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PROVINSIE OOS-KAAP

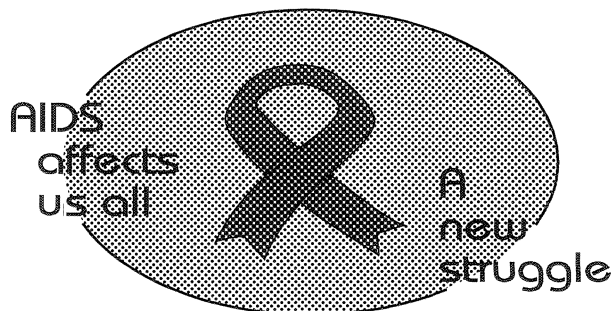
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(Extraordinary)

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DEPARTMENT OF HEALTH

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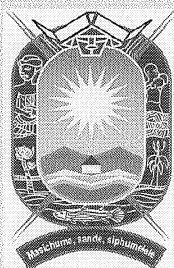
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LOCAL AUTHORITY NOTICES

No. 66

BUFFALO CITY METROPOLITAN MUNICIPALITY



INDIGENT SUPPORT BY LAW

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1. By-Law Title

Indigent Support By-Law.

2. Relevant Legislation applicable to this By-Law

The By-Law is designed and implemented within the framework of the following legislation:

- 2.1. The Constitution of the Republic of South Africa, 1996, Act 108 of 1996, in particular sections 152,153 and 195.
- 2.2. Municipal Systems Act No. 32 of 2000, in particular sections 4, 5 and 6.
- 2.3. The Municipal Finance Management Act 2003 (Act 56 of 2003).
- 2.4. The Promotion of Administrative Justice Act 2000 (Act 3 of 2000).
- 2.5. The Promotion of Access to Information Act, 2000 (Act 2 of 2000).
- 2.6. The Municipal Property Rates Act, 2004 (Act 6 of 2004).
- 2.7. Conditions of National Equitable Share Grant ("S" Grant) earmarked for service delivery to the poor.

It is consistent with the terms of the Buffalo City Metropolitan Municipality Credit Control and Debt Collection By-Law, 2013.

3. Definitions

- 3.1 **Basic energy service:** The provision of sufficient energy as determined by Council, to allow for lighting, access to media (TV, radio) and cooking. This may include electricity and other forms of energy such as paraffin.
- 3.2 **Basic refuse removal service:** The disposal of refuse on a property where housing densities permit this or the removal of refuse from each property located within the municipality and disposal of this waste in an adequate landfill site, either option undertaken in such a way that the health of the community is maintained and no diseases are propagated, or pests allowed to breed due to refuse which is not properly removed and disposed of.
- 3.3 **Basic sanitation service:** The provision of a basic sanitation facility which is easily accessible to a household, the sustainable operation of the facility, including the safe removal of human waste and wastewater from the premises where appropriate and necessary, and the communication of good sanitation, hygiene and related practices.

- 3.4 **Basic water supply service:** The provision of a basic water supply facility, the sustainable operation of the facility for at least 350 days per year and not interrupted for more than 48 consecutive hours per incident, and the communication of good water use, hygiene and related practices.
- 3.5 **Child headed household:** a household where both parents are deceased and where all occupants of the property are children of the deceased and are all under the legal age to contract for service and are considered as minors in law by the state. Child headed households are automatically considered indigent unless proven otherwise.
- 3.6 **Household:** a registered owner or tenant with children who reside at the same premises.
- 3.7 **Indigent:** lacking the necessities of life such as sufficient water, basic sanitation, refuse removal, environmental health, basic energy, health care, housing, food and clothing.
- 3.8 **Indigent subsidy/poverty package:** the subsidy allows for free basic services in the form of electricity or other power options, water, sanitation, rubbish removal and property rates, as prescribed by Council from time to time.
- 3.9 **Indigent Management System:** an electronic management system applied by the Buffalo City Metropolitan Municipality for the management of the register of indigent households.
- 3.10 **Indigent Register:** the database which must be updated on a monthly basis, designed to include all the data contained within completed indigent application forms. The Register contains the following key information:
- (i) Indigent customer details
 - (ii) Socio-economic details
 - (iii) Skills details
- In addition, the indigent register must be able to provide reports relating to, but not limited to the following:
- (i) Indigent application exceptions
 - (ii) Skills reporting required for LED/exit strategy
 - (iii) Socio-economic reporting
- 3.11 **Municipality:** the municipality of Buffalo City, established in terms of Section 12 of the Municipal Structures Act, 117 of 1998.
- 3.12 **Occupier:** person who controls and resides on or controls and otherwise uses immovable property, provided that –
- (i) The spouse of the owner of immovable property, which is used by such spouse or owner as a dwelling at any time, shall be deemed to be the occupier thereof;

- (ii) Where both spouses reside on immovable property and one of them is an occupier thereof, the other shall also be deemed an occupier.

3.13 Owner: in relation to immovable property means –

- (i) the person in whom is vested the legal title thereto, provided that –
- (ii) the lessee of immovable property which is leased for a period of not less than ten years, whether the lease is registered or not, shall be deemed to be the owner thereof;
- (iii) the occupier of immovable property occupied in terms of a servitude or right analogous thereto shall be deemed the owner thereof;
- (iv) if the owner is deceased, insolvent or has assigned his or her estate for the benefit of his or her creditors, has been placed under curatorship by order of court or is a company being wound up or under judicial management, then the person in whom the administration of such property is vested as executor, administrator, trustee, assignee, curator, liquidator or judicial manager, as the case may be, shall be deemed to be owner thereof;
- (v) if the owner is absent from the Republic or if his or her address is unknown to the municipality, then any person who as agent or otherwise receives or is entitled to receive the rent in respect of such a property; or
- (vi) if the municipality is unable to determine who such person is, then the person who is entitled to the beneficial use of such property.

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

- (i) a general plan or diagram registered in terms of the Land Survey Act 1997 [Act No.8 of 1997] or in terms of the Deeds Registries Act [Act No. 47 of 1937];
- (ii) a sectional plan registered in terms of the Sectional Titles Act, 1986 [Act No.95 of 1986], and situated within the boundaries of the municipality.

3.15 Rates: means any tax, duty or levy imposed on property by the Council.

4. Main Purpose

- 4.1. The Constitution of the Republic of South Africa No. 108 of 1996, read in conjunction with the Municipal Systems Act No. 32 of 2000 plus other government regulations, and Batho Pele principles, requires developmental local government to ensure the following provision of services in a sustainable manner that are affordable to all:
- 4.1.1. Access to at least a minimum level of basic municipal services within a safe and healthy environment, including electricity, water, sanitation and refuse removal.
 - 4.1.2. ensuring that “needy or indigent households” have access to these basic services plus
 - 4.1.3. Giving priority to these basic needs of the municipal residents.
- 4.2. In addition, the municipality firmly believes that in order to solve indigence, beneficiaries should be entitled to a broader package of services linked to employment, health and housing opportunities brought about by other initiatives, such as the Municipality’s poverty alleviation programmes and local economic development initiatives.
- 4.3. The Growth and Development Summit (2007) Socio-Economic Profile stated that 45% of the population of Buffalo City Metropolitan Municipality was unemployed in 2005. Another survey of the Eastern Cape in 2006 stated that around 53% of households lived on an income of less than R1, 500 per month.
- 4.4. How to deal with these growing inequalities is a major By-Law issue for the Municipality. Until now, the provision of free basic services to the indigent has been subsumed in the larger Credit Control and Debt Collection By-Law. As a developmental municipality, Buffalo City Metropolitan Municipality is committed to ensuring supporting measures that assist and empower communities. The municipality views the provision of free basic services as only one aspect of its overall poverty alleviation and economic development programmes.
- 4.5. Therefore, poverty is a wider and more complex issue than the collection and disbursement of revenue. While the overall goal will be to move indigent households to a position where they will be able to make a financial contribution to the Municipality’s revenue collection, the reality is that this goal is some way off. This By-Law, and in particular the detailed procedures, attempt to address the complexities of living in poverty in Buffalo City Metropolitan Municipality.

5. Scope of the By-Law

- 5.1. The scope of this By-Law extends to all indigent households within Buffalo City Metropolitan Municipality rather than individuals, whether registered as indigent with Buffalo City Metropolitan Municipality or not.
- 5.2. Strenuous efforts are made to ensure that all who qualifies as indigent are recognized and receive all services, grants and rebates that they are entitled to.

5.3. The definition of an indigent household in Buffalo City Metropolitan Municipality is as determined from time to time by the Council.

5.4. This By-Law needs to be applied in conjunction with the Equitable Share of the National Treasury as equitable share is an important component of the funding to be used to subsidise the provision of free basic services to the indigent.

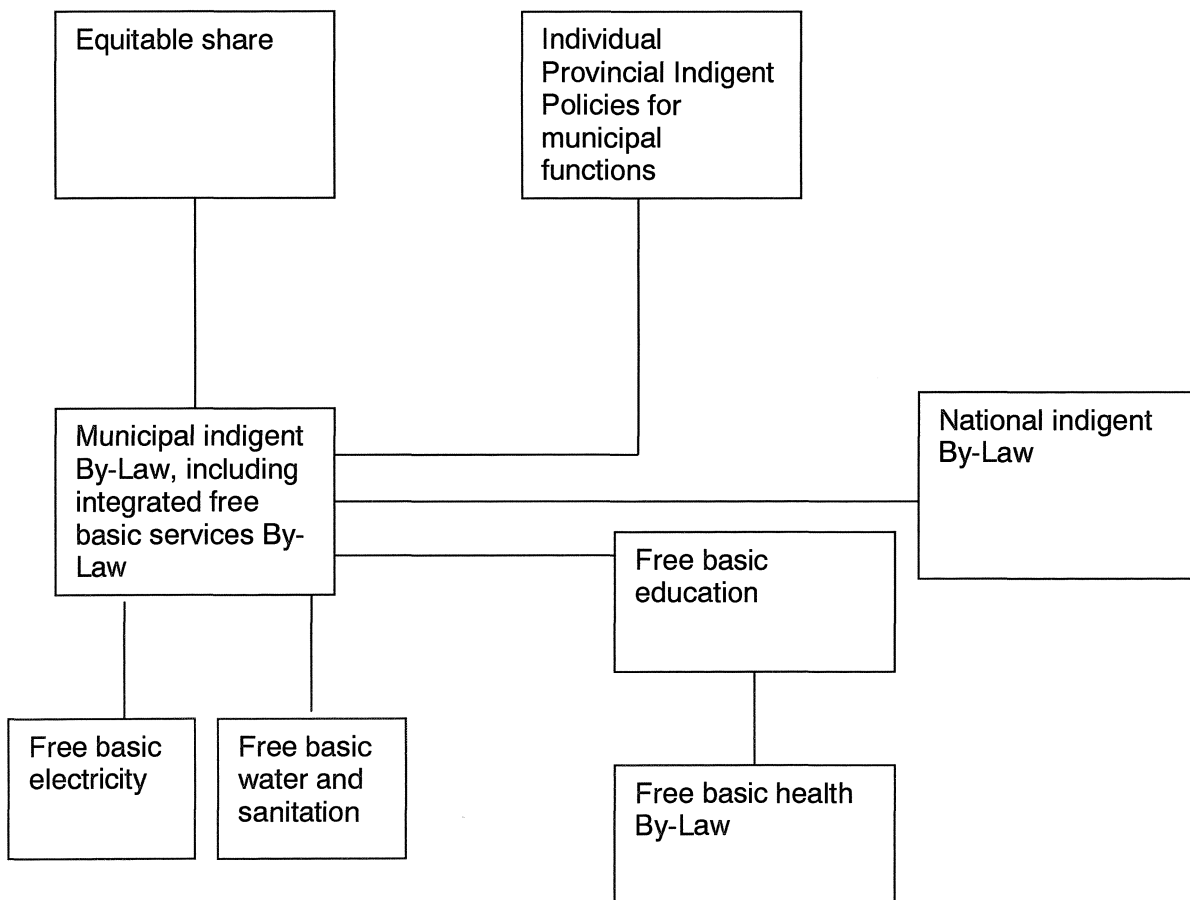
The relationship between key policies of the 3 tier governments is shown below:-

Relationships of Government Policies

Local Government

Provincial

National



6. Strategic Objective

- 6.1. The objective of this By-Law is an attempt to close the gap between those who are indigent and other citizens of Buffalo City Metropolitan Municipality, through the targeted assistance with free allocations of electricity, water and other services, together with broader based access to housing, community services, employment initiatives and basic health care. This objective should ensure that all citizens of Buffalo City Metropolitan Municipality are able to participate in the community, and are not barred through their indigent status.
- 6.2. The long term objective is to move those who are indigent away from the need for free basic services and other support measures into a more positive developmental role as ratepaying citizens of the community.

7. Guidelines relating to free basic services which complement this By-Law

It is also recognized that there are several existing sector-specific strategies and guidelines relating to free basic services which complement this By-Law, including:

- 7.1. Free basic water strategy and guideline prepared by the Department of Water Affairs and Forestry (DWAF).
- 7.2. Free basic sanitation strategy and guideline also prepared by DWAF.
- 7.3. Guideline on tariffs for municipal solid waste services prepared by the Department of Environmental Affairs and Tourism.
- 7.4. Electricity basic support tariff (free basic electricity) By-Law prepared by the Department of Minerals and Energy.
- 7.5. The Property Rates Act, which provides for zero-rating of low value properties, thereby ensuring that households on these properties gain access to a package of public services free.

8. By-Law Objectives

- 8.1. In support of the above principles, the first objective of this By-Law will be to ensure that the indigent get **physical access** to services. This means that the necessary capital infrastructure, including water supply, sanitation and refuse removal systems are in place. Similarly, if the services required are not properly **operating or maintained**, the indigent do not have access either and continue to life without the necessities of life. In order for these services to be provided, an arrangement of subsidies needs to be put in place and that these subsidies are properly **targeted** in such a way that the indigent benefit and that those who are not indigent pay.

- 8.2. The provision of a range of basic services (the “basket of services” approach) in the community in a sustainable manner within the financial and administrative capacity of the Council.
- 8.3. The financial sustainability of free basic services through the determination of appropriate tariffs that contribute to such sustainability through cross-subsidisation.
- 8.4. Establishment of a framework for the identification and management of indigent households including a socio-economic analysis where necessary and an exit strategy.
- 8.5. The provision of procedures and guidelines for the subsidisation of basic charges and the provision of free basic energy to indigent households and
- 8.6. Cooperative governance with other spheres of government.
- 8.7. Detailed procedures will be decided from time to time and do not form part of this document. However, the framework for procedures includes:
 - 8.7.1. A registration process where municipality actively canvass residents for information on their qualification for the indigent subsidy, as opposed to residents making their own enquiries as to their status. This includes communication campaigns and more general reminders about the right to claim, as well as specific information around the claims procedure.
 - 8.7.2. The granting of a subsidy only to those who have correctly registered, with procedures around the detection of fraud and changes in circumstance e.g income levels rising above the threshold for subsidy.
 - 8.7.3. The active participation of Ward Councillors in the identification of indigent households and the explanation of the scheme to residents in their Ward.
 - 8.7.4. A review and audit procedure where those in receipt of the indigent subsidy are checked from time to time on their continuing qualification for subsidies, and where the procedures themselves are reviewed for continuing efficiency, relevance and effective targeting of the indigent in the Municipality.
 - 8.7.5. An exit strategy around the continuing need for support from the municipality.

9. Key Principles

The municipality promotes the following principles:

- 9.1. To ensure that the Equitable Share received annually will be utilized for the benefit of the poor only and not to subsidise rates and services charges of those who can afford to pay.
- 9.2. To link this By-Law with the Integrated Development Plan, local economic development initiatives and poverty alleviation programmes and other relevant Council policies.

- 9.3. To promote an integrated approach to free basic service delivery and other social services provided by the municipality.
- 9.4. To engage the community in the development and implementation of this By-Law.

The guiding principles used for targeting the indigent are:

- 9.5. Equity: the subsidy promotes both horizontal equity (people are treated equally across the municipality in the way tariffs influence their access to services) and vertically (groups with greater ability to pay should pay more).
- 9.6. Efficiency: incentives are provided for efficient production and allocation of services.
- 9.7. Environmental sustainability: tariffs and subsidies promote the delivery of services in an environmentally sustainable manner.
- 9.8. Financial viability: subsidies must be affordable.
- 9.9. Promotion of local economic development: tariffs and subsidies should work to enhance the impact on local economic development.
- 9.10. Implementability: the policies chosen are straightforward to implement.

10. Targeting and Qualification Criteria

- 10.1. There are several ways in which the indigent can be targeted for the indigent subsidy and the wider social services provided by a municipality, including service levels, service consumption, property value, household income and geographic (zonal) targeting. Buffalo City Metropolitan Municipality has targeted its indigent households through the socio-economic information and performance indicators contained in the IDP, local economic development initiatives and its other poverty relief programmes.

The Municipality has, within its financial and institutional capacity, chosen to use the following qualification criteria:

- 10.1.1. **Primary Qualification: - Property value:** Any property with a value which is less than or equal to the value of a new RDP house will be considered to be occupied by indigent resident/s. This value will be determined by Council from time to time.
- 10.1.2. **Secondary Qualification: - Gross Income less tax and pension:** A single household where the combined income of the household (gross household income) does not exceed the poverty threshold value, as determined by Council from time to time or the value of two state social grants per month. Child grants will not be considered when determining household income. Rural applicants will be considered according to this criterion.

10.2 Property ownership:

- 10.2.1 Living in a property owned by a member of the household, with the homeowner residing at that property.
- 10.2.2 Any occupant or resident of the single household may not own any property in addition to the property in respect of which indigent support is provided.
- 10.2.3 Property of indigent household may be inspected annually to determine validity of application or indigency.

10.3 **Registration:** The household must be a resident of and have a registered account with the Municipality, except households in informal settlements and in rural areas where no accounts are rendered.

10.4 **South African citizens or recognised refugees:** Members of the household must be South African citizens (with Identity Card) or have recognised refugee status (proof of status needed).

10.5 **Tenants:** A tenant or occupier as described in Council Credit Control By-Law and By-Law can apply for the benefits in respect of the charges he/she is billed for while the landlord remains liable for all ownership related charges such as rates.

10.6 **Deceased estates:** The account of a deceased estate may be subsidised if the surviving spouse or dependants of the deceased who occupy the property apply for assistance. This includes minor children in the case of child-headed households.

11 Service levels

The extent of the monthly indigent support granted to indigent households will be based on budgetary allocations for a particular financial year and the tariffs determined for each financial year. Within the above framework, and striving to create a situation where poor households will be granted access to a full social package, the following assistance and support will be granted:

11.1 Water

Each registered indigent household shall receive water subsidised to a maximum approved by the Council from time to time.

11.2 Electricity

Each registered indigent household shall receive electricity subsidised to a maximum approved by the Council from time to time. This subsidy may also apply to registered indigent households in rural areas where Eskom is the electricity supplier.

11.3 Refuse removal

Each registered indigent household shall be subsidised for refuse removal as provided for in the annual budget.

11.4 Sanitation

Each registered indigent household shall be subsidised for sanitation as provided for in the annual budget.

11.5 Property rates

Each registered indigent household shall be subsidised for property rates as provided for in the annual budget as approved by Council.

11.6 Rental (Dwellings and Sites)

Subsidy will be granted in respect of all dwellings or sites belonging to the municipality up to maximum amount of subsidy as approved by Council annually.

11.7 Fire levy

Subsidy will be granted in respect of fire levies up to maximum approved by Council.

The total social package will not exceed the amount budgeted for social packages as approved by Council.

11.8 Alternative energy sources

Indigent households in informal settlements where no electricity is available may, on application, be provided with alternative energy sources including, but not limited to: paraffin, fire gel, liquefied petroleum gas, etc., provided that procurement of service providers or services shall be subject to the Supply Chain Management By-Law and procedures of the Municipality and that the support given does not exceed the threshold or value of free electricity given to other indigent households.

11.9 Housing assistance

Housing assistance is provided as a means of technical, rather than financial support. The municipality must ensure that sufficient land is identified within the municipality, in appropriate locations, for all the residents in the municipality and that the necessary planning is undertaken to ensure that this land can be properly developed. Further, to ensure that funding available from the province for housing is properly allocated to assist the indigent with access to serviced plots.

11.10 Short term assistance

An indigent person in incidental distress may, on application, be assisted for a period not exceeding six months. Incidental distress will mean a person who is:

- 11.10.1 Temporarily unemployed
- 11.10.2 Hospitalised
- 11.10.3 Vacating their house eg sick, to be cared for by relatives

Such persons qualify for assistance if they are not receiving any assistance from any other source.

11.11 Burials (Pauper Burials)

In the event of a death of a dependent member of an indigent household, the municipality may, on application, exempt the household from the cost of digging and preparation of a grave, provided that the burial takes place in a municipal cemetery/within municipal area, subject to pauper burial By-Law.

11.12 Transfer of properties

In the event of the death of the title holder of a property in an indigent household, the Municipality may enter into agreements with local attorneys, the Legal Aid Board or the provincial Law Society for the transfer of the property into the name of the successor at the lowest possible cost.

12 Indigent Households in Retirement Centres

Indigent consumers living in retirement centres shall be eligible to qualify for assistance and support in terms of this By-Law, subject to the following rules and procedures:

- 12.1 The onus will be upon the board of trustees/managing agent/chairperson of the retirement centre to apply to the municipality for indigent status to be granted in respect of water consumption on behalf of the owners of those units who meet the criteria and conditions for qualification.
- 12.2 The onus will be upon the unit owner to apply to the municipality for indigent status to be granted in respect of property rates and service charges.
- 12.3 The representative of the retirement centre will submit applications to the Chief Financial Officer. These applications must be accompanied by a certified copy of the Sectional Title Plan of the retirement centre, which indicates the participation quota for each unit as registered in the Deeds Office.
- 12.4 The Indigent Section supervisor must verify all applications and must notify:
 - 12.4.1 The representative of the retirement centre whether an application was successful or not with regard to water consumption and,
 - 12.4.2 The unit owner whether an application was successful or not with regard to property rates and other related charges

12.5 The Chief Financial Officer will credit:

12.5.1 The monthly municipal water account of a retirement centre with water charges, the amount of which shall be calculated by dividing the total number of kilolitres of water consumed by the centre by the number of units in the complex, up to a maximum as prescribed by the Council, for each unit that qualifies for assistance and,

12.5.2 The general rates and refuse charges account of the unit owner with the full amount charged.

12.6 The representative of the retirement centre in respect of which monthly water credits are allowed under indigent support must ensure that such credits are offset against the monthly levies of the relevant individual units; such representative also being required once every six months, or at such intervals as may be determined by the municipality, to provide proof to the Chief Financial Officer that the monthly levies of poor households which qualify for assistance have been adjusted by the amounts credited to the account of the retirement centre.

13 Process Management

13.1 Processing Time

Applications will be processed within 30 days from the date of receipt.

13.2 Validity period

The validity period for assistance will be for a maximum period of 36 months except for those in receipt of social grants.

13.3 Death of registered applicant

In the event that the approved applicant passes away, the heirs of the property must re-apply for indigent support provided that the stipulated criteria are met.

13.4 Publication of register of indigent households

Names of indigent beneficiaries must be open for public perusal and comment. Such publication will occur annually. Written objections from the public must be referred to the Indigent Support Supervisor who will be responsible for investigating the validity of the complaint and for taking appropriate action.

13.5 Excess consumption of services

If the level of consumption of the indigent household exceeds the total package of free basic services as approved by the Municipality, from month to month or exceeds the monthly charges raised on the indigents account; the household will be obliged to pay for the excess consumption on a monthly basis. Such accounts will be subject to the Municipality's credit control and debt collection measures.

13.6 Termination of indigent support

Indigent support will be terminated under the following circumstances:

- 13.6.1 Death of the account holder unless the surviving dependants are minor children.
- 13.6.2 End of the 36 month cycle, except for those in receipt of social grants.
- 13.6.3 Upon change of ownership of the property in respect of which support is granted.
- 13.6.4 When circumstances in the indigent household have improved to the point of exceeding the gross income threshold as prescribed by Council.
- 13.6.5 If the applicant is found to have lied about his/her personal circumstances or has furnished false information regarding indigent status, in which case the following will apply:
 - 13.6.5.1 All arrears will become payable immediately
 - 13.6.5.2 Stringent credit control measures will apply and
 - 13.6.5.3 The applicant will not be eligible to apply for indigent support for a period of two years.

13.7 Audit and Review

- 13.7.1 The Municipality may conduct regular audits of the indigent register with regard to:
 - 13.7.1.1 the information furnished by applicants,
 - 13.7.1.2 possible changes in status,
 - 13.7.1.3 service consumption and debt collection measures applied and
 - 13.7.1.4 reviewing the current status of applicants.
- 13.7.2 The frequency of such audits will be 3 years depending on the institutional capacity of the Municipality to do so.
- 13.7.3 Periodic inspections should be undertaken, during the 3 years with a complete audit scheduled after 3 years.

13.8 Exit programme

- 13.8.1 Members of households registered as indigent must be prepared to participate in exit programmes coordinated by the Municipality in collaboration with other government departments and the private sector.
- 13.8.2 As part of its poverty reduction programme, the Municipality undertakes to provide for the participation and accommodation of indigent persons in its local economic development initiatives and in the implementation of integrated development programmes where possible.
- 13.8.3 Buffalo City Metropolitan Municipality will promote the exit from indigency by:
 - 13.8.3.1 Identifying indigents for inclusion in public works projects

- 13.8.3.2 Initiating local job creation projects such as cleansing operations, small infrastructure projects etc.
- 13.8.3.3 Facilitation of opportunities to enter the informal trade market
- 13.8.3.4 Facilitation of food security projects and
- 13.8.3.5 Liaison with national and provincial Departments to include indigent persons in their public works programmes.

14 Monitoring and reporting

14.1 The Chief Financial Officer shall report monthly to the Buffalo City Metropolitan Municipality in a suitable format to enable the City Manager to report to Council and other interested parties. Such report shall reflect on:

- 14.1.1 Number of indigent households who applied and were approved
- 14.1.2 Time taken to process and finalise applications
- 14.1.3 Site visits undertaken
- 14.1.4 Amount of subsidy allocated per service category
- 14.1.5 Amount of debt accumulating and debt recovery information, ideally divided into wards, domestic, state, institutional and other such divisions
- 14.1.6 Performance of all areas against targets set in the municipality's performance management system
- 14.1.7 Changes in the registered status of indigents

15 Appeals

Any aggrieved person who was not successful in the application to be regarded as an indigent, may lodge an appeal to the Buffalo City Metropolitan Municipality within a period of 14 days from the date on which the aforesaid decision was communicated to the applicant.

16 Capacity building

16.1 The municipality must ensure that all officials and councilors are appropriately capacitated in Free Basic Services in terms of the following key areas:

- 16.1.1 Database management
- 16.1.2 Demand and revenue management
- 16.1.3 By-Law and by-law implementation

ANNEXURE "A"**Assistance Procedures applicable to this By-Law****1. Communication**

The municipality will develop a communications strategy in terms of which communities will be informed and educated in order to have a clear understanding of this By-Law, its implementation and limitations. Regular information dissemination regarding this By-Law through ward committees, community based organisations and face to face contact by means of imbizos will be undertaken.

Council will also embark on programs or campaigns to inform or identify households that are indigent, in order to register them on the Municipality's database, so that they can access the benefits and support in terms of this By-Law.

2. Application/Registration

A person applying for assistance must complete a formal indigent support application form approved by the Municipality and must meet the qualification criteria as stipulated in paragraph 9 of this By-Law.

The following procedure must be followed to register all indigents on the Municipality's database, namely:

- 2.1 Applicant collects prescribed application forms from the nearest Finance Department enquiry counter.
- 2.2 An official will explain to the applicant how to complete the form and also check if the applicant is already registered as an account holder or has a prepayment electricity meter.
- 2.3 Applicant submits the necessary documentation, namely:
 - Completed application forms, signed by Ward Councillor
 - South Africa Identification Document
 - Proof of income
 - Proof of residence
 - Proof of ownership of property
 - Marriage certificate if married, and copy of spouse's Identity Document
 - Death certificate if deceased account holder
 - Affidavit if unemployed
- 2.4 The application form is recorded and applicant issued with a card or acknowledgement of receipt of application form.
- 2.5 Official checks that application is recommended and signed by relevant Ward Councillor.

- 2.6 Application form and attached documents are scrutinised for correctness of details.
- 2.7 Incorrect or incomplete forms are returned to the applicant for rectification/completion.
- 2.8 The application is approved and signed by the Head of the Indigent Section OR if refused, is also submitted to the Head for consideration. The final decision is communicated in writing to the applicant.
- 2.9 Inspectors are sent to the household to verify the status of applicant.
- 2.10 Where the property is occupied by minor children, the account is to be left in the name of the estate.

3. Approved applications

All applications that meet the prescribed qualification criteria are then processed on the financial system.

A copy of the approved application is sent to the Prepaid Electricity Vending section for the applicant to be flagged as Indigent in the prepayment system. This ensures that the applicant gets his/her monthly free issue and is charged the indigent tariff.

The total monthly subsidy applicable on service charges will be reflected on the monthly statement of account after approval.

4. Provision of false information

If it is ascertained *before* the Indigent Subsidy has been granted that the applicant has provided false information on the application form, or does not stay on the property, the application will be referred to the Head of the Indigent Section to be declined and a letter written to the applicant to inform him/her of the outcome.

If it is established *after* the Indigent Subsidy has been granted that the household has submitted fraudulent information, then the subsidy will be immediately cancelled retrospectively from the date of implementation and the relevant Ward Councillor informed. A penalty fee will be charged to the account of the house owner.

A. FANI

CITY MANAGER

(9919)

.....

No. 67



**BUFFALO CITY
METROPOLITAN MUNICIPALITY**

Buffalo City Metropolitan Municipality

Credit Control By-Law

Reviewed by BCMC on
Council Resolution Number:

Buffalo City Metropolitan Municipality Credit Control By-Law



1. BY-LAW TITLE

CREDIT CONTROL BY-LAW

2. PREAMBLE

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

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

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

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

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

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

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

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

Buffalo City Metropolitan Municipality

Credit Control By-Law



Adoption of a Credit Control By-Law

The Buffalo City Metropolitan Municipality hereby adopted a Credit Control and Debt Collection by-law in terms of section 96(b) of the Local Government: Municipal Systems Act, No. 32 of 2000.

3. DEFINITIONS

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

“Arrangement”	means a written agreement entered into between the Municipality and the debtor where specific repayment parameters are agreed to. Such arrangement does not constitute a credit facility envisaged in terms of section 8(3) of the National Credit Act but is deemed to be Incidental Credit as envisaged in terms of section 4(6)(b) read with section 5(2) and (3) of the National Credit Act.
“Arrears”	means those rates and service charges that have not been paid by the due date and for which no arrangement has been made.
“Account”	means an account rendered specifying charges for services provided by the municipality, or any authorized and contracted service provider, and which account may or may not include assessment rates levies;
“Authorized Representative”	means a person or instance legally appointed by the Municipality to act or to fulfil a duty on its behalf
"Billing date"	means the date upon which the monthly statement is generated and debited to the customer's account.
"Business premises"	means premises utilized for purposes other than residential and excludes the following: - <ul style="list-style-type: none"> (a) hospitals, clinics and institutions for mentally ill persons which are not operated for gain; (b) museums, art galleries, libraries and botanical gardens which are registered in the names of private persons and are open to the public, whether admission fees are charged or not;

Buffalo City Metropolitan Municipality Credit Control By-Law



	<ul style="list-style-type: none"> (c) sports grounds used for the purpose of amateur sports and any social activities which are connected with such sports; (d) any property registered in the name of an institution or organization which, in the opinion of the Municipality, performs charitable work; (e) any property utilized for bona fide church or religious purposes.
"Chief Financial Officer"	means the person appointed as the Chief Financial Officer of the Municipality, or his or her nominee.
"Credit Control"	means all the functions relating to the collection of monies owed by ratepayers and the users of municipal services.
"Council"	means the Municipal Council of Buffalo City Metropolitan Municipality or any duly authorized Committee, political office bearer or official of the said Council.
"Customer"	means any occupier of any premises to which the Municipality has agreed to supply or is actually supplying services, or if there is no occupier, then the owner of the premises and includes any debtor of the Municipality.
"day/days"	means calendar days, inclusive of Saturdays, Sundays and public holidays.
"Debt Collection Agent"	means a debt collector or attorney appointed by the municipality to collect rates and service charges.
"Debt Collection"	means the activity to collect monies owed by a debtor.
"Debt Impairment Allowance"	means the irrecoverable amount calculated on the billing debtor balance as at 30 June of a financial year by which the debtor balance must be reduced in the Annual Financial Statements.
"Defaulter"	<p>means any person owing the Municipality arrear monies in respect of taxes and/or service charges.</p> <p>in relation to –</p> <ul style="list-style-type: none"> (a) rates due in respect of any immovable property, means the thirtieth (30) day of September of the financial year for which such rate is made, or any other date determined by the Council by notice in the Provincial Gazette, and

Buffalo City Metropolitan Municipality Credit Control By-Law



- (b) in respect of service charges due in respect of any immovable property, means the date for payment indicated on the account.
- (c) should such day fall on a Saturday, Sunday or public holiday the due date shall be the next working day.

“Due Date”

means:
the date the municipal account is due and payable, which is the fifteenth (15th) of every month, unless this day falls on a weekend or public holiday, in which case the due date is the first working day following the fifteenth (15th) of the month.

"Immovable property"

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

“Implementing Authority”

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

"Indigent debtor”

means:
(a) the head of an indigent household:
(i) who applied for and has been declared indigent in terms of the Municipality’s Indigent Support Policy for the provision of services from the municipality; and
(ii) who makes application for indigent support in terms of the Municipality’s Indigent Support Policy on behalf of all members of his or her household;

(b) orphaned minor children duly represented by their legal and/or defacto guardians.

“Indigent Support Programme”

means a structured programme for the provision of indigent support subsidies to qualifying indigent debtors in terms of the Municipality’s Indigent Support Policy.

"Indigent Support Policy”

means the Indigent Support Policy adopted by the Council of the Municipality.

“Interest”

means a charge levied on all arrear monies with the same legal priority as service fees and calculated at a rate determined by the Municipality, from time to time;

"Month"

means a calendar month.

"Monthly average consumption" means the monthly average consumption in respect of that

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	property calculated on the basis of consumption over the preceding or succeeding twelve months.
"Municipal pay point"	means any municipal office in the area of jurisdiction of the municipality designated by the Municipality for such purposes, or any such other places as the Chief Financial Officer may from time to time designate.
"Municipal services"	means services provided either by the municipality, or by an external agent on behalf of the Municipality in terms of a service delivery agreement.
"Municipality"	means the Buffalo City Metropolitan Municipality.
"City Manager"	means the City Manager of the Buffalo City Metropolitan Municipality or his or her nominee acting in terms of power delegated to him or her by the said City Manager with the concurrence of the Council.
"Occupier"	means the person who controls and resides on or controls and otherwise uses immovable property, provided that - <ul style="list-style-type: none"> (a) the husband or wife or life companion of the owner of immovable property which is at any time used by such owner and husband or wife or life companion as a dwelling, shall be deemed to be the occupier thereof; (b) where a husband and wife or life companion both reside on immovable property and one of them is an occupier thereof; the other shall also be deemed to be an occupier thereof.
"Owner"	in relation to immovable property means - <ul style="list-style-type: none"> (a) the person in whom is vested the legal title thereto provided that - <ul style="list-style-type: none"> (i) the lessee of immovable property which is leased for a period of not less than thirty years, whether the lease is registered or not, shall be deemed to be the owner thereof; (ii) the occupier of immovable property occupied under a service servitude or right analogous thereto, shall be deemed to be the owner thereof; (b) if the owner is dead or insolvent or has assigned his or her estate for the benefit of his creditors, has been placed under curatorship by order of court or is a company being wound up or under judicial management, the person in whom the administration of such property is vested as executor, administrator, trustee, assignee, curator, liquidator or judicial manager, as the case may be, shall be deemed to be the owner thereof; (c) if the owner is absent from the Republic or if his address

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	<p>is unknown to the Municipality, any person who as agent or otherwise receives or is entitled to receive the rent in respect of such property, or</p> <p>(i) if the Municipality is unable to determine who such person is, the person who is entitled to the beneficial use of such property.</p>
"Premises"	<p>includes any piece of land, the external surface boundaries of which are delineated on:</p> <p>(a) A general plan or diagram registered in terms of the Land Survey Act, (9 of 1927) or in terms of the Deed Registry Act, 47 of 1937; or</p> <p>(b) A sectional plan registered in terms of the Sectional Titles Act, 95 of 1986, which is situated within the area of jurisdiction of the Council.</p>
"Prescribed"	<p>means prescribed by this by-law and where applicable by the the Council or the City Manager.</p>
"Prescribed debt"	<p>means debt that becomes extinguished by prescription in terms of the Prescription Act 68 of 1969.</p>
"Person"	<p>means a natural and juristic person, including any department of state, statutory bodies or foreign embassies.</p>
"Rates"	<p>means any tax, duty or levy imposed on property by the municipality.</p>
"Reconnection fee"	<p>means the penalty fee imposed on a defaulting debtor appearing on the debt collection action list, and is due and payable irrespective if the services have been suspended or not.</p>
"Registered owner"	<p>means that person, natural or juristic, in whose name the property is registered in terms of the Deeds Registry Act, no. 47 of 1937.</p>
"Responsible person"	<p>means any person other than the registered owner of an immovable property who is legally responsible for the payment of municipal service charges.</p>
"Service Agreement"	<p>means the application form that is completed by the owner of the property for the provision of Municipal services</p>
"Service charges"	<p>means the fees levied by the Municipality in terms of its tariff policy for any municipal services rendered in respect of an immovable property and includes any penalties, interest or surcharges levied or imposed in terms of this by-law.</p>

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“Service delivery agreement”	means an agreement between the Municipality and an institution or persons mentioned in section 76(b) of the Local Government: Municipal Systems Act 32 of 2000.
“Sundry debtor accounts”	means accounts raised for miscellaneous charges for services provided by the Municipality or charges that was raised against a person as a result of an action by a person and which was raised in terms of the Council’s policies, by-laws and decisions
“Supervisory Authority”	means the Executive Mayor of the Municipality or his or her nominee, acting in terms of Section 99 of the Municipal Systems Act 32 of 2000.
“Tariff”	means any rate, tax, duty and levy or fee which may be imposed by the municipality for services provided either by itself or in terms of a service delivery agreement.
“Tariff Policy”	means a Tariff Policy adopted by the Council in terms of Section 74 of the Local Government: Municipal Systems Act 32 of 2000.
“User”	means the owner or occupier of a property in respect of which municipal services are being rendered.

4. BY-LAW STATEMENT

It is the policy of Buffalo City Metropolitan Municipality to effectively collect all revenue due to it.

5. MAIN PURPOSE

The main purpose of the Credit Control By-Law is to effectively collect all revenue due to the Municipality

6. SCOPE OF THE BY-LAW

The Credit Control By-Law applies to all billed customers within the Buffalo City Metropolitan Municipal boundaries.

Buffalo City Metropolitan Municipality Credit Control By-Law



7. LEGAL FRAMEWORK

The statutory framework on which the Credit Control By-Law is founded is as follows:

Constitution of the Republic of South Africa Act 108 of 1996 (*'the Constitution'*)

Section 152 (1) (b)
Section 153 (a)
Section 195 (1)

Local Government: Municipal Systems Act 33 of 2000 (*'the Systems Act'*)

Section 4 (1) (c)
Section 5 (1) (g), read with subsection (2) (b),
Section 6 (2) (c), (e) and (f)
Chapter 9, sections 95, 96, 97, 98, 99 and 100,

8. STRATEGIC OBJECTIVES

To collect all Revenue due to the Municipality

9. GUIDING PRINCIPLES

The guiding principles supported in this by-law are: -

- (1) The administrative integrity of the municipality must be maintained at all times.
- (2) The by-law must have the full support of the Council and the community.
- (3) Councillors must have full knowledge of the implementation and enforcement of the by-law.
- (4) The Executive Mayor oversees and monitors the implementation and enforcement of this by-law.
- (5) The City Manager implements and enforces this by-law.

Buffalo City Metropolitan Municipality Credit Control By-Law



- (6) The City Manager may delegate the implementation and enforcement of this by-law to the Chief Financial Officer.
- (7) Customers must apply for services from the Municipality by the completion of the prescribed application form.
- (8) Customers must receive regular and accurate accounts that indicate the basis for calculating the amounts due.
- (9) Customers must pay their accounts regularly by the due date.
- (10) Customers are entitled to reasonable access to pay points and to a variety of reliable payment methods.
- (11) Customers are entitled to an efficient, effective and reasonable response to appeals, and should not suffer any disadvantage during the processing of a reasonable appeal.
- (12) Debt collection action will be instituted promptly, consistently, and effectively without exception and with the intention of proceeding until the debt is collected.

10. GOVERNANCE ISSUES

- (1) The Executive Mayor oversees and monitors –
 - (a) The implementation and enforcement of the municipality's credit control by-law.
 - (b) The performance of the City Manager in implementing the credit control by-law.
- (2) The Executive Mayor shall at least once a year, cause an evaluation or review of the credit control by-law to be performed in order to improve the efficiency of the Municipality's credit control and debt collection mechanisms, processes and procedures and to the implementation of this by-law.
- (3) The City Manager shall submit a report to the Council regarding the implementation of the credit control by-law at such intervals as the Council may determine.
- (4) The City Manager: -
 - (a) Implements and enforces the credit control by-law.
 - (b) Is accountable to the Executive Mayor for the enforcement of the by-law and shall submit a report to the Executive Mayor regarding the implementation and enforcement of the Credit Control By-Law at such intervals as may be determined by Council.

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- (c) Must establish effective administration mechanisms, processes and procedures to collect money that is due and payable to the Municipality.
 - (d) Where necessary, propose to the Executive Mayor with the aim of improving the efficiency of the credit control and debt collection mechanisms, processes and procedures.
 - (e) Establish effective communication between the Municipality and account holders with the aim of keeping account holders abreast of all decisions by the Council that may affect account holders.
 - (f) Establish customer service centres, which are located in such communities as determined by the Municipality.
 - (g) Convey to account holders information relating to the costs involved in service provision, the reasons for payment of services are utilized, and may where necessary; employ the services of local media to convey such information.
- (5) The City Manager may, in writing, delegate any of the powers entrusted or delegated to him or her in terms of the Council's Credit Control by-law to the Chief Financial Officer.
- (6) A delegation in terms of subsection (5) –
- (a) Is subject to any limitations or conditions that the City Manager may impose;
 - (b) May authorize the Chief Financial Officer to, in writing, sub-delegate power to another official of the municipality;
 - (c) Does not divest the City Manager of the responsibility concerning the exercise of the delegated power.
- (7) The Chief Financial Officer shall be responsible to the City Manager for the implementation, enforcement and administration of this by-law, and the general exercise of his powers in terms of this by-law.

11. BY-LAW

Buffalo City Metropolitan Municipality Credit Control By-Law



1. APPLICATION FOR THE PROVISIONS OF MUNICIPAL SERVICES

- (1) A Customer who requires the provision of municipal services must apply for the service from the Municipality, in writing.
- (2) No registrations or additions to the customer database can be processed unless legal documentation acceptable to the Chief Financial Officer has been produced in each instance.
- (3) The application for the provision of municipal services must be made by the registered owner of an immovable property. If there is an outstanding debt on the property, this debt must be settled in full before the new customer is registered.
- (4) The Municipality will not entertain an application for the provision of municipal services from a tenant of a property, or any other person who is not the owner of the property.
- (5) The only exception to point (4) above is that individuals and businesses with lease agreements who lease properties from the Municipality will be allowed to open an account in the name of the lessee of the property. Registered indigent tenants will be allowed in terms of the Deceased Estate and Absconded Owner Schemes to open accounts in their name in order to benefit from the rebates offered by the Municipality. A tenant account may be opened in the name of the Government department/s who lease properties to their tenants.
- (6) An agent may, with a proxy open an account in the name of the owner provided all the statutory information of the owner is supplied provided all the statutory information of the owner is supplied.
- (7) The application for the provision of municipal services must be made in writing on the prescribed application form that is provided by the

Buffalo City Metropolitan Municipality Credit Control By-Law



Municipality.

- (8) By completing the prescribed application form for the provision of municipal services the Customer of services enters into an agreement with the Municipality. Such agreement does not constitute a credit facility envisaged in terms of section 8(3) of the National Credit Act (NCA) but shall be an incidental credit agreement as envisaged in terms of section 4(6)(b) of the NCA, to which the NCA will only apply to the extent as stipulated in section 5 of the NCA.
- (9) The agreement with the Municipality makes provision for the following:
- (a) An undertaking by the owner that he or she will be liable for collection costs including administration fees, interests, disconnection and reconnection costs, and any other legal costs occasioned by his or her failure to settle accounts by the due date;
 - (b) An acknowledgement by the owner that accounts will become due and payable by the due date notwithstanding the fact that the owner did not receive the account; and
 - (c) That the onus will be on the owner to ensure that he or she is in possession of an account before the due date.
 - (d) An undertaking by the Municipality that it shall do everything in its power to deliver accounts timeously.
 - (e) An undertaking by the Directors of Companies or members of Closed Corporations and Trustees of Trusts that they will be held individually responsible for the payment of the account, should the company or closed corporation or Trust default on payment of the account, in terms of the terms and conditions as stipulated in the application for services agreement

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- (10) The application for the provision of municipal services shall be made at least ten (10) days prior to the date on which the services are required to be connected.
- (11) On receipt of the application for provision of municipal services, the Municipality will cause the reading of metered services linked to the property to be taken on the working day preceding the date of occupation.
- (12) The first account for services will be rendered, after the first meter reading cycle to be billed following the date of signing the service agreement.
- (13) Customers who fail to register and who illegally consume services will be subjected to such administrative, civil or criminal action as the Municipality deems appropriate
- (14) Where the purpose for or extent to which any municipal service used is changed, the onus and obligation is on the owner to advise the Municipality of such change.

2. DEPOSITS AND GUARANTEES

- (1) On application for the provision of municipal services the prescribed Customer deposit shall be paid.
- (2) A guarantee in lieu of a deposit will be accepted on application for the provision of municipal services by a business in terms of the prevailing conditions determined by the Municipality at the time of the application.
- (3) Existing Customers moving to a new address are required to pay the prescribed Customer deposit on application for the provision of municipal services at the new address.

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- (4) The minimum deposit payable is determined annually by the Council and is contained in the tariff book produced annually.
- (5) The Customer deposit paid on application for the provision of municipal services may be increased or decreased, upon written notice to Customers, if found that the deposit is not equal to the estimated charges for the supply of electricity and water for a period of three (3) months.
- (6) The Municipality may increase the amount of the deposit required from the owner of a property where the electricity supply had been disconnected at least twice during the preceding period of twelve months, after the owner of the property was given notice of the Municipality's intention to increase the deposit.
- (7) On termination of the supply of services the amount of the deposit less any payment due to the Municipality will be refunded to an account holder, provided that payments due are less than the deposit paid, and that the account holder has provided a forwarding address.
- (8) The Municipality may appropriate a customers' deposit on any account related to that customer

3. ACCOUNTS, BILLING AND RESPONSIBILITY FOR PAYMENT

- (1) The Municipality provides all Customers of municipal services monthly with a consolidated account for all services rendered.
- (2) The consolidated account will include property rates charges where applicable.
- (3) Accounts are produced on a monthly basis in cycles of approximately 30 days.

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- (4) All accounts rendered by the Municipality shall be payable on the due date as indicated on the account.
- (5) Amounts on accounts, which remain unpaid after the due date, shall attract interest on arrears irrespective of the reason for non-payment.
- (6) All accounts are payable by the due date regardless of the fact that the person responsible for the payment of the account has not received the account. The onus is on the account holder to obtain a copy of the account before the due date.
- (7) Customers are required to update their information details with the Municipality as and when their details change. The Municipality will, in a cycle of two (2) years send out a pre-populated document related to the updating and verification of customer information which must be completed by the account holder or proxy and be submitted to the municipality within the prescribed period as determined by the Municipality. Failure to respond to the Municipality's request for updated information will result in withholding of services, disconnection of services or any other appropriate action.
- (8) When electricity and water consumption is recorded on a property during a period for which there is no registered customer against whom a bill can be raised, the relevant charges for electricity and water services shall be raised against the registered owner on his consolidated bill.
- (9) The Municipality bills an owner of a property for the following rates and service charges: -
 - (a) Property Rates, Refuse and Sewerage charges
 - (i) Property rates, refuse and sewerage charges are billed monthly. The owner of the immovable property must make

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a written application to the Municipality in order to be billed on an annual basis.

- (ii) The Municipality's preference is that property rates, refuse and sewerage charges be charged monthly. Due to historical legislation these charges are being charged monthly and annually.
- (iii) Property rates, refuse and sewerage charges charged annually are billed on the July account of each year and the due date for the payment of these charges is 30 September of each year.
- (iv) Property rates refuse, and sewerage charges charged monthly are billed on the monthly accounts and the due date for the payment of the charges will be as indicated on the accounts.
- (v) The tariffs to calculate the Property rates, refuse and sewerage charges are determined annually and approved by the Council and are contained in the tariff book produced by the Municipality.

(b) Electricity and Water Charges

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

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Municipality.

- (iv) Consumption that is not metered will be charged at a tariff as determined by the Municipality.

(c) Fire levy

- (i) Property owners within Buffalo City Metropolitan Municipality area are charged a fire levy instead of being charged when the Fire Department responds to fire calls in respect of dwellings and businesses and vacant land.
- (ii) The fire levy is charged monthly on the account produced by the Municipality.

(d) Sundry Debtor accounts

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

(10) Final accounts

- (a) On receipt of an application for termination of services the final readings of metered services will be taken by the Municipality, the accounts finalized, the customer deposit will be appropriated and if a debit balance remains the

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balance will be payable by the Customer and if a credit balance remains the balance will be refunded to the Customer, on condition that the Customer has provided the Municipality with a forwarding address.

- (b) The Municipality will not pay interest on any security deposit held in respect of service charges.

- (11) The due date for payment of accounts in all areas in the Buffalo City Municipal area is the 15th day of the month. Should the 15th day of the month fall on a Saturday, Sunday or public holiday then the due date shall be the first working day thereafter.

- (12) Back charges

- (a) The Municipality may, if it is found that the relevant Customer of services has been undercharged for a period of time irrespective of the reason, charge the Customer for a period not exceeding six (6) months from the date that the Customer is made aware of the back charge in writing by the Municipality.
- (b) The Customer may settle the back charge in equal instalments over the same period in the relation to the period of the back charge. This arrangement period does not include back charges due to meter tampering.
- (c) If it is found that the Customer is back charged due to meter tampering, then the municipality must recover the consumption for the period, not exceeding three (3) years from the date that

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the Customer is made aware of the back charge in writing by the Municipality. The back charge must be settled in full and no repayment terms will be entertained by the Municipality and the services will remain suspended until the back charge is settled in terms of chapter 16 of the Credit Control By-Law.

(13) Billing of Government Funded (RDP) properties

- (a) The Municipality will only commence to raise charges in respect of rates and applicable service charges once the property has been officially handed over to the beneficiary (i.e. the keys to the house) by the Directorate responsible for Human Settlements within the municipality, and the applicable service agreement must have been entered into.
- (b) Availability charges will not be raised on Government Funded (RDP) properties.

(14) Responsibility for Payment

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

14.1.1 Accordingly, all such Municipal debts shall be payable by the owner of such property without prejudice to any claim which the Municipality may have against any

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other person.

14.1.2 The Municipality reserves the right to cancel a contract with the customer in default and register the owner only for services on the property.

14.1.3 No new services will be permitted on a property until debts on the property are paid in full.

14.2 Where the property is owned by more than one person, each such person shall be jointly and severally liable, the one paying the other to be absolved, for all Municipal debts charged on the property.

14.3 Except for property rates, owners shall be held jointly and severally liable, the one paying the other to be absolved, with their tenants who are registered as customers, for debts on their property.

14.4 Should any dispute arise as to the amount owing, the customer shall pay all amounts which are not subject to the dispute, including an average amount of the service which is in dispute.

14.5 The owner of the property will be held liable for meter tampering on the property as well as charges that arise there from.

4. METERING OF MUNICIPAL SERVICES

(1) The Municipality may introduce a specific type of metering equipment and may encourage Customers to convert to such a system, which is preferred by the Municipality it considers this to be beneficial to its functioning and operations.

(2) The Municipality's preferred metering system to measure electricity is the prepayment electricity metering system for residential customers and for certain businesses.

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- (3) In the instance where there is a credit meter and the Customer's account is in arrears and the service has been disconnected, the owner of the immovable property must apply for the conversion of the credit meter to the prepayment electricity meter. Once application is made and the debt is settled in terms of the conditions of the Credit Control Policy, then the supply will be restored.
- (4) Electricity and water consumption is measured with credit and prepayment electricity and water meters, where applicable.
- (5) The following applies to the reading of credit meters: -
 - (a) Credit electricity and water meters are read in cycles of approximately thirty (30) days.
 - (b) If for any reason the credit electricity and water meters cannot be read, the Municipality will render an account based on estimated consumption. A notice will be left at the premises on the day of the reading informing the customer of non-access. The Customer will then be required to provide a reading of the relevant meters to the Municipality.
 - (c) The account based on estimated consumption will be adjusted in the subsequent account based on the actual consumption.
 - (d) The Customer is responsible to ensure access to metering equipment for the purpose of obtaining meter readings for billing purposes.
 - (e) Customers can, for reasons of non-accessibility to their properties by meter readers, provide the Municipality with meter readings for billing purposes, provided that an audit reading can be obtained by the Municipality once every six (6) months and provided that a final reading can be obtained should the Customer vacate the property.

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- (f) If any calculation, reading or metering error is discovered in respect of any account rendered to a Customer –
- (i) the error shall be corrected in subsequent account.
 - (ii) Any such correction shall only apply in respect of account for a period of six (6) months preceding the date on which the error in the account was discovered,
 - (iii) the correction shall be based on the tariffs applicable during the period, and
 - (iv) the application of this section shall not prevent a Customer from claiming overpayment for any longer period where the Customer is able to prove the claim in the court of law if it is certified that the leak occurred on a pipe listed on the schedule of approved pipes and fittings prescribed by the Director responsible for Engineering Services.
- (g) When a Customer vacates a property and a final reading of the meter is not possible, an estimation of the consumption may be made and the final account rendered accordingly.
- (6) The following applies to prepayment metering: -
- (a) Prepayment electricity and water are purchased at prepayment vending points for consumption after the date of purchase.
 - (b) Amounts tendered for the purchase of prepayment electricity and water will not be refunded after the prepayment meter token has been produced.
 - (c) On request of the Customer copies of the previous prepayment meter tokens will be produced.
 - (d) Credits remaining in the prepayment meter will not be refunded

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when a premises is vacated by a Customer.

- (e) The Municipality shall not be liable for the reinstatement of credit in a prepayment meter lost due to tampering with, or the incorrect use or the abuse of prepayment meters.
- (f) The Municipality will apply all the debt collection actions available on the prepayment system to collect all arrear debt on the account of the debtor.
- (g) The Municipality may appoint vendors for the sale of prepayment electricity and does not guarantee the continued operation of any vendor.
- (h) The following applies to water leaks that are found on properties: -
 - (i) Water leaks in the reticulation system on a property and after the water meter is the responsibility of the owner of the property.
 - (ii) The position mentioned in 4(6)(h)(i) above can be changed by a Council Resolution to solve a water management problem in a certain area or areas.
 - (iii) If the water leak is on the owner's side of the meter, the Municipality may repair the leak to prevent further water losses and charge the cost of the repair to the account of the owner.
 - (iv) When a water leak is discovered on a property which resulted in excessive water charges on the account of the Customer, the Customer will be entitled to a water leak rebate if: -
 - (a) The Customer submits a certificate from a registered plumber or sworn affidavit from any other person who has repaired the leak within ten (10) days of the leak

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having been repaired.

- (b) The said certificate must clearly state the date on which the leak was repaired,
 - (c) It is confirmed that the leak was not discernable from the surface,
 - (d) It is certified that the leak occurred on a pipe listed on the schedule of approved pipes and fittings prescribed by the Director responsible for Engineering Services.
 - (e) The leak must have been repaired within forty-eight hours (48) after detection.
- (i) The cost of repairs shall be for the account of the Customer.
 - (j) The excess charge for water on the account of the Customer due to a water leak will only be adjusted after three (3) monthly readings, following the repair of the water leak, to determine the average consumption during the period the leak occurred.
 - (k) During the period that the water leak occurred the charge for water will be based on average consumption of water.

5. PAYMENT OF ACCOUNTS

- (1) All accounts rendered by the Municipality are due and payable on or before the due date as indicated on the monthly account.
- (2) All payments, whether made by cash, cheque, stop order, electronic payments or payments made through agents should be receipted by the Municipality by the close of business on the due date.

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- (3) Accounts rendered by the Municipality can be paid at any Municipal cashier office and any other pay point as determined by the Municipality, from time to time.
- (4) The payment methods and facilities supported by the Municipality can be used to make payments on accounts.
- (5) Every effort will be made to ensure that all payments particularly from 3rd party agents are received within the maximum of five (5) days of the original payment date. However the onus is on the customer to make allowance for delays of such payments. Customers must ensure that payments made through 3rd party agents are received in the Municipality's bank account by the due date. The Municipality will not accept responsibility for delays in receipting of payments.
- (6) Payments received in respect of rates and service charges will be allocated by the Municipality entirely within its own discretion, on the account of the debtor.
- (7) Payments tendered by a Customer can be allocated to any of the customer's accounts at the discretion of the Municipality.
- (8) Part payment received on an account shall be allocated firstly to reduce any penalty charges that may have accrued on the account, then to interest charges and then to capital charges raised.
- (9) An official receipt issued by the Municipality will be the only proof of payment made.
- (10) Any amount paid by the customer in excess of an existing debt may be held in credit for the customer in anticipation of future rates and service charges , and no interest will be payable on that amount by the Municipality.

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(11) Where any payment made to the Municipality, or its authorized agent, by negotiable instrument or direct debit, is later dishonored by the bank, the municipality or its authorized agent:

- (a) will recover the average bank charges incurred relating to a dishonored negotiable instrument against the account of the customer;
- (b) may regard such an event as default on payment and the account shall be dealt with as an arrear account;
- (c) reserves the right to take legal action on the negotiable instrument or for recovery of arrears.
- (d) Will not accept future cheque payments by the debtor.

6. INTEREST ON ARREAR DEBT

- (1) Amounts on accounts, which remain unpaid after the due date, shall attract interest irrespective of the reason for non-payment.
- (2) The following categories of arrear debt shall not attract interest on arrears:
 - (a) Indigent debt
 - (b) Closed accounts
 - (c) Deceased estates
 - (d) Insolvent estates
 - (e) Debtors under administration
 - (f) Debt under Debt Review
- (3) No interest shall be charged on any outstanding amounts in respect of which an agreement had been concluded for the payment by way of installment thereof, provided the instalment is paid in full by the

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due date.

- (4) Interest on arrear debt shall be calculated as stipulated in the National Credit Act No.34 of 2005 (NCA), for each month for which such payment remains unpaid shall be charged after thirty (30) days after the statement was delivered to the Customer.
- (5) The Municipality will charge a “standard rate” in relation to interest on overdue debtors which is one percent higher than the rate of interest payable by the Municipality to its banker in respect of a debit balance.

7. ENQUIRIES AND APPEALS

- (1) Any aggrieved person may address a grievance or query regarding charges for municipal rates and services to the Chief Financial Officer in writing or may visit any Customer Care office provided by the Municipality.
- (2) The aggrieved person shall clearly state the basis of his or her dissatisfaction and the desired resolution. The dispute must relate to specific charges raised on the account.
- (3) The lodging of an inquiry shall not relieve the aggrieved person of the responsibility to settle his or her account. A monthly payment equal to an average account must be paid by the due date pending finalization of the enquiry. Such arrangement must not exceed ninety (90) days from the registration of the query by the customer.
- (4) The Municipality will respond to all inquiries from Customers in writing within sixty (60) days from the lodging of the enquiry.
- (5) Objections and Appeals on Property valuations do not stop Credit

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Control and Debt Collection Procedures and action.

8. DEBT COLLECTION

- (1) The Chief Financial Officer is authorized to institute agreed upon debt collection mechanisms without exception and with the intention to proceed until the debt is collected.
- (2) All rates and services accounts rendered by the Municipality shall be paid on or before the due date as indicated on the account.
- (3) Amounts on accounts, which remain unpaid after the due date, shall attract interest, irrespective of the reason for non-payment.
- (4) Amounts on accounts, which remain unpaid after the due date, will be subject to a fourteen (14) day notice period notification prior to the intended debt collection action that will be instituted.
- (5) Debt collection action will be taken on the total amount outstanding on the account after the due date. The total amount outstanding includes property rates, refuse, sewerage, water, electricity, fire levy and sundry debtor charges, and includes handed over debt for which arrangements have not been entered into.
- (6) The debt collection action to be taken will be as follows: -
 - (a) Disconnection of electricity supply
 - (i) The Municipality shall disconnect the electricity supply to a property if the account rendered by the Municipality is not paid by the due date as indicated on the account and in terms of the fourteen-day pre-termination notice referred to in section 8(4) above.
 - (ii) Credit electricity meters and prepayment electricity

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meters will be disconnected for the non-payment of consolidated municipal accounts.

- (iii) Disconnection of electricity supply will be for the total amount outstanding on the account, including unpaid amounts handed over for collection to the panel of Collection Agents and not just for the electricity portion of the account.
 - (iv) Disconnection of electricity supply for the non-payment of an account will be during the 30 day period following the due date.
 - (v) Penalty fees will be charged to the account of the defaulting debtor.
- (b) Block from the purchase of electricity
- (i) The Municipality will block a Customer from the purchase of electricity on the prepayment electricity system if the account rendered by the Municipality is not paid by the due date as indicated on the monthly account.
 - (ii) The block from purchase of electricity will be for the total amount outstanding on the account, including unpaid amounts handed over for collection to the panel of Collection Agents and not just for the electricity portion of the account.
 - (iii) The block from purchase of electricity for the non-payment of an account will be during the 30 day period following the due date as stipulated on the monthly account.
 - (iv) Non-Indigent Customers with arrears will be blocked on a

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block type that will require the Customer to pay in full the amount due to the Municipality before prepayment electricity can be purchased.

- (v) Indigent Customers with arrears will be blocked on a block type on the prepayment system that will require the Customer to pay the current monthly account due before prepayment electricity can be purchased and with the purchase of electricity forty (40) % of the amount tendered to purchase electricity will be allocated to arrear debt. **The amount of the current monthly account due is the amount after the indigent subsidy has been deducted.**

- (vi) Customers will be placed on a total block from the purchase of electricity for the following reasons and will only be permitted to purchase electricity after a visit to the Municipal offices by the Customer to attend to the reason for blocking: -

- (a) When a Customer moved into a property and failed to apply for services from the Municipality and failed to pay the required security deposit.
- (b) When the disconnection of electricity, blocked from the purchase of electricity and the restriction of water flow to the property did not have the desired effect to persuade the Customer to pay the arrear debt.
- (c) Restriction or disconnection of water flow
- (i) The Municipality will restrict the water flow to a property

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for the following reasons and will only restore the water flow after a visit to the Municipal office by the Customer to attend to the reasons for the restriction of the water flow: -

- (a) When the disconnection of electricity supply or blocked from the purchase of electricity on the prepayment system did not have the desired effect to persuade the Customer to pay the arrear debt.
 - (b) When the water consumption by indigent Customers is more than the 6kl free water allocation provided by the Municipality to indigent Customers where the account remains unpaid.
- (ii) The Municipality will disconnect the water flow to a property under the following circumstances and will only restore the water flow after a visit to the Municipal office by the Customer to attend to the reasons for the disconnection of the water flow: -
- (a) The water supply to a business with an unpaid account will be disconnected if the disconnection of electricity supply to the property or blocked from purchase of electricity from the prepayment electricity system did not have the desired effect to persuade the Customer to pay the arrear debt.
 - (b) When the Customer moved into a property and failed to apply for services from the Municipality and failed to pay the required security deposit.
- (d) Handover of debt to Collection Agents for legal collection

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- (i) Collection Agents will commence with pre-legal action in the form of:
 - (a) Letters of Demand
 - (b) Telephone Calls
 - (c) Other electronic communication
- (ii) The following types of debt will be handed over to Collection Agents: -
 - (a) Debt that is 120 days and older.
 - (b) Debt for which no payment arrangements were made.
 - (c) Debt that relates to non- indigent debtors living in RDP houses. The legal process will be proceeded with as far as sale of movable property.
- (iii) The following types of debt will **not** be handed over to Collection Agents: -
 - (a) Debt of indigent debtors that are registered as indigent as at the date of handover, or debt where there is a pending indigent application, provided the pending status does not exceed three (3) months from date of application.
 - (b) Debt that is been paid off as per arrangement with the debtor.
 - (c) Debt that is under valid query in terms of section 102(2) of the Municipal Systems Act no 32 of 2000.
 - (d) Debt that is under administration or debt review.

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- (e) Debt of deceased indigent estates.
- (iv) The process of legal collection includes (but is not limited to) the following: -
 - (a) Final demands for payment.
 - (b) Emolument attachment orders on debtor's salaries.
 - (c) Summons issued for debt to be paid.
 - (d) Default judgment to be obtained against the debtor.
 - (e) The attachment of moveable properties and sale in execution of moveable property
 - (f) The attachment of immovable property and the sale of immovable property.
 - (g) Only the Municipality will hand debt over to Collection Agents for legal collection and the same debtor will not be handed over to more than one Collection Agent irrespective of the period that the debt relates to.
- (e) Withholding or offsetting grants-in-aid.

The Municipality provides annual grants-in-aid to Institutions on approval of application. If an institution is in arrears with its services account, then the Municipality will withhold the grant-in-aid or the grant-in-aid will be off set against the arrear debt with the Municipality.
- (f) Withholding or offsetting payment on contracts.

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Institutions or individual persons, who are in contract with the Municipality to provide a service, and who are in arrears with their services account, will have payments to them withheld by the Municipality until the arrear debt with the Municipality is settled or the payment will be off set against the arrear debt with the Municipality.

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

a. The Municipality will issue a certificate required for the transfer of immovable property in terms of Section 118 of the Local Government: Municipal Systems Act No 32 of 2000, which is lodged with the Municipality in the prescribed manner, only when all amounts that became due in connection with that property for municipal service fees, surcharges on fees, property rates and other municipal taxes, levies and duties during the two years preceding the date of application for the certificate have been fully paid. The Municipality will not accept letters of undertaking and will only release the clearance certificate once the charges contemplated in section 8(6)(d)(g)(a) have been fully paid, whether in cash or by irrevocable bank guaranteed cheque, or an Attorney's Trust account cheque.

(i) Debt older than two years on the property irrespective of whether the owner of the property had accumulated the debt will also have to be paid before the transfer of the property by the owner.

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- (ii) If the owner refuses to pay the debt which is older than two years, then the Municipality will apply to a competent Court for an order in the following terms:
- (a) In the case where there is already a judgment for the payment of the amount, an order that the judgment debt be paid out of the proceeds of the sale, before the mortgage debt is settled.
 - (b) In the case where there is no judgment debt, for an order staying transfer of the property pending the finalization of a civil action to be instituted against the person who is in law liable for the payment of the outstanding debt.
 - (c) The action contemplated in section 8(6)(g)(a)(ii)(b) and 8(6)(g)(a)(ii)(c) must be taken before the property is transferred as the statutory lien created by Section 118(3) of the Act only endures until the property has been transferred and in terms of Section 118(5) of the Act can the new owner of the property not be held liable for the debt that became due before a transfer of a property took place.
- (h) Withholding approval of building plans.
- Institutions or individual persons, who apply to the Municipality for the approval of a building plan, and who are in arrears with their services account, will have approval of the building plan

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withheld by the Municipality until the arrear debt with the Municipality is settled.

(i) Other debt collection methods

The debt collection methods mentioned in paragraph 8(6)(a) to 8(6)(h) above are not an exhaustive list of methods that can be applied to collect debt and any other methods that can be initiated, will be implemented with the consent of the Municipal Council, to collect debt.

(7) Debt Collection Cost

Any costs, which include collection costs, charges, disbursements and legal fees to any of the debt collection methods applied to collect the debt, will be charged to the account of the defaulting debtor. The “reconnection fee” charged is due and payable irrespective of whether the electricity and / or water supply was disconnected or not.

9. ARRANGEMENTS TO PAY ARREAR DEBT

- (1) The Municipality will not permit arrangements for settlement of debt in instalments for debt in the current, 30 day, 60 day and 90 day ageing categories. Such charges must be paid up front.
- (2) One arrangement to settle debt in instalments for debt in 120 days and older will be allowed.
- (3) No payment extensions will be allowed on Current accounts due and payable by the due date.
- (4) Once the debt is handed over to a Collection Agent, the defaulting debtor may enter into one (1) arrangement with the Collection Agent

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as stipulated in terms of section 9 of this by-law. However, the arrangement application will not apply to the current, 30 day, 60 day and 90 day ageing categories.

- (5) The Customer, by signing the arrangement agreement to payoff arrear debt acknowledges the following: -
- (a) That debt is owed to the Municipality.
 - (b) That current, 30 day, 60 day and 90 day ageing categories of debt has been settled.
 - (c) That on default to honour the arrangement agreement, interest on arrears will be charged on the amount due, electricity supply will be disconnected to the property of the Customer or the Customer will be blocked from the purchase of electricity on the prepayment system and/or the water supply to the property of the Customer will be restricted and legal proceedings will be instituted to collect the debt.
 - (d) That the Customer will be liable for all costs, which includes legal costs, incurred to collect the debt.
 - (e) Consents to default judgment in terms of section 57 of the Magistrates Court Act of 1944.

(6) Broken arrangement

In the event that an arrangement has been broken by an account holder, no further arrangements will be entertained and the full amount due on the account plus any penalties will become due and payable. The services will be suspended and where applicable legal action will be implemented.

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- (7) Arrangements by Indigent Customers
- (a) Indigent Customers must have their credit electricity meters converted to prepayment electricity meters.
 - (b) Indigent Customers are required to pay their current monthly account, which is the amount after indigent subsidy has been deducted, every month on or before the due date.
 - (c) Indigent Customers with arrears will be blocked on a block type on the prepayment electricity system that will require the Customer to pay the current monthly account due before prepayment electricity can be purchased and with the purchase of electricity, 40% of the amount tendered to purchase electricity will be held back and be allocated to arrear debt. The amount of the current monthly account due is the amount after the indigent subsidy has been deducted.
- (8) Arrangements by Residential Customers
- (a) No arrangements or payment extensions for payment will be allowed for current, 30 day, 60 day and 90 day debt ageing categories.
 - (b) The current, 30 day, 60 day and 90 day debt must be paid up front.
 - (c) A once-off arrangement can be entered into by the customer to settle the 120 day and older debt in equal instalments up to twelve (12) months.
 - (d) Only written arrangements will be accepted and must be entered into by the account holder or proxy.

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(9) Arrangements by Non-Residential Customers

- (a) No arrangements or payment extensions for payment will be allowed for current, 30 day, 60 day and 90 day debt ageing categories.
- (b) The current, 30 day, 60 day and 90 day debt must be paid up front.
- (c) A once-off arrangement can be entered into by the customer to settle the 120 day and older debt in equal installments up to six (6) months.
- (d) Only written arrangements will be accepted and must be entered into by the account holder or proxy.

(10) Debt Incentive Scheme

Customers who are in arrears with 120 days and older debt with their rates and service accounts may apply to the municipality for a debt settlement discount as and when the Municipality approves the implementation of such a scheme.

(11) Arrangements on partially collectable debt

- (a) Partially collectable debt can be described as debt that cannot be collected in full through application of debt collection processes and that it is in the best interest of the Municipality to accept part payment of the debt in full and final settlement.
- (b) All the debt collection processes must have been followed and

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if at the sale-in-execution of the property no interest is shown by prospective bidders to purchase the property, offers for the purchase of the property must be obtained and the relevant attorney must submit a report to the Municipal Council.

- (c) The market value of the property must be obtained and a report must be submitted to the Municipal Council on the offer to purchase that was received.
- (d) The Municipal Council must make a decision to accept the offer for full and final settlement of the debt and by accepting the offer the Municipal Council must also resolve to write off the remaining debt on the property as irrecoverable.

10. INDIGENT DEBTORS

- (1) An account holder (Customer) may apply, for Indigent support as prescribed in the Indigent Support Policy of this Municipality.
- (2) Debt of deceased indigent estates –
 - (a) Until the property is transferred from the deceased estate to the new owner or heir all the services from the account of the deceased owner as at the date of death will be transferred to the account of the occupant, which must include the valuations of the property in order to charge the occupant for property rates.
 - (b) The occupant of the property must sign an agreement in which the occupant agrees to pay all the rates and service charges that are to be raised on the property that is occupied.
 - (c) The following circumstances must prevail to transfer the

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services to the account of the occupant: -

- (i) The house must be a government funded RDP house.
- (ii) The occupant of the house must be a registered indigent Customer with the Municipality and be receiving an indigent subsidy from the Municipality.
- (iii) The Director responsible for Land Administration will, on approval of the "Affidavit: Deceased Estate" agreement, proceed with the transfer of the property from the deceased indigent estate to the name of the appointed registered Indigent heir of the property at the Municipality's cost.
- (iv) Once the property has been transferred, the debt of the Deceased Indigent Estate will be submitted to Council for approval to write off.

11. MUNICIPAL STAFF AND COUNCILLORS – PAYMENT OF ARREARS

- (1) Section 10 of schedule 2 of the Local Government: Municipal Systems Act, No 32 of 2000 provides the following: -

"A staff member of a municipality may not be in arrears to the municipality for rates and service charges for a period longer than three (3) months, and a municipality may deduct any outstanding amounts from a staff member's salary after this period."

- (2) Arrear debt relating to rates and service charges will be collected from staff and Councillors in terms of collection arrangements approved by the City Manager from time to time.
- (3) The financial situation of each applicant will be assessed.

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- (4) If the staff member or Councillor cannot afford to repay the debt over six months, the debt be spread over twelve months or the repayment installment will not be greater than 50% of the staff member's nett salary. In each case, the size of the debt and the nett salary may be considered.
- (5) Municipal staff and Councillors are not entitled to benefit from the Indigent Support subsidy whilst employed and if it is discovered that a staff member or Councillor has benefitted from the Indigent Support subsidy after the date of their employment with the Municipality, this will result in disciplinary action being taken against the relevant staff member or Councillor.
- (6) No owner or tenant of a property may benefit from the Indigent support subsidy whilst a municipal staff member or Councillor is residing on the same property.

12. ADMINISTRATION ORDERS – PAYMENT OF ARREARS

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

13. WRITE OFF OF IRRECOVERABLE DEBT

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- (1) The objective to write off irrecoverable debt is to have a debt book that does not reflect irrecoverable debt.
- (2) The Municipal Council's approval must be obtained to write off irrecoverable debt.
- (3) In the submission to the Municipal Council to write off debt the Council must be provided with details of –
 - (a) The debt collection procedures implemented to recover the debt and the costs incurred as a result thereof;
 - (b) The reasons why the debt collection procedures were not successful and had to be abandoned;
 - (c) The debtors financial position, if known;
 - (d) Reasons why the debt or a portion thereof is regarded as being irrecoverable.
- (4) Debt can be regarded as irrecoverable under the following circumstances: -
 - (a) Debt that was subjected to all the debt collection procedures provided for in this by-law and still was unsuccessful to collect the debt and where the debt collection process had to be abandoned.
 - (b) Debt of which the cost to collect debt has exceeded the debt amount.
 - (c) Debt of indigent debtors that cannot be collected after the implementation of the debt collection procedures applicable to indigent Customers provided for in this by-law.
 - (d) Small amount debt of which the cost to collect the debt is more than the debt amount.

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- (e) Debt of deceased estates –
 - (i) Claims must have been submitted to the estate of the deceased
 - (ii) The executor of the estate advised the Municipality in writing that there are no funds in the estate.
- (f) Debt of debtors who have emigrated –
 - (i) Debt collection procedures must have been implemented.
 - (ii) The Municipality was informed by a reliable source that the debtor had emigrated.
 - (iii) The emigrating authorities had confirmed that the debtor had emigrated.
- (g) Debt that has prescribed –
 - (i) Debt collection procedures must have been implemented.
 - (ii) Debt must be older than three years.
 - (iii) Debt must comply with the provisions of section 10 Chapter III of the Prescription Act No 68 of 1969.
- (h) Debt of insolvent estates –
 - (i) Debt collection procedures must have been implemented.
 - (ii) Claims must have been submitted to the liquidators of the insolvent estate.
 - (iii) The liquidators of the insolvent estate must advise the Municipality in writing that there are no funds in the estate.
 - (iv) The Municipality received dividends on the amount owing and was advised that the estate had been finalized and there

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will be no further dividends forthcoming.

- (5) The annual Revenue Budget will include an amount to provide for the amount to be written off.

14. DEBT IMPAIRMENT ALLOWANCE

- (1) In terms of the relevant Generally Recognised Accounting Practise (GRAP) standards, the Municipality must determine a debt Impairment Allowance related to the debtors book.
- (2) The objective of the debt impairment allowance is to make a realistic provision annually in the Revenue budget to cater for charges raised in terms of the annual budget that cannot be collected.
- (3) The calculation of the debt impairment allowance will be based on an extract of the Municipality's debtors' book as at the last day of the financial year.

15. CERTIFICATES REQUIRED FOR TENDERS

- (1) A person or an institution reacting to a tender published by the Municipality or wishing to enter into a contract to either provide services or goods to the Municipality must produce a certificate, on the prescribed form, which states that regular payment of rates and services accounts are maintained and that the account are currently up to date.
- (2) A person who fails to provide such a certificate shall be disqualified from the tendering process.
- (3) When inviting tenders for the provision of services or delivery of goods, potential contractors / service providers / suppliers (hereinafter

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referred to as tenderer) must declare that all relevant municipal accounts owing by the tenderer or its directors, owners or partners have been paid.

- (4) The Municipality will, at its sole discretion check whether all the Municipal accounts are up to date. A copy of the consolidated bill and rates account must be attached to all tender documents.
- (5) Where a contractors place of business or business interests are outside the jurisdiction of the Municipality, a Debt Clearance Certificate from the relevant Municipality must be produced.
- (6) When a tender is awarded, the Municipal debts of the tenderer must be paid in full before the contract with the Municipality is concluded.
- (7) Where payments are due to a tenderer in respect of goods or services provided to the Municipality, any arrear amount owing to the Municipality may be set off against such payments.
- (8) This by-law applies to quotations, public tenders and tenders in terms of the Supply Chain Management policy.

16. THEFT AND FRAUD

- (1) The Municipality does not condone theft and fraud of municipal services and will monitor the service networks for signs of tampering or irregularities.
- (2) The Municipal Council may approve specific penalties and distinguish

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between cases of vandalism and theft.

- (3) Subsequent acts of tampering may lead to a refusal to supply certain services for determined periods.

17. REPORTING AND PERFORMANCE MANAGEMENT

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

Buffalo City Metropolitan Municipality Credit Control By-Law



18. INCOME COLLECTION TARGET

Income collection targets will be set by the Chief Financial Officer to achieve the optimum debt collection ratio i.e. receipt / billing, that will satisfy the Municipality's IDP objectives.

19. APPLICATION, IMPLEMENTATION AND REVIEW OF THE BY-LAW

19.1 The Municipal Council reserves the right to differentiate between different categories of Customers, debtors, services or service standards when applying this by-law. The Municipal Council will on application of the credit control by-law avoid discrimination as forbidden by the Constitution unless it is established that the discrimination is fair as allowed by the Constitution. No debtor may be exempted from credit control action as a sign of goodwill for any period of time as this is in contravention of the actions applied in this by-law and the Credit Control principles contained in the Municipal Systems Act No. 32 of 2000

19.2 The Debt Management Department is the custodian of the by-law and responsible for implementation and review of the by-law.

19.3 In terms of section 17(1)(e) of the Municipal Finance Management Act no. 56 of 2003, this by-law must be reviewed on an annual basis and the reviewed by-law must be tabled to the Municipal Council for approval as part of the budget process.

**Buffalo City Metropolitan Municipality
Credit Control By-Law**



12. COMPETENCE AND CAPACITY TO IMPLEMENT THE BY-LAW

- 1.1 The by-law should be available and communicated to all staff
- 1.2 All staff must be aware of the prescriptions of the by-law
- 1.3 All staff must be aware of the procedures contained in this by-law
- 1.4 Supervisors/Managers must ensure compliance with this by-law

A. FANI

CITY MANAGER: (9920)

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No. 68

BUFFALO CITY METROPOLITAN MUNICIPALITY



PROPERTY RATES BY LAW

**BUFFALO MUNICIPALITY METROPOLITAN MUNICIPALITY:
RATES BY-LAW**

1. PREAMBLE

- 1.1 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.
- 1.2 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 rate-able property in the municipality.
- 1.3 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.
- 1.4 In terms of section 6(2) of the Property Rates Act, by-laws adopted in terms of section 6(2) may differentiate between different categories of properties; and different categories of owners of properties liable for the payment of rates.

2. INTERPRETATION

In this By-Law, the English text prevails in the event of any conflict with the Afrikaans or Xhosa texts, and, unless the context otherwise indicates—

"Municipality" means the Buffalo City Metropolitan Municipality's

Rates policy" means a rates policy adopted by the Municipality in terms of this By-Law;"

Constitution" means the Constitution of the Republic of South Africa;"
Credit Control and Debt Collection By-Law and Policy" means the Municipality's Credit Control and Debt Collection By-Law and Policy as required by sections 96(b), 97 and 98 of the Systems Act;

"Property Rates Act" means the Local Government: Municipal Property Rates Act, 6 of 2004;

Rate" or "rates" means a municipal rate on property as envisaged in section 229 of the Constitution.

3. ADOPTION AND IMPLEMENTATION OF RATES POLICY

3.1 The Municipality shall adopt and implement a rates policy consistent with the Property Rates Act on the levying of rates on rateable property in the municipality.

3.2 The Municipality shall not be entitled to levy rates other than in terms of a valid rates policy.

4. CONTENTS OF RATES POLICY

The Municipality's rates policy shall, inter alia:

4.1 Apply to all rates levied by the Municipality pursuant to the adoption of the Municipality's annual budget;

4.2 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;

4.3 specify any further principles, criteria and implementation measures consistent with the Property Rates Act for the levying of rates which the Municipality may wish to adopt;

4.4 include such further enforcement mechanisms, if any, as the Municipality may wish to impose in addition to those contained in the Credit Control and Debt Collection By-Law and Policy.

4. ENFORCEMENT OF RATES POLICY

The Municipality's rates policy shall be enforced through the Credit Control and Debt Collection By-Law and Policy and any further enforcement mechanisms stipulated in the Municipality's rates policy.

6. OPERATIVE DATE

This By-Law shall take effect on 1 July 2014.

A FANI (9921)

CITY MANAGER

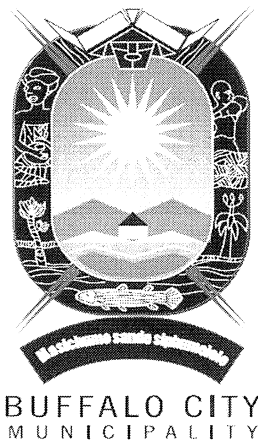
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ONE INSERTION:

28 JULY 2014

BUFFALO CITY METROPOLITAN MUNICIPALITY

REVENUE MANAGEMENT UNIT



PROPERTY RATES POLICY 2014 / 2015

In line with the

Municipal Property Rates Act, (Act No 6 of 2004)

Buffalo City Metropolitan Municipality: Property Rates Policy 2014/2015

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1. POLICY TITLE

Draft Property Rates Policy

2. PREAMBLE

The Municipal Property Rates Act, (Act No. 6 of 2004) hereafter referred to as the MPRA, requires municipalities to develop and adopt Rates Policies consistent with the Act on the levying of rates on ratable property in the municipality.

Income derived from property rates is a major source of general municipal revenue which is used to fund municipal administration, such as computer equipment and stationery, and costs of governance, such as council and community meetings, which facilitate community participation on issues of Integrated Development Plans (IDPs) and municipal budgets. This revenue is not linked to a specific municipal service or the erection of infrastructure related to that municipal service.

3. LEGISLATIVE FRAMEWORK

In terms of Section 229 of the Constitution of the Republic of South Africa, (Act No. 108 of 1996), a municipality may impose rates on property.

In terms of Section 4(1) (c) of the Municipal Systems Act, (Act No. 32 of 2000), a municipality has the right to finance the affairs of the municipality by imposing, *inter alia*, rates on property.

In terms of Section 2(1) of the MPRA, (Act no 6 of 2004), a metropolitan or local municipality may levy a rate on property in its area of jurisdiction in accordance with the provisions of the MPRA.

In terms of Section 8(1) of the MPRA, Buffalo City Metropolitan Municipality will levy rates on the use of the property.

This Property Rates Policy ('the Policy') only applies to the rating of property valued in accordance with the Act and the applicable regulations.

4. PURPOSE OF THE POLICY

The purpose of this policy is to determine the categories of property in respect of which rates may be levied and categories of property owners who qualify for exemptions, rebates or reduction. This policy also gives guidance on the processing of the exemptions, rebates and reduction to ensure a fair and a transparent system.

5. STRATEGIC OBJECTIVES

To ensure that Buffalo City Metropolitan Municipality remains financially viable by regularly conducting general and supplementary valuations, ensuring correct categorization of properties and levying assessment rates accordingly.

6. GUIDING PRINCIPLES

In formulating this Policy for Buffalo City Metropolitan Municipality, the following guiding principles will be taken into account:

Equity, i.e. that all categories of property and categories of owners be treated equitably in relation to each other.

Affordability, i.e. that the rates policy should take into account issues of affordability across categories of owners.

Poverty Alleviation, i.e. that the rates policy should facilitate poverty alleviation within the context of the mechanisms at its disposal.

Social and Economic Development, i.e. that the rates policy should within the context of the mechanisms at its disposal seek to enhance social and economic development.

Financial Sustainability and Cost Efficiency, i.e. that the rates policy should be cost efficient and should enhance the financial sustainability of the municipality.

Encouragement of Development of Property, i.e. that the rates policy should utilize the mechanism at its disposal to encourage the development of property in line with the socio-economic development needs and goals of the municipality.

Community Participation, i.e. that the rates policy should be reflective of issues and options expressed during public engagements.

7. DEFINITIONS

“**Act**” means the Local Government: Property Rates Act, (Act No 6 of 2004) and includes the regulations (if any) made in terms of Section 83 of the Act;

“**Agent**”, in relation to the owner of a property, means a person appointed by the owner of the property-

- (a) To receive rental or other payments in respect of the property on behalf of the owner; or
- (b) To make payments in respect of the property on behalf of the owner.

“**Agricultural purpose**” in relation to the use of a property, excludes the use (of a property for the purpose of eco-tourism or for the trading in or hunting of game);

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

“**Bona fide farmer**,” means a property owner who can prove that his / her tax status is that of a farmer; who can produce an Annual Workmen’s Compensation Return in respect of his / her farming activities; and as the land owner must prove that she/he has complied with the National Veld and Forest Fire Act 101 of 1998 and legislation governing the control of alien invasive species.

“**Category**”

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

“**Chief Financial Officer**” means the Chief Financial Officer as defined in the Municipal Finance Management Act;

“**Council**” means the Council of the Buffalo City Metropolitan Municipality;

“**Date of Valuation**” means the date determined by a municipality in terms of Section 31(1);

“District Management Area” means a part of a district municipality which in terms of section 6 of the Municipal Structures Act has no local municipality and is governed by that municipality alone;

“District Municipality” means a municipality that has municipal executive and legislative authority in an area that includes more than one municipality, as described in section 155(1) of the Constitution as a category C municipality;

“Dominant Use” in relation to a property means where a particular use is the largest proportion as compared to other uses on that property;

“Due Date” means the date specified as such on a municipal account dispatched from the offices of the responsible officer for any rates payable and which is the last day allowed for the payment of such rates;

“Early Childhood Development Centre” means Early Childhood Development Centers (ECDC's) functioning under the auspices of the National and/or Provincial Department of Education;

“East London Industrial Development Zone property owner” means a registered owner of property within the IDZ and includes IDZ itself, in respect of properties which have been developed and remain registered in the name of the ELIDZ.

“Education Institutions” as defined in the Schools Act (Act No 84 of 1996) including Schools and Independent Schools, Further Education and Training (FET) Colleges, as defined in the FET College Act, (Act No 16 of 2006) and Early Childhood Development Centers (ECD's) functioning under the auspices of the National and or Provincial Department of Education;

“Effective Date”-

- (a) in relation to a Valuation Roll, means the date on which the Valuation Roll takes effect in terms of section 32(1);
- (b) In relation to a Supplementary Valuation Roll, means the date in terms of Section 78(4) (a) to (g) of the MPRA

“Exclusion”, in relation to a municipality’s rating power, means a restriction of that power as provided for in section 17;

“Exemption”, in relation to the payment of a rate, means an exemption granted by a municipality in terms of section 15;

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

“Formally Protected Areas” means a formally protected area as defined in the National Environmental Management: Protected Areas Act, (Act No 57 of 2003) and the National Environmental Management: Biodiversity Act, (Act No 10 of 2004);

“Income Tax Act” means the Income Tax Act, 1962 (Act No. 58 of 1962);

“Industrial Development Zone” means an Industrial Development Zone (IDZ) that is a purpose-built industrial estate, linked to an international port or airport, which have been specifically designated for new investment by export oriented industries and related services by the Department of Trade and Industry;

“Land Reform Beneficiary”, in relation to a property, means a person who –

- (a) acquired the property through -
 - (i) the Provision of Land and Assistance Act No. 126 of 1993; or
 - (ii) the Restitution of Land Rights Act No. 22 of 1994;
- (b) holds the property subject to the Communal Property Associations Act No 28 of 1996;
- (c) holds or acquires the property in terms of such other land tenure reform legislation as may pursuant to section 25(6) and (7) of the Constitution be enacted after this Act has taken effect.

“Land Tenure Right” means an old order right or a new order right as defined in section 1 of the Communal Land Rights Act, 2004;

“Local Community”, in relation to a municipality:

- (a) means that body of persons comprising –
 - (i) the residents of the municipality;
 - (ii) the ratepayers of the municipality;

- (iii) any civic organisations and non-governmental, private sector or labour organisations or bodies which are involved in local affairs within the municipality; and
 - (iv) visitors and other people residing outside the municipality who, because of their presence in the municipality, make use of services or facilities provided by the municipality; and
- (b) includes, more specifically, the poor and other disadvantaged sections of such body of persons

“Local Municipality” means a municipality that shares municipal executive and legislative authority in its area with a district municipality within whose area it falls, and which is described in section 155(1) of the Constitution as a category B municipality;

“Market Value”, in relation to a property, means the value of the property determined in accordance with Section 46 of the Act;

“MEC for Local Government” means the Member of the Executive Council of a province who is responsible for local government in that province;

“Metropolitan Municipality” means a municipality that has exclusive executive and legislative authority in its area, and which is described in section 155 (1) of the Constitution as a category A municipality;

“Minister” means the Cabinet Member responsible for local government;

“Multiple Use”, in relation to a property, means use of a property for more than one purpose;

“Municipal Council” or **“Council”** means a municipal council referred to in section 18 of the Municipal Structures Act;

“Municipal Finance Management Act” means the Municipal Finance Management Act, MFMA (Act No. 56 of 2003);

“Municipal Property Rates Act” means the Local Government: Municipal Property Rates Act, MPRA (Act 6 of 2004)

“Municipality”-

- (a) as a corporate entity, means a municipality described in section 2 of the Municipal Systems Act; and
- (b) as a geographical area, means a municipal area demarcated in terms of the Municipal Demarcation Act No. 27 1998.

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

“Municipal Owned Property” refers to property that is registered in the name of the Municipality (*INCLUDING PORTIONS OF REGISTERED ERVEN*) and property vested by usage in the name of the Municipality whether it is used by the Municipality itself or made available to other entities without cost or in terms of a rental agreement. Municipal owned properties are used by the municipality in the execution of its Constitutional obligations, excluding properties used for trading services.

“Municipal Structures Act” means the Local Government: Municipal Structures Act, (Act No 117 of 1998);

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

“Municipal Valuer” or “Valuer of a Municipality” means a person designated as a municipal valuer in terms of section 33(1) of the MPRA;

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

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

“Occupier”, in relation to a property, means a person in actual occupation of a property, whether or not that person has a right to occupy the property;

“Organ of State” means an organ of state as defined in section 239 of the Constitution;

“Owner”-

- (a) in relation to a property referred to in paragraph (a) of the definition of “property”, means a person in whose name ownership of the property is registered;
- (b) in relation to a right referred to in paragraph (b) of the definition of “property”, means a person in whose name the right is registered;
- (c) in relation to a land tenure right referred to in paragraph (c) of the definition of “property”, means a person in whose name the right is registered or to whom it was granted in terms of legislation; or
- (d) in relation to public service infrastructure referred to in paragraph (d) of the definition of “property”, means the organ of state which owns or controls that public service infrastructure as envisaged in the definition of “publicly controlled”, provided that a person mentioned below may for the purposes of this Act be regarded by a municipality as the owner of a property in the following cases:
 - (i) a trustee, in the case of a property in a trust excluding state trust land;
 - (ii) an executor or administrator, in the case of a property in a deceased estate;
 - (iii) a trustee or liquidator, in the case of a property in an insolvent estate or a judicial manager, in the case of a property in the estate of a person under judicial management;
 - (iv) a curator, in the case of a property in the estate of a person under curatorship;
 - (v) a person in whose name a usufruct or other personal servitude is registered, in the case of a property that is subject to a usufruct or other personal servitude;
 - (vi) a lessee, in the case of a property that is registered in the name of a municipality *including portions thereof*, and is leased by it; or
 - (vii) a buyer, in the case of a property that was sold by a municipality and of which possession was given to the buyer pending registration of ownership in the name of the buyer.

“Permitted Use”, in relation to a property, means the limited purposes for which the property may be used in terms of –

- (a) any restrictions imposed by –

a condition of title;
a provision of a town planning or land use scheme; or
any legislation applicable to any specific property or properties.

(b) any alleviation of any such restrictions;

“Person” includes an organ of state;

“Prescribe” means prescribed by regulation in terms of section 83;

“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;

“Property Register” means a register of properties referred to in section 23 of the MPRA;

“Protected Area” means an area that is or has to be listed in the register referred to in section 10 of the Protected Area Act;

“Protected Areas Act” means the National Environmental Management: Protected Areas Act, 2003;

“Public Benefit Organizations” means organisations registered as PBO in terms of section 30 of the Income Tax Act. The MPRA Ratio regulations apply only to those PBOs who provide the type of services outlined in items 1, 2 & 3 of Part 1 of the Ninth Schedule of the Act, i.e. Welfare and Humanitarian Services, Health Care Services and Educational and Development Services.

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

- (a) A public entity listed in the Public Finance Management Act No. 1 of 1999.

- (b) a municipality; or
- (c) a municipal entity as defined in the Municipal Systems Act.

“Public Service Infrastructure” PSI 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 serving the public;
- (g) runways or aprons at national or provincial airports;
- (h) breakwaters, sea walls, channels, basins, quay walls, jetties, roads, railway or infrastructure used for the provision of water, lights, power, sewerage or similar services of ports, or navigational aids comprising lighthouses, radio navigational aids, buoys, beacons or any other device or system used to assist the safe and efficient navigation of vessels;
- (i) any other publicly controlled infrastructure as may be prescribed; or
- (j) rights of way, easements or servitudes in connection with infrastructure mentioned in paragraphs (a) to (i).

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

“Rateable property” means property on which a municipality may in terms of section 2 levy a rate, excluding property excluded from the levying of rates in terms of section 17;

“Rebate”, in relation to a rate payable on a property, means a discount granted in terms of section 15 on the amount of the rate payable on the property;

“Reduction”, in relation to a rate payable on a property, means the lowering in terms of section 15 of the amount for which the property was valued and the rating of the property at that lower amount;

“Register”-

- (a) means to record in a register in terms of
 - (i) the Deeds Registries Act 47 of 1937; or
 - (ii) the Mining Titles Registration Act 16 of 1967; and
- (b) includes any other formal act in terms of any other legislation to record-
 - (i) a right to use land for or in connection with mining purposes; or
 - (ii) a land tenure right;

“Residential property” means a property included in a valuation roll in terms of section 48 (2)(b) as residential; and *includes any adjoining property registered in the name of the same owner and used together with such residential property as if it were one property. (Any such groupings shall be regarded as one residential property for rate rebate or valuation reduction purposes and clearance application purposes) and/or*

A unit registered in terms of the Sectional Titles Act, 95 of 1986, included in a valuation roll in terms of Section 48(2) (b) as residential, including any unit in the same sectional 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 servants quarters. (Any such grouping shall be regarded as one residential unit for rate rebate and valuation reduction purposes and clearance application purposes.

“Rural Communal Settlements” means the residual portion of rural communal land excluding identifiable and rateable entities within the property, including State Trust Land and land reform beneficiaries as defined in the Act.

“Rural Communal Land” which includes State Trust Land as defined in the Communal Land Rights Act, the Provision of Land Assistance Act and the Communal Property Association Act;

“Sectional Titles Act” means the Sectional Titles Act, (Act No. 95 of 1986);

“Sectional Title Scheme” means a scheme defined in section 1 of the Sectional Titles Act;

“Sectional Title Unit” means a unit defined in section 1 of the Sectional Titles Act;

“Senior citizen”, is a property owner who is sixty (60) years or older, who is the registered owner of the primary property for which relief is sought, resides permanently on the property, and whose total monthly income (including the income of the spouse of the owner) does not exceed (R10,500).

“Specified Public Benefit Activity” means an activity listed in item 1 (welfare), 5 (humanitarian), 2 (health care), and 4 (education and development) of Part 1 of the Ninth Schedule to the Income Tax Act;

“State Trust Land” means land owned by the state-

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

“this Act” includes regulations made in terms of section 83(2). In this Act, a word or expression derived from a word or expression defined in subsection (1) has a corresponding meaning unless the context indicates that another meaning is intended.

“Vacant Land” means land not in use and where no immovable improvements have been erected.

8. SCOPE OR APPLICATION OF THE POLICY

8.1 IMPOSITION OF RATES

Rates are levied in accordance with Section 11 of the MPRA as an amount in the Rand based on the market value of the property as reflected in the municipality's General Valuation (GV) and any Supplementary Valuation (SV) roll.

8.2 CATEGORIES OF PROPERTY

In terms of the provisions of section 8 of the MPRA, Buffalo City Metropolitan Municipality intends to levy different rates for different categories of property, based on the use of the property concerned. **The following categories of property are recognized:**

- Residential Properties
- Business/Commercial Properties (**NB:** including properties used for Game Farming and / or Eco-tourism)
- Industrial Properties
- Agricultural Properties
- Educational Institutions
- Public service infrastructure
- Properties owned by Public Benefit Organisations
- Municipal Properties
- Vacant Land
- Specialised Properties
- Rural Communal Land

8.3 RATES RELIEF MEASURES

The municipality may grant relief measures in terms of Section 15 of the MPRA, to some categories of property and categories of property owners. Any relief measures granted shall be by way of exemption, rebate or reduction only. No relief shall be granted to any category of owner or any owners of property on an individual basis.

When granting exemptions, rebates or reductions in respect of **categories of property owners**, such categories will include the following:

- Residential Properties
- Agricultural Properties
- Public Service Infrastructure
- Municipal Properties
- Senior Citizens and Disabled Persons
- Public Benefit Organisations
- Duly registered Public Benefit Organizations
- Properties of owners situated within an area affected by a disaster within the meaning of the Disaster Management Act, No 57 of 2002.
- Newly developed commercial/industrial properties.
- East London Industrial Development Zone Property owners

8.3.1 RESIDENTIAL PROPERTIES

The municipality will not levy a rate on the first R15, 000 of the market value of the property assigned in the valuation roll to a residential category, as set out in terms of Section 17(1) (h) of the MPRA. **(No Application required)**

8.3.2 AGRICULTURAL PROPERTIES

Agricultural property means a farm or smallholding that is used for gain for the purpose of farming and forestry, e.g. rearing of livestock, planting and gathering of crops, but excludes the use of property for the purpose of eco-tourism or for the trading in or hunting of game.

The rate levied on all properties categorized as agricultural will be as prescribed in the MPRA Rate Ratio Regulations, at 25% of the residential rate. **(No Application required)**

8.3.3 PUBLIC SERVICE INFRASTRUCTURE

The first 30% of the market value of public service infrastructure, as defined in the MPRA and Section 9 of this policy, will not be rated as envisaged in Section (17)(1)(a) of the MPRA. **(No Application required)**

8.3.4 MUNICIPAL PROPERTIES

8.3.4.1 The following types of property owned by or vested in the Municipality are **not rateable: (No Application required)**

- (i) Public service infrastructure owned by the Municipality including Public service infrastructure vested in the Municipality by virtue of the provisions of Section 63 of the Local Government Ordinance 17 of 1939, or any other similar provision;
- (ii) Refuse tip sites;
- (iii) Municipal burial grounds and adjacent public open space within the burial ground precinct and municipal crematoria;
- (iv) Property used for the provision of public parks and zoned as public open space and includes undeveloped municipal property which is for the purposes of this Policy deemed to be public open space;
- (v) Property used for cultural purposes, sporting and recreational facilities **excluding** leased properties or portions thereof.

8.3.4.2 MUNICIPAL PROPERTY: RATEABLE

- (i) A lessee, in the case of a property registered in the name of the municipality, or an area or portion thereof, will for the purposes of the MPRA, be regarded as the owner of that property or leased portion.
- (ii) Council properties or portions thereof, leased to third parties will be rated according to the use of the property or portion thereof, subject to the provisions set out in the lease agreement. The lessee, who will be deemed to be the owner, will be liable for the payment of rates.
- (iii) Where the municipality sold a property and of which possession was given to the buyer pending registration of ownership in the name of the buyer, will be deemed to be the owner and will be liable for the payment of rates.

8.3.5 SENIOR CITEZENS AND DISABLED PERSONS

In order to qualify for a rebate, a retired or disable property owner must meet the following requirements:

- (i) be the owner of a property categorized as residential
- (ii) occupy the property as his/her primary residence or where the owner is unable to occupy the property due to no fault of his/her own, the spouse and/or minor children must occupy the property.
- (iii) The *retired person* must be at least 60 years of age on 1 July of the financial year concerned
- (iv) If the *retired person* turns 60 during the financial year, the rebate will be granted on a pro rata basis from the date on which the applicant turns 60.
- (v) *Disabled persons* must be in receipt of a disability grant/pension and submit proof e.g. letter from SASSA.
- (vi) Must be in receipt of gross monthly income (**excluding medical contributions**) not exceeding R10,500.00 from all sources including income of spouse.
- (vii) Indigent consumers who are senior citizens may also apply for this rebate.

The percentage rebate granted to the different gross income levels will be as set out in the table below:

GROSS MONTHLY INCOME		REBATE
RAND		%
0	3000	100
3001	4500	85
4501	6000	70
6001	7500	55
7501	9000	40
9001	10500	25

8.3.6 PUBLIC BENEFIT ORGANISATIONS (PBO) and NON PROFIT ORGANISATIONS (NPO)

In respect of PBO's and NPO's the following categories of properties owned by them, may apply for a rebate on rates:

- Privately owned properties used exclusively as a home catering for persons with disabilities, a hospital, clinic, mental institution, frail care centre, orphanage, non-profit retirement schemes, old age homes or any other benevolent institutions,

provided that any profits from the use of such properties are used entirely for the benefit of the institution.

- Properties owned and/or used by NPOs or PBOs solely for charitable work may qualify for a rebate.
- Properties registered in the name of private persons or organisations used exclusively for cemeteries and crematoriums.
- Properties declared in terms of the Cultural Institutions Act, 29 of 1969 or the Cultural Institutions Act 66, of 1989.
- Museums, libraries, art galleries and botanical gardens registered in the name of private persons and open to the public
- Properties registered in the name of a trustee or trustee of organisations defined in the Military Veterans Act 18 of 2011, or a similar organisation maintained for the welfare of war veterans and their families.
- Properties owned and/or used by youth organisations for the promotion and development of the youth, e.g. boy scouts and girl guides
- Properties owned or used by organisations, of which the exclusive aim is to protect birds, reptiles and other animals on a not for gain basis.
- Properties declared as National, Provincial and Local Heritage sites and Historical monuments
- Sporting bodies

8.3.6.1 Religious Organisations

In terms of Section 17(1) (i) of the MPRA, a municipality may not levy a rate on a property registered in the name of and used primarily as a place of public worship by a religious community, including an official residence registered in the name of that community which is occupied by an office bearer of that community who officiates at services at that place of worship.

A property registered in a name other than that of a religious organisation may be regarded as a property of a religious organisation if the property is used primarily as a place of public worship.

8.3.6.2. MPRA Rate Ratio Regulation

Any property that meets the PBO criteria as determined by the MPRA Rate Ratio Regulations but does not qualify for the rebate in terms of this policy, will be rated at 25% of the residential cent-in-the-rand.

8.3.7 Properties of owners situated within an area affected by a disaster within the meaning of the Disaster Management Act, No 57 of 2002.

Property owners within any category of property may apply for a reduction in the property value for rating purposes, where the value of the property has been adversely affected by a natural disaster, as defined in terms of the Disaster Management Act No. 57 of 2002. The property shall be valued as at the date of the natural disaster.

8.3.8 Newly developed commercial/Industrial properties

Such properties must meet the following requirements:

- The property must be categorized as commercial/industrial in the valuation roll.
- There must be developed.
- The value of the development must be R50, 000,000.00 (Fifty Million Rand) or above. (This requirement does not apply to East London Industrial Development zone property owners)
- The rebate will be phased in over a period of 5 years, from the effective date of the valuation of the improvements in the municipality's valuation roll as follows:

Year 1 – 50%

Year 2 – 40%

Year 3 – 30%

Year 4 – 20%

Year 5 – 10%, thereafter, full rates will be payable.

8.4 GENERAL REBATES

8.4.1 All properties categorized as Public Service Infrastructure, with a market value of R50, 000 or less will not be rated.

8.4.2 The municipality will also give a **differential rebate** of up to 75% to areas, where some or all of the following services are not offered by the municipality. The percentage rebate per service not available will be as indicated in the table below:

SERVICES	% REBATE
Water	22.50
Electricity	15.00
Sewerage	15.00
Refuse	7.50
Constructed Roads	15.00
TOTAL REBATE	75.00

This rebate **will not** be granted on an **individual** basis or to property owners who **choose not** to use municipal services provided.

9. GOVERNANCE ISSUES/AUTHORITY/DELEGATIONS

In terms of Section (3) (1) of the MPRA, the Council of the municipality must adopt a policy consistent with this Act on the levying of rates on rateable property in the municipality.

Any disputes which may arise on the application of this policy must be submitted in writing to the Chief Financial Officer, who will decide upon the dispute and give reasons in writing.

The Chief Financial Officer will be responsible for the interpretation and implementation of this policy, and therefore, will be the Appeal Authority.

10. PROCEDURE FOR GRANTING EXEMPTIONS, REBATES AND REDUCTIONS

Applications for exemptions, reductions and rebates will only be considered after an application on the prescribed form has been lodged with the Chief Financial Officer.

Applications for a reduction in the value of a property must be made within 30 days of the occurrence of the event giving rise to the reduction of the value of the property relied upon.

All other applications must be submitted **annually**.

Applications must reach the Municipality before 31 May preceding the start of the financial year for which relief is sought, failing which the exemption or rebate will lapse and will only be re-instated **subject to the availability of funds** with effect from the approval date, whether the property qualified for the relief before such approval.

Senior Citizens must submit proof of income in the form of pension statements, SASSA cards and/or 3 months bank statements of both the registered owner and spouse. Copies of Identity Documents must be attached.

Applications for rebates by PBO'S AND NPO'S must be accompanied by a letter from the South African Revenue Service confirming that the organisation qualifies for exemption in terms of the Income Tax Act.

All applications must be made under oath.

Properties for which application for a rebate is made must be used exclusively for the purpose that forms the basis for the application for the rebate.

The onus rests on the applicant to ensure that the application form and all supporting documents are lodged timeously, and that the property concerned qualifies for the exemption, rebate, or reduction.

An application for an exemption, reduction or rebate must authorize the Municipality to inspect the property at any reasonable time during the financial year to confirm compliance with the conditions of the exemption or rebate. Where access is denied, the exemption or rebate may be withheld, or withdrawn, if already effective

All applications for exemptions, rebates or reductions will require the applicant's municipal accounts to have been paid up to date or the conclusion of a suitable payment arrangement in terms of the Municipality's Credit Control and Debt Collection Policy. Should there be a default on the arrangement; the relief measure granted will be reversed.

The Municipality reserves the right to refuse an exemption, reduction or rebate if the details supplied in the application are incomplete, incorrect, or false.

11. COMPETENCE AND CAPACITY TO IMPLEMENT

- All staff must be aware of the provisions of this policy
- All staff must be aware of the procedures contained in this policy
- Supervisors/Managers/Directors must ensure compliance with this policy.

12. LIABILITY FOR AND RECOVERY OF RATES

- The registered or deemed owner of a property is liable for the payment of rates.
- In the case of joint owners the owners are jointly and severally liable for the payment of rates.
- *The valuation of any adjoining/contiguous properties registered in the name of the same owner and used together as if it were one property, will be grouped and rates will be levied on one master account.*
- In the case of sectional title schemes the owner of the sectional title unit is liable for the payment of rates.
- A municipality may recover rates on a monthly or annual basis.
- Accounts for rates will specify the amount due for rates, the date on which the amount is payable, how the amount was calculated, and the market value of the property.
- If an amount due for rates is unpaid by the owner the municipality may, in terms of the provisions of section 28 & 29 of the MPRA, recover that amount due from a tenant or occupier, or agent.
- An incomplete or a property under construction may be valued partially or fully if an Occupation Certificate is awarded by the municipality for any part or portion thereof and the valuer is satisfied that a portion thereof is habitable.

13. SPECIAL RATING AREAS

The municipality may by resolution of the Council, determine special rating areas in terms of Section 22 of the MPRA.

14. CLEARANCE CERTIFICATES

Where the Municipality receives an application for a clearance certificate, rates will be adjusted prior to the implementation of an SV under the following circumstances:

- Where a property has been valued by a Municipal Valuer in terms of Sections 78(1)(b),(c),(d) and (g) – in pursuance of an SV, BUT such valuation has not been authorized in the financial (billing) system
- Where a property was subdivided or consolidated after the last general valuation and the owner wishes to sell the consolidated erf or one or more of the subdivided erven, but the Municipality has not yet valued or included such properties in an SV,

the Municipal Valuer shall conduct a valuation of the relevant properties and include them in an SV.

Such valuation shall be authorized on the financial (billing) system and rates levied on the property in accordance to such valuation with effect from the date of the occurrence of the event, which caused an SV to be conducted.

Such adjusted rates amount, plus any estimated amounts payable in terms of Section 118 of the Municipal Systems Act and/or Section 89 of the Insolvency Act 24 of 1936, shall be deemed to be due and must be paid in full prior to the issuing of a clearance certificate in order to facilitate the transfer of property.

Any objections to such valuations may only be lodged once such an SV is made public in terms of Section 49 of the MPRA.

All payments will be allocated to the seller's municipal account and all refunds will be made to such a seller, unless advised otherwise by the Conveyancing Attorney.

15. ANNUAL REVIEW OF RATES POLICY

In terms of Section 5 of the MPRA, a municipal council must annually review, and if necessary, amend its rates policy.

A municipality must adopt by-laws to give effect to the implementation of its rates policy, in terms of Section 6 of the MPRA.

The effective date of implementation of this policy is **1 July 2014**.

A FANI (9922)

CITY MANAGER

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PROVINCIAL GAZETTE: ONE INSERTION: 28 JULY 2014

Rating Category	Tariff
Residential Properties	0.008225
Business, Commercial and Industrial Properties, including Game Farms and Eco- Tourism	0.020562
Agricultural Properties (used for Bona-Fide Farming)	0.002056
Public Service Infrastructure	0.002056
Municipal Owned Properties: Rateable,used for Residential purpose	0.008225
Municipal Owned Properties: Rateable,used for Non- Residential purpose	0.020562
Municipal Owned Properties : Non - Rateable	0.000000
Mining/Quarry Property	0.020562
Government Property (Correctional Services Facilities, Offices & Hospitals)	
Vacant Land	0.024674
Religious or Places of Worship and Special Property (e.g. Museums, Libraries)	0.000000
Public Benefit Organisations	0.002056
Rural Communal Land	0.000000
Council Meeting	28-May-14
Minute No.	BCMC 164/14

A. FANI (9918)

CITY MANAGER

NOTICE – CHANGE OF TELEPHONE NUMBERS: GOVERNMENT PRINTING WORKS

As the mandated government security printer, providing world class security products and services, Government Printing Works has adopted some of the highly innovative technologies to best serve its customers and stakeholders. In line with this task, Government Printing Works has implemented a new telephony system to ensure most effective communication and accessibility. As a result of this development, our telephone numbers will change with effect from 3 February 2014, starting with the Pretoria offices.

The new numbers are as follows:

- Switchboard : 012 748 6001/6002
- Advertising : 012 748 6205/6206/6207/6208/6209/6210/6211/6212
- Publications Enquiries : 012 748 6052/6053/6058 GeneralEnquiries@gpw.gov.za
 - Maps : 012 748 6061/6065 BookShop@gpw.gov.za
 - Debtors : 012 748 6060/6056/6064 PublicationsDebtors@gpw.gov.za
 - Subscription : 012 748 6054/6055/6057 Subscriptions@gpw.gov.za
- SCM : 012 748 6380/6373/6218
- Debtors : 012 748 6236/6242
- Creditors : 012 748 6246/6274

Please consult our website at www.gpwonline.co.za for more contact details.

The numbers for our provincial offices in Polokwane, East London and Mmabatho will not change at this stage.