time, by the volume consumed. This tariff will only be used for special agreements.

#### **Regulating tariff: electricity**

This tariff is only of a regulatory nature and the municipality may recover the full or a portion of the cost associated with rendering the service.

#### **Time-of-use tariff: electricity**

This tariff is based on fixed charges and seasonally and time differentiated energy and demand charges.

### **9. TARIFF STRUCTURES AND METHODS OF CALCULATIONS**

#### **Calculation of Tariffs for Major Services**

In order to determine the tariffs, to be charged for the supply of water and electricity, the municipality shall endeavour to include at least the operational costs of the undertakings concerned.

To determine the **basic or minimum charge** the following categories within the operating budget will be included as a basis for calculation.

Capital costs (interest on loans)  
Maintenance of infrastructure and other fixed assets  
Salary costs  
Depreciation expenses

To determine the **unit charge** the following categories within the operating budget will be used as a basis for calculation.

Cost of bulk purchases in the case of electricity  
Distribution costs (General Expenses)  
Distribution losses

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.

The intended surplus to be generated for the financial year, such surplus to be applied:

- (i) as an appropriation to capital reserves; and/or
- (ii) generally in relief of rates and general services; and/or
- (iii) the cost of approved indigent relief measures.

The municipality shall provide the first 50kWh of electricity per month to consumers  
The municipality shall further consider relief in respect of the tariffs for sewerage, water

and refuse removal for such registered indigents to the extent that the council deems such relief affordable in terms of each annual budget. Multiple step inclining block tariffs are utilised to enable the consumer to exercise control over the cost to themselves.

The following tariff structure will, where possible, be used to determine tariffs:

### Water

- (a) Fixed costs plus rising block tariffs will apply to all consumers

The following blocks will apply:

<b><u>DOMESTIC PROPERTY :-</u></b>		
<b><u>RESIDENTIAL INDIGENT, PENSIONERS and PEOPLE WITH DISABILITY CONSUMPTION CHARGE</u></b> <i>(Delete pensioners and people with disability – HS. Only indigent consumers receive free 6kl as indicated in tariffs)</i>		
Consumption Charge : First 0 - 6 Kl	per kl	R 0
Consumption Charge: >6kl - <= 15 Kl	per kl	R 9.23
Consumption Charge: >16kl - <= 30 Kl	per kl	R 11.33
Consumption Charge : >31kl - <= 45 Kl	per kl	R 13.16
Consumption Charge : >46kl - No limit	per kl	R 22.86
<b><u>RESIDENTIAL NON-INDIGENT , NON PENSIONERS CONSUMPTION CHARGE</u></b>		
Consumption Charge: >0kl - <= 15 Kl	per kl	R 9.23
Consumption Charge: >16kl - <= 30 Kl	per kl	R 11.33
Consumption Charge : >31kl - <= 45 Kl	per kl	R 13.16
Consumption Charge : >46kl - No limit	per kl	R 22.86
<b><u>BUSINESS :-</u></b>		
Basic Charge (per every plot able to join the water network as per the Engineer in charge)		R 211.57
<b><u>COMMERCIAL CONSUMPTION CHARGE</u></b>		
Flat rate	per kl	R 16.29
<b><u>OLD AGE HOMES, CHURCHES</u></b>		

Consumption Charge: >0kl - <= 15 Kl	per kl	R 7.48
Consumption Charge: >16kl - <= 30 Kl	per kl	R 9.35
Consumption Charge : >31kl - <= 45 Kl	per kl	R 13.22
Consumption Charge : >46kl - No limit	per kl	R 19.83
<b><u>SCHOOLS AND HOSTELS, HOSPITALS</u></b>		
Consumption Charge: >0kl - <= 15 Kl	per kl	R 7.48
Consumption Charge: >16kl - <= 30 Kl	per kl	R 9.35
Consumption Charge : >31kl - <= 45 Kl	per kl	R 13.22
Consumption Charge : >46kl - No limit	per kl	R 19.83

## (b) Tariff structure

- (i) Properties connected to the water supply system
- (ii) Size of the building (per square metre) per premises/ per business unit/ per shop/ per annum

<b><u>BUSINESS :-</u></b>		
Basic Charge per annum	per premises / per business unit/per shop unit /per annum	Rebate
Commercial Building size	0 - 50 m <sup>2</sup>	100%
Commercial Building size	51 – 75 m <sup>2</sup>	75 %
Commercial Building size	76 – 100 m <sup>2</sup>	50%
Commercial Building size	101 and above	

## (c) Method of calculation

- (i) Indigent, pensioners and people with disability consumers will receive the appropriate 6 Kl free water.
- (ii) The fixed costs of the service shall consist of the costs indicated as such by the council per premises/per unit/ per dwelling.
- (iii) The number of users and estimated volume consumed per category will be used to determine the fixed tariff per category.



- (iv) Where properties are not connected to the water service but can reasonably be connected to the service an **availability tariff** will be payable.
  - (v) Where council decide to make a profit on the service the profit will be added to the fixed and variable cost before tariffs are calculated.
- (d) Drought tariffs

#### **Drought Situation (Dam Levels)**

Clanwilliam Dam volume reaches 45%. Jan Dissels River Pumping Schemes reaches 45% of allowed pumping volume, all other schemes optimally utilised:

Measures as above, and in addition, the following.

Emergency tariffs shall be implemented immediately, as published in the annual tariffs list, and as follow:

All residential consumers and businesses will be charged at the water tariff as published in the annual tariff list.

#### **Electricity**

- (a) Tariff structure
  - (i) Maximum demand (kVA) plus fixed tariff plus kWh consumed.
  - (ii) Fixed tariff plus kWh consumed.
  - (iii) Unit tariff (kWh consumed) (Pre-payment meters).
- (b) Method of calculation
  - (i) Guidelines issued by the National Electricity Regulator from time to time will form the basis of calculating tariffs.
  - (ii) To recover the capital cost of supplying electricity through a fixed charge will make electricity unaffordable to many low consumption users. Cross subsidisation between and within categories of consumers will be allowed

based on the load factors of the categories and consumers within the category. Portions of the fixed costs will be recovered through an energy or time-of-use charge. To apply the abovementioned principle the cost allocation basis, cost groupings, tariff components and tariff types reflected in the following tables will be used.

Cost groupings	Underlying cost-allocation bases		
	Capacity costs: expressed as Rands/kVa /month	Variable costs: expressed as Cents/kWh	Customer specific costs: expressed as rands /customer/month
Purchase cost	√	√	
Capital costs	√	√	√
Support costs	√		√

Tariff components				
Tariff types	Fixed charge (rands/customer/month)	Energy charge (cents/kWh)	Time-of-use energy charge expressed as (cents/kWh)	Capacity charge expressed as (rands/kVa/month)
One-part single energy rate tariff (Lifeline tariff)		√		
Two-part tariff	√	√		
Two-part time-of-use tariff	√		√	
Three-part tariff	√	√		√
Three-part time-of-use	√		√	√

- (iii) The one-part single energy rate tariff:
1. For the one-part single energy rate tariff, all costs are expressed in a single cents/kWh charge. The recommended methodology for allocating costs into this tariff is as follows:
  2. The rands/kVa/month cost must be allocated into a cents/kWh charge through consideration of the average load factor of the types of customer who are likely to use the one-part single energy rate tariff.
  3. The rands/customer/month fixed cost should also be allocated into the cents/kWh charge and allocated to the kWh purchase costs in such a way as to ensure that at a level of monthly consumption of 400 kWh, the full amount of the fixed costs would have been recovered through the cents/kWh charge.
- (iv) The two-part tariff:
1. The rands/kVa/month charge must be allocated into a cents/kWh charge through consideration of the average load factor of the types of customer who are likely to choose the two-part tariff. This reallocated charge must then be added to the kWh purchase charge.
  2. The rands/customer/month charge is not reallocated into other tariff elements.
  3. The tariff then consists of a fixed monthly charge plus a variable charge related to metered kWh consumption.
- (v) The two-part time-of-use tariff:
1. The rands/kVa/month charge must be reallocated into different time-of-use cents/kWh charges through consideration of the load curve of the customer in relation to the load curve of the supplier. Such reallocated charges must then be added to the kWh purchase charges, as appropriate.
  2. The rands/customer/month charge is not reallocated.
- (vi) The three-part tariff:
1. The rands/kVa charge recovers the capital cost elements. Some of this cost must be reallocated into different tariff elements.

2. The cents/kWh charge therefore recovers the full variable costs as well as a portion of the reallocated rands/kVa costs.
3. The rands/customer/month charge is not reallocated.

(vi) The three-part time-of-use tariff:

1. As with the standard three-part tariff, a portion of the rands/kVa/month charge is reallocated into the various time-of-use cents/kWh charges. The amount of the reallocation takes place with regard to the customer's load factor. The time-variation of the capacity costs is taken into account in the reallocation of the rands/kVa charge into the various time-of-use cents/kWh charges.
2. The cents/kWh charge therefore recovers the full variable costs as well as a portion of the reallocated rands/kVa charges.
3. The rands/customer/month charge is not reallocated.

Where council decides to make a profit on the service the profit will be added to the fixed and variable cost before tariffs are calculated.

Where properties are not connected to the electricity service but can reasonably be connected to the service an availability tariff will be payable. The Town Electrical Engineer will annually determine the tariff.

### **Solid Waste (Refuse removal)**

(a) Tariff structure

- (i) Per Removal (per wheelie bin, per month regardless of number of removals) outside municipal area.
- (ii) Rate per km outside municipal area.
- (iii) Refuse removal of businesses where business requires refuse to be removed more than once a week and no black bags provided.

- (b) Method of calculation
- (i) The costs per unit of measurement will be determined by dividing the total costs of the service by the total volume of refuse disposed of during the year. The total cost of the service includes the removal cost plus the operating cost associated with the service.
  - (ii) The cost associated with the removal of bulk containers will be determined by calculating how many of the smallest removal units will be absorbed by a specific container.
  - (iii) A monthly rental for the usage of a bulk container will be determined by discounting the purchase price of a bulk container over 5 years at an interest rate applicable to municipal loans. An additional 15% will be charged as an administration charge.
  - (iv) After council has consulted with owners or occupiers of commercial and industrial undertakings which do not make use of the standard black bags or mass containers, tariffs will be determined based on the estimated volume that will be removed per month.
  - (v) Costs for once-off removals will be calculated per truckload.
  - (vi) Private dumping at the disposal site will be allowed after a tariff based on the estimated volume of the dumping has been paid.
  - (vii) A refuse removal tariff will be raised and is payable by all owners or occupiers of each situated on the waste removal network, irrespective of whether they making use of the service of the council or any other service provider or those who have applied to be connected whether such owner or occupier uses the refuse removal service or not or those who are not connected to the distribution networks to whom a refuse removal service is rendered on request.
  - (viii) No refuse removal tariffs will be raised in areas where council has not introduced a refuse removal service.
- (c) Reallocation of consumers due to excessive consumption.

Where a consumer is found exceeding the tariff applicable to their category of solid waste for which they are levied.

1. They will be moved to the appropriate corresponding tariff category.
2. They may approach Council for reinstatement to the original tariff. Subject to evidence provided.

### Waste Water (Sewerage/emptying of conservancy tanks)

Tariff structure Properties connected to the sewerage reticulation network tanker vehicle per load.

<b><u>SUCTION TANKS</u></b>		
Indigent cases	per load	Fully subsidized
<b><u>Within working hours</u></b>		
Single Load	per load	R 122.43
Double Load	per load	R 232.71
Outside Municipal area	per load	R 663.61
Rate per km outside municipal area	per load	R 10.39
<b><u>After hours, weekends and public holidays</u></b>		
Single Load	per load	R 663.61
Double Load	per load	R 875.89
Outside Municipal area	per load	R 875.89
Rate per km outside municipal area	per load	R 10.43

(a) Method of calculation

A fixed basic charge change to standard levy will be payable for each property connected to the sewerage reticulation network irrespective of number of toilets or size of business units. per dwelling/ per unit/ per premises.

1. Domestic
2. Business

(ii) Where properties are not connected to the sewerage network but can reasonably be connected to the service an fixed availability tariff change will be payable.

### Calculation of minor tariffs

(i) All minor tariffs (being tariffs in respect of services and facilities other than the major services) shall be approved by the council in each annual budget, and shall, when deemed appropriate by the council, be subsidised 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.

- (ii) All minor tariffs over which the municipality has full control, and which are not directly related to the cost of a particular service, shall annually be adjusted at least in line with the prevailing consumer price index, unless there are compelling reasons why such adjustment should not be effected.
- (iii) The following services shall be considered as subsidised services, and the tariffs levied shall cover 50% or as near as possible to 50% of the annual operating expenses budgeted for the service concerned:
  - a) burials and cemeteries
  - b) rentals for the use of municipal sports facilities
- (iv) The following services shall be considered as community services, and no tariffs shall be levied for their use:
  - a) municipal museum and art gallery
  - b) municipal reference library
  - c) municipal lending library (except for fines set out below)
- (v) 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:
  - a) maintenance of graves and garden of remembrance (cremations)
  - b) housing rentals
  - c) rentals for the use of municipal halls and other premises (subject to the proviso set out below)
  - d) building plan fees
  - e) sales of plastic refuse bags
  - f) sales of refuse bins
  - g) cleaning of stands
  - h) new connection fees: electricity, water, sewerage

- i) photostat copies and fees
  - j) clearance certificates for purposes of property transfers
  - k) town planning fees.
- (vi) The following charges and tariffs shall be considered as regulatory or punitive, and shall be determined at a reasonable level (with due regard to direct and indirect costs involved, need for discouraging undesirable practices and advantages enjoyed by user) in each annual budget:
- a) fines for lost or overdue library books
  - b) advertising sign fees
  - c) pound fees
  - d) disconnection and reconnection fees: electricity, water
  - e) penalty and other charges imposed in terms of the approved policy on credit control and debt collection.
- (v) Market-related rentals shall be levied for the lease of municipal properties defined as investment assets, not applied at Courts.
- (vi) 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 allow a discount on the rental that would otherwise have applied.
- (vii) 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 municipality sustaining damages as a result of the use of the facilities concerned.
- (viii) Tariff structure:
- a) The unit of measurement as reflected in the separate list of tariffs approved annually will be used to determine regulatory community and subsidised services.
- (ix) Overdue Amounts



- a) The municipality may at its discretion enter into a repayment schedule with a consumer in respect of overdue amounts, which repayment schedule will be incorporated into an acknowledgment of debt in favour of the municipality and signed by the consumer.

## **10. CAPITAL CONTRIBUTIONS**

For purposes of these tariffs the under mentioned words and expressions shall have the following meanings assigned to them unless the context otherwise requires:

“capital contributions”, the tariffs payable in respect of the water, electricity, sewerage, storm water, roads and refuse removal infrastructure of the municipality and which amounts exclude amounts payable towards the operational and maintenance costs of such infrastructure;

## **11. NOTIFICATION OF TARIFFS, FEES AND SERVICE CHARGES**

- (1) The tariffs will be approved as part of the annual budget.
- (2) The tariffs will come into effect as and when determined by the Council.

## **12. IMPLEMENTATION OF THE POLICY**

- (1) The principles contained in this policy will be reflected in the various budget proposals submitted to council on an annual basis, service by-laws as promulgated and adjusted by Council from time to time and the tariff by-laws referred to in section 75 of the Systems Act.
- (2) The Council may determine conditions applicable to community service of a regulatory nature. These conditions will be reflected in the standing orders of Council.

## **13. ADJUSTMENT OF ACCOUNTS**

- (1) Where incorrect debits were raised, the accounts under query will be rectified as necessary.
- (2) Where the rates and services levied on a particular property have been incorrectly billed or omitted or false information provided by the property owner

concerned or a contravention of the permitted use to which the property concerned may be put, the rates and services payable shall be appropriately adjusted. Rates will be adjusted for the period extending from the date on which the error or omission is detected back to the date on which rates were first levied in terms of the current valuation roll. An error or omission in the levying of services tariffs will be corrected for the current financial year and six months preceding the financial year. Interest on the unpaid portion of the adjusted rates payable shall be levied at the maximum rate permitted by prevailing legislation. This section does not prevent the municipality from retrospectively levying rates and services where the municipality is able to prove the claim in a normal legal process.

- (3) Where the rates and services levied on a particular property have been incorrectly billed due to an error by the municipality, the rates and services payable shall be appropriately adjusted from the date of discovery of the error. No interest will be charged.

#### **14. SHORT TITLE**

- (1) This policy is called the Cederberg Municipality Tariff Policy.



## **CEDERBERG MUNICIPALITY CREDIT CONTROL, DEBT COLLECTION AND INDIGENT SUPPORT BY-LAW**

Under the provisions of section 156 of the Constitution of the Republic of South Africa, 1996, the Cederberg Municipality enacts as follows-

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3. Provision of services
4. Consumer services deposit
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9. Recovery of debt
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12. Full and final settlement payments
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14. Indigent support
15. Delegation
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18. Offences and penalties
19. Repeal of by-laws
20. Short title and commencement

## 1. Definitions

In this by-law, the English text prevails in the event of any conflict with the Afrikaans text, and, unless the context otherwise indicates—

“**Act**” means the Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000);

“**annually**” means once every financial year;

“**arrears**” means any amount due and payable to the municipality which has not been paid on or before the due date;

“**availability charges**” means a monthly levy that may be levied against immovable property with or without improvements, which is not connected to any municipal service works, where such property can be reasonably so connected;

“**consumer**” means any occupier of premises to which the municipality has agreed to supply or is actually supplying services, or if there is no occupier, the owner of the premises;

“**council**” means the municipal council of the municipality of Cederberg;

“**debt**” means any monies owing to the municipality in respect of the rendering of municipal services, and includes monies owing in regard to property rates, housing, motor vehicle registration and licensing, terminated leases, and any other outstanding amounts, inclusive of any interest thereon, owing to the Municipality;

“**due date**” means the date specified on the tax invoice as the last date for payment;

“**indigent**” means a person or household as contemplated in the Indigent Policy of the municipality;

“**interest**” means a rate of interest equal to the prime rate as determined by the Reserve Bank of South Africa plus a percentage determined by council annually during the budget process;

“**municipal account**” includes levies or charges in respect of the following services:

- electricity consumption;
- water consumption;
- refuse removal;
- sewerage services;
- rates;
- interest and/or surcharge;
- housing rentals and instalments;
- availability charges; and
- miscellaneous and sundry charges.

and **“tax invoice”** has a corresponding meaning;

**“municipal manager”** means the person appointed in that capacity by the municipality in terms of section 54A of the Act;

**“municipality”** means the municipality of Cederberg established in terms of Section 12 of the Municipal Structures Act, 117 of 1998, and includes any political structure, political office bearer, councillor, duly authorised agent thereof or any employee thereof acting in connection with this by-law by virtue of a power vested in the municipality and delegated or sub-delegated to such political structure, political office bearer, councillor, agent or employee;

**“occupier”** means any person who occupies any premises or part thereof, without regard to the title under which he or she so occupies;

**“owner”** means -

(a) the person in whom the legal title to the premises is vested;

(b) in a case where the person in whom the legal title is vested is insolvent or dead, or is under any form of legal disability whatsoever, the person in whom the administration of and control of such premises is vested as curator, trustee, executor, administrator, judicial manager, liquidator or other legal representative;

(c) in any case where the municipality is unable to determine the identity of such person, the person who is entitled to the benefit of such premises or a building thereon;

(d) in the case of premises for which a lease of 30 years or more has been entered into, the lessee thereof; in relation to -

i (i) a piece of land delineated on a sectional plan registered in terms of the Sectional Titles Act 1986, (Act 95 of 1986), and without restricting the above provisions, the developer or the body corporate in respect of the common property; or

ii (ii) a section as defined in such Act, the person in whose name such section is registered under a sectional title deed, including the lawfully appointed representative of such person;

(e) any legal person including but not limited to:

(i) a company registered in terms of the Companies Act, 1973 (Act 61 of 1973), Trust *inter vivos*, Trust *mortis causa*, a closed corporation registered in terms of the Closed Corporations Act, 1984 (Act 69 of 1984), and a Voluntary Association;

(ii) any government department;

(iii) any council or board established in terms of any legislation applicable to the Republic of South Africa;

(iv) any Embassy or other foreign entity.

(f) a person to whom property owned by the municipality has been disposed of, but not yet transferred as from the date of disposal; and

(g) a person holding immovable property owned by or under the control or management of the municipality while held under a lease or under any other contract or under a servitude or right analogous thereto,

**“person”** includes—

- (a) a natural person;
- (b) a juristic person;
- (c) for the purposes of this by-law any industrial or commercial undertaking; and
- (d) an organ of State.

**“policy”** means the Credit Control and Debt Collection as well as the Indigent Policy of the municipality;

**“property”** means—

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

## **2. Duty to collect debts**

All debt owing to the municipality must be collected in accordance with this by-law and the policy.

## **3. Provision of services**

New applications for services and the provision of new services must be dealt with as prescribed in the policy.

## **4. Consumer services deposit**

The municipality may require the payment of a deposit for the provision of services and may adjust the amount of any existing deposit annually, as prescribed in the policy.

## **5. Interest charges**

The municipality may charge and recover interest in respect of any arrear debt, as prescribed by the policy.

## **6. Arrangements to pay arrears**

(1) The municipal manager may make arrangements with a consumer to pay any arrear debt under conditions as prescribed in terms of the policy.

(2) Should any dispute arise as to the amount of the arrear debt, the consumer must nevertheless continue to make regular payments in terms of the arrangement until such time as the dispute has been resolved.

### **7. Agreement with employer**

- (1) The municipal manager may—
- (a) with the consent of a consumer who is in arrears with payments, enter into an agreement with that person's employer to deduct from his or her salary or wages—
    - (i) any outstanding amounts due by the consumer to the municipality; or
    - (ii) regular monthly amounts as may be agreed; and
  - (b) provide special incentives for—
    - (i) employers to enter into such agreements; and
    - (ii) consumers who consent to such agreements.

### **8. Power to restrict or disconnect supply of services**

- (1) The municipality may restrict or disconnect the supply of any service to any premises whenever such consumer—
- (a) fails to make payment on the due date;
  - (b) fails to comply with an arrangement;
  - (c) fails to comply with a condition of supply imposed by the municipality;
  - (d) damages the infrastructure of the municipality for the supply of such service or tampers with any meter used regarding that service.

### **9. Recovery of debt**

Subject to section 6, the municipal manager must, with regard to rates, and may, with regard to other debt—

- (a) by legal action recover any debt;
- (b) recover debt from any organ of state with due consideration of the provisions of Chapter 3 of The Constitution of the Republic of South Africa, 1996; and
- (c) may refer debt to third party debt collection agencies.

### **10. Recovery of costs**

- (1) Where costs are incurred by or on behalf of the municipality in order to recover monies owed to it, the municipal manager may recover such costs, including but not limited to—
- (a) costs and administration fees where payments made to the municipality by negotiable instruments are dishonoured by banks when presented for payment;
  - (b) legal and administration costs, including attorney-and-client costs and tracing fees incurred in the recovery of debts;
  - (c) restriction, disconnection and reconnection fees, where any service has been restricted or disconnected as a result of non-compliance with this by-law;

- (d) any losses the municipality may suffer as a result of tampering with municipal equipment or meters; and
- (e) any collection commission incurred.

### **11. Attachment**

The municipal manager may, in order to recover debt, approach a competent court for an order to attach movable or immovable property of a consumer.

### **12. Full and final settlement payments**

- (1) Any amount tendered in defrayment of a debt, shall be accepted at any cash receiving office of the municipality.
- (2) No offer of payment in full and final settlement of a debt, when such amount is less than the outstanding amount, may be accepted, unless confirmed in writing by the municipal manager.
- (3) Notwithstanding subsection (2), the payment so offered must nevertheless be credited against the consumer's account, without prejudice to the municipality's rights.

### **13. Consolidation of accounts and appropriation of payments**

- (1) The municipality, in terms of section 102 of the Act, considers all separate accounts of a consumer to be consolidated regardless of the fact that separate accounts may be rendered and includes all pre-paid services.
- (2) Payments received by the municipality shall be appropriated in the order determined by the Chief Financial Officer and must be revised annually during the budget process.

### **14. Indigent support**

Financial assistance may be granted by the municipality to a person or household that meets the criteria as laid down in the Indigent Support Policy of the municipality.

### **15. Delegation**

The municipal manager may delegate his or her powers in terms of this by-law to any official or service provider of the municipality.

### **16. Clearance certificates**

On the sale of any property the municipality shall issue the required clearance certificate as prescribed in the policy.



**17. Appeal**

A person whose rights are affected by a decision of the municipality in terms of delegated powers, may appeal against that decision by giving written notice of the appeal and the reasons therefore in terms of section 62 of the Local Government: Municipal Systems Act, Act 32 of 2000 to the municipal manager within 21 days of the date of the notification of the decision.

**18. Offences and penalties**

(1) A person who—

- (a) obstructs or hinders any councillor or official of the municipality in the execution of his or her duties under this by-law or the policy;
  - (b) unlawfully uses or interferes with municipal equipment or consumption of services supplied;
  - (c) tampers with any municipal equipment or breaks any seal on a meter or damages a meter;
  - (d) fails to comply with a notice served in terms of this by-law or the policy;
  - (e) refuses an official of the municipality access to any premises; or
  - (f) gives false information regarding the supply of services or with regard to an application for assistance as an indigent;
- shall be guilty of an offence and on conviction liable to the payment of a fine or imprisonment or to such imprisonment without the option of a fine or to both such fine and such imprisonment.

**19. Repeal of by-laws**

No repeal as this is the new by law

**20. Short title and commencement**

This by-law shall be known as the Cederberg Municipality Credit Control, Debt Collection and Indigent Support By-law and shall come into effect upon promulgation in the Western Cape Government Gazette.



## APPENDIX “A”

### CEDERBERG MUNICIPALITY

#### PROPERTY RATES BY-LAW

Cederberg Municipality, hereby, in terms of Section 6 of the Local Government: Municipal Property Rates Act, 2004, adopts the Municipality’s Property Rates By-Law as set out hereunder.

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4. Adoption and implementation of rates policy
5. Contents of rates policy
6. Enforcement of rates policy
7. Repeal of by-laws
8. Short title and commencement

#### 1. Preamble

**Whereas** Section 229(1) of the Constitution of the Republic of South Africa, 1996, requires a municipality to impose rates on property and surcharges on fees for the services provided by or on behalf of the municipality.

**And whereas** Section 13 of the Municipal Systems Act, Act 32 of 2000, read with Section 162 of the Constitution require a municipality to promulgate municipal by-laws by publishing them in the gazette of the relevant province.

**And whereas** Section 6 of the Local Government: Municipal Property Rates Act, 2004, requires a municipality to adopt by-laws to give effect to the implementation of its property rates policy; the by-laws may differentiate between the different categories of properties and different categories of owners liable for the payment of rates;

**NOW THEREFORE BE IT ENACTED** by the Council of the Cederberg Municipality, as follows:

## 2. Definitions

In this by-law, the English text prevails in the event of any conflict with any other text and any word or expression to which a meaning has been assigned in the Local Government: Municipal Property Rates Act, Act 6 of 2004, shall bear the same meaning unless the context indicates otherwise.

**“Constitution”** means the Constitution of the Republic of South Africa, 1996;

**“Municipality”** means the Cederberg Municipality established in terms of Section 12 of the Municipal Structures Act, Act 117 of 1998, and includes a political structure, political office bearer, councillor, duly authorised agent or employee acting in connection with this by-law by virtue of a power vested in the municipality and delegated or sub-delegated to such political structure, political office bearer; councillor, duly authorised agent or employee;

**“Municipality’s rates policy”** means a rates policy adopted by the Cederberg Municipality in terms of this by-law;

**“Property Rates Act”** means the Local Government: Municipal Property Rates Act, Act 6 of 2004;

**“Rate”** or **“rates”** means a municipal rate on property as envisaged in Section 229 of the Constitution;

**“rates policy”** means the policy on the levying of rates on rateable properties of the Cederberg Municipality, contemplated in Chapter 2 of the Municipal Property Rates Act.

## 3. Principles and Objectives

3.1 Section 229(1) of the Constitution authorizes a municipality to impose rates on property and surcharges on fees for services provided by or on behalf of the municipality.

3.2 In terms of Section 3 of the Property Rates Act, a municipal council must adopt a policy consistent with the Property Rates Act on the levying of rates on rateable property in the municipality.

3.3 In terms of Section 6(1) of the Property Rates Act, a municipality must adopt by-laws to give effect to the implementation of its rates policy.

3.4 In terms of Section 6(2) of the Property Rates Act, by-laws adopted may differentiate between different categories of properties; and different categories of owners of properties liable for the payment of rates.

The objective of this by-law is to give effect to the implementation of the Rates Policy as contemplated in Section 6 of the Municipal Property Rates Act.

## 4. Adoption and Implementation of Rates Policy

4.1 The municipality shall adopt and implement a rates policy consistent with the Property Rates Act on the levying of rates on rateable property within the jurisdiction of the municipality; and

4.2 The municipality shall not be entitled to levy rates other than in terms of an approved rates policy.

### **5. Contents of Rates Policy**

The municipality's rates policy shall, *inter alia*:

5.1 apply to all rates levied by the municipality pursuant to the adoption of the municipality's annual budget;

5.2 comply with the requirements for:

- (a) the adoption and contents of a rates policy specified in Section 3 of the Property Rates Act;
- (b) the process of community participation specified in Section 4 of the Property Rates Act;
- (c) the annual review of a rates policy specified in Section 5 of the Property Rates Act;

5.3 provide for principles, criteria and implementation measures that are consistent with the Municipal Property Rates Act for the levying of rates which the municipality may wish to adopt; and

5.4 provide for and include enforcement mechanisms that are consistent with the Municipal Property Rates Act and the Local Government: Municipal Systems Act, 200 (Act No. 32 of 2000).

### **6. Enforcement of Rates Policy**

The municipality's rates policy shall be enforced through the Credit Control and Debt Collection Policy and any further enforcement mechanisms stipulated in the Act and the municipality's rates policy.

### **7. Repeal of by-laws**

The provisions of any by-laws previously promulgated by the municipality or by any of the disestablished municipality now incorporated in the municipality are hereby repealed as far as they relate to matters provided for in this by-law.

### **8. Short Title and Commencement**

This by-law is called the Cederberg Municipality's Property Rates By-Law and comes into effect upon promulgation in the Western Cape Government Gazette.



## APPENDIX "B"

# CEDERBERG MUNICIPALITY TARIFF BY-LAW

Cederberg Municipality, hereby, in terms of section 13 of the Local Government Municipal Systems Act, 2000 (Act 32 of 2000) publishes the Tariff By-laws.

### Table of Contents

1. Interpretation
2. Principles and Objective
3. Adoption and implementation of tariff policy
4. Contents of tariff policy
5. Enforcement of tariff policy
6. Short Title and Commencement

### 1. Interpretation

In this by-Law, words used in the masculine gender include the feminine, the singular includes the plural and vice versa. The English text prevails in the event of an inconsistency between the different texts and unless the context otherwise indicates –

**"Constitution"** means the Constitution of the Republic of South Africa, 1996;

**"Customer Care, Credit Control, Debt Collection, Indigent and Tampering Policy"** means the municipality's Customer Care, Credit Control, Debt Collection, Indigent and Tampering Policy as required by sections 96(b), 97 and 98 of the Systems Act;

**"municipality"** means the Municipality of Cederberg, established in terms of Section 12 of the Municipal Structures Act, 117 of 1998, and includes any political structure, political office bearer, councillor, duly authorized agent or any employee acting in connection with this by-law by virtue of a power vested in the municipality and delegated or sub-delegated to such political structure, political office bearer, councillor, agent or employee;

**"municipality's tariff policy"** means a tariff policy adopted by the municipality in terms of this by-Law;

**"Systems Act"** means the Local Government: Municipal Systems Act, 32 of 2000;

“**tariff**” means fees, charges, or any other tariffs levied by the municipality in respect of any function or service provided by the municipality, excluding rates levied by the municipality in terms of the Local Government: Municipal Property Rates Act, 6 of 2004.

## **2. Principles and Objectives**

(a) Section 229(1) of the Constitution authorizes a municipality to impose:

- i) rates on property and surcharges on fees for services provided by or on behalf of the municipality; and
- ii) if authorized by national legislation, other taxes, levies and duties.

(b) In terms of section 75A of the Systems Act a municipality may:

- i) levy and recover fees, charges or tariffs in respect of any function or service of the municipality; and
- ii) recover collection charges and interest on any outstanding amount.

(c) In terms of section 74(1) of the Systems Act, a municipal council must adopt and implement a tariff policy on the levying of fees for a municipal service provided by the municipality or by way of service delivery agreements and which complies with the provisions of the Systems Act, the Local Government: Municipal Finance Management Act, 53 of 2003 and any other applicable legislation.

(d) In terms of section 75(1) of the Systems Act, a municipal council must adopt by-laws to give effect to the implementation and enforcement of its tariff policy.

(e) In terms of section 75(2) of the Systems Act, by-laws adopted in terms of subsection 75(1) may differentiate between different categories of users, debtors, service providers, services, service standards and geographical areas as long as such differentiation does not amount to unfair discrimination.

## **3. Adoption and implementation of tariff policy**

(a) The municipality shall adopt and implement a tariff policy on the levying of fees for a municipal service provided by the municipality or by way of service delivery agreements which complies with the provisions of the Systems Act, the Local Government: Municipal Finance Management Act, 53 of 2003 and any other applicable legislation.

(b) The municipality shall not be entitled to impose tariffs other than in terms of a valid tariff policy.

## **4. Contents of tariff policy**

The municipality tariff policy shall, *inter alia*:

(a) apply to all tariffs imposed by the municipality pursuant to the adoption of the municipality's annual budget;

(b) reflect the principles referred to in section 74(2) of the Systems Act and specify any further principles for the imposition of tariffs which the municipality may wish to adopt;

(c) specify the manner in which the principles referred to in section 4(2) are to be implemented in terms of the tariff policy;

(d) specify the basis of differentiation, if any, for tariff purposes between different categories of users, debtors, service providers, services, service standards and geographical areas as long as such differentiation does not amount to unfair discrimination;

(e) include such further enforcement mechanisms, if any, as the municipality may wish to impose in addition to those contained in the Customer Care Credit Control, Debt Collection, Indigent and Tampering Policy.

#### **5. Enforcement of tariff policy**

The municipality's tariff policy shall be enforced through the Customer Care, Credit Control, Debt Collection, Indigent and Tampering Policy and any further enforcement mechanisms stipulated in the municipality's tariff policy.

#### **6. Short Title**

This by law shall be known as the Tariff by law and shall give effect to the implementation and enforcement of Cederberg Municipality's Tariff policy and comes into operation on the date of promulgation thereof in the Western Cape Government Gazette.

