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PROVINCIAL NOTICES • PROVINSIALE KENNISGEWINGS

PROVINCIAL NOTICE 603 OF 2023

FINAL
PROPERTY RATES BY-LAW**NALEDI LOCAL MUNICIPALITY**

Council resolves to adopt the following proposal as the Property Rates By-Law of the Naledi Local Municipality

By-Law effective date:	[01 July 2023]
Approved date:	[20 June 2023]
Resolution:	[193/2023]

**PROPERTY RATES BY-LAW
NALEDI LOCAL MUNICIPALITY**

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PROPERTY RATES BY-LAW NALEDI LOCAL MUNICIPALITY

1. INTRODUCTION

- 1.1. 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.
- 1.2. In terms of Section 4(1)(c) of the Local Government: Municipal Systems Act, No. 32 of 2000, a municipality has the right to finance the affairs of the municipality by imposing, inter alia, rates on property.
- 1.3. In terms of Section 2(1) of the Local Government: Municipal Property Rates Act, No. 6 of 2004 ('the Act'), a metropolitan or local municipality may levy a rate on property in its area of jurisdiction in accordance with the provisions of the said Act.
- 1.4. The Naledi Local Municipality ('the Municipality') is one of the local municipalities in South Africa that exercise full and legislative authority over their respective areas of jurisdiction. The Council of the Municipality has elected to impose a rate in terms of the aforementioned legislation. Consequently, this rates By-Law has been developed within the parameters of the applicable legislation relating to property rates.
- 1.5. This Property Rates By-Law only applies to the rating of property valued in accordance with the Act and the applicable regulations; it does not regulate the process of property valuation and the approval of the valuation roll, which is governed by the Act

2. DEFINITIONS

In addition to the definitions provided in the Act, the following definitions apply for the purposes of the application of the By-Law:

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

'Agricultural property' means a property that is used primarily for agricultural purposes, but without derogating from section 9 of the Act, excludes any portion thereof that is used commercially for the hospitality of guests, and excludes the use of the property for the purpose of ecotourism or for the trading in or hunting of game.

'Bona-fide farmers' means genuine or real farmer whose dominant income is generated from farming activities, on an agricultural property, within the Naledi municipal area, and is taxed by SARS as a bona-fide farmer.

'Business' means the activity of buying, selling or trade in goods or services and includes any office or other accommodation on the same property, the use of which is incidental to such business, with the exclusion of the business of mining, agriculture, farming, or inter alia, any other business consisting of cultivation of soils, the gathering in of crops or the rearing of livestock or consisting of the propagation and harvesting of fish or other aquatic organisms. The category business includes accommodation establishments eg: Guest Houses and Bed and Breakfasts.

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'Day' means when any number of days are prescribed for the performance of any act, those days must be reckoned by excluding the first and including the last day, unless the last day falls on a Saturday, Sunday or any public holiday, in which case the number of days must be reckoned by excluding the first day and also any such Saturday, Sunday or public holiday;

'Chief Financial Officer' means the Chief Financial Officer (CFO) of the Budget and Treasury Directorate of the Municipality;

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

'Council' means the Council of the Naledi Local Municipality.

'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;

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

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

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

'Farm property' refers to property that is able to be used productively for agricultural and farming purposes, either on a full-time or a part-time basis, regardless of whether or not agriculture forms the principal source of income;

'Improved value' means the market value of the property, less the land value of the property;

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

'Mining property' means a property used for mining operations as defined in the Mineral and Petroleum Resources Development Act, 2002 (Act No. 28 of 2002) or purposes incidental to mining operations;

'Multiple-use property' refers to property where there is a combination of different categories of property on the same registered property and where the market value of each is apportioned on the valuation roll; however, this excludes property included in the category of mixed-use property;

'Municipal Systems Act' means the Local Government: Municipal Systems Act, No 32 of 2000;

'Municipality' means the Naledi Local Municipality;

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

'Official residence' in relation to places of public worship, means- (a) A portion of the property used for residential purposes: or (b) One residential property, if the residential property is not located on the same property as the place of public worship, registered in the name of a religious community or registered in the

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name of a trust established for the sole benefit of a religious community and used as a place of residence for an office bearer;

'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;
 - i) in relation to a time sharing interest contemplated in the Property Time-sharing Control Act, 1983 (Act No. 75 of 1983), means the management association contemplated in the regulations made in terms of section 12 of the Property Time-sharing Control Act, 1983, and published in Government Notice R327 of 24 February 1984; *(Added by s1 of Act 29 of 2014)*
 - ii) *in relation to a share block company, the share block company as defined in the Share Block Control Act, 1980 (Act No. 59 of 1980); and (Added by s1 of Act 29 of 2014)*
- c) in relation to buildings, other immovable structures and infrastructure referred to in section 17(1)(f), means the holder of the mining right or the mining permit; *(Added by s1 of Act 29 of 2014)*
- d) 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
- e) in relation to public service infrastructure referred to in paragraph (d) of the definition of "property", means the organ of state which owns or controls that public service infrastructure as envisaged in the definition of "publicly controlled", provided that a person mentioned below may for the purposes of this Act be regarded by a municipality as the owner of a property in the following cases:
 - i) A trustee, in the case of a property in a trust excluding state trust land;
 - ii) an executor or administrator, in the case of a property in a deceased estate;
 - iii) a trustee or liquidator, in the case of a property in an insolvent estate or in liquidation;
 - iv) a judicial manager, in the case of a property in the estate of a person under judicial management;
 - v) a curator, in the case of a property in the estate of a person under curatorship;
 - vi) a person in whose name a usufruct or other personal servitude is registered, in the case of a property that is subject to a usufruct or other personal servitude;
 - vii) a lessee, in the case of a property that is registered in the name of a municipality and is leased by it; or a lessee, in the case of property to which a land tenure right applies and which is leased by the holder of such right; or
 - viii) a buyer, in the case of a property that was sold by a municipality and of which possession

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

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

'Person' includes an organ of state

'Public service infrastructure' means publicly controlled infrastructure of the following kinds:

- a) national, provincial or other public roads on which goods, services or labour move across a municipal boundary;

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- 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;
- c) power stations, power substations or power lines forming part of an electricity scheme serving the public; gas or liquid fuel plants or refineries or pipelines for gas or liquid fuels, forming part of a scheme for transporting such fuels;
- d) railway lines forming part of a national railway system;
- e) communication towers, masts, exchanges or lines forming part of a communications system serving the public;
- f) runways **[or]** aprons and the air traffic control unit at national or provincial airports, including the vacant land known as the obstacle free zone surrounding these, which must be vacant for the air navigation purposes; *(Amended by s1 of Act 29 of 2014)*
- g) 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; communications system serving the public;
 - i. any other publicly controlled infrastructure as may be prescribed; or
 - ii. [rights of way, easements or servitudes] a right registered against immovable property in connection with infrastructure mentioned in paragraphs (a) to (i);

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

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

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

'Property' means –

- a) immovable property situated within the boundaries of the municipality 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;

'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 of the Act, levy a rate, excluding property fully excluded from the levying of rates in terms of Section 17 of the Act;

'Ratio' in relation to section 19, means the relationship between the cent amount in the Rand applicable to residential properties and different categories of non-residential properties: Provided that the two relevant cent amounts in the Rand are inclusive of any relief measures that amount to rebates of a general application to all properties within a property category;

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

'Residential property' means a property included in a valuation roll in terms of section 48(2)(b) in respect of which the primary use or permitted use is for residential;

'Register' means

- a) means to record in a register in terms of-
 - i. the Deeds Registries Act, 1937 (Act No. 47 of 1937); or
 - ii. the Mining Titles Registration Act, 1967 (Act No. 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;

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

'Smallholding' refers to property, whether improved by the construction of a dwelling or not, not large enough to support a commercially viable farming operation, but able to provide a subsistence level of output to the owner of the property

2.1 CATEGORIES OF PROPERTIES' MEANS THE CATEGORIES RECOGNIZED IN TERMS OF PARAGRAPH 14 AND SECTION 4 OF THIS BY-LAW –

- a) **'Agricultural property'** refers to farm properties and small holdings used/held for agricultural purposes as per definitions and farm properties not used for any purpose;
- b) **'Business and commercial property'** refers to property on which the activity of buying, selling or trading in goods and services occurs, but excludes a property that forms part of the mixed-use property category. It includes any office or other accommodation on the same erf, the use of which is incidental to the business, but excludes the business of mining. Further includes, hostels, flats, communes, old age homes, self-catering/holiday flats, guesthouses, bed and breakfast establishments and any vacant property which is being used for storage or parking which is in line with the zoning of the property;
- c) **'Property used for multiple purposes'** means the property is used for more than one purpose and as per definition of multiple use;
- d) **'Public benefit organisation property'** means property owned by public benefit organisations and used for any specified public benefit activity listed in item 1 (welfare and humanitarian), item 2 (health care), and item 4 (education and development) of part 1 of the Ninth Schedule to the Income Tax Act;
- e) **'Public service infrastructure property'** means publicly controlled infrastructure of the following kinds:
 - i) national, provincial or other public roads on which goods, services or labour move across a municipal boundary;
 - ii) 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;
 - iii) power stations, power substations or power lines forming part of an electricity scheme serving the public;
 - iv) gas or liquid fuel plants or refineries or pipelines for gas or liquid fuels forming part of a scheme for transporting such fuels;
 - v) railway lines forming part of a national railway system;
 - vi) communication towers, masts, exchanges or lines forming part of a communication system serving the public;

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- vii) runways or aprons at national or provincial airports;
 - viii) 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
 - ix) any other publicly controlled infrastructure as may be prescribed; or
 - x) rights of way, easements or servitudes in connection with infrastructure mentioned in paragraphs (1) to (9).
- f) **'Residential property'** refers to:-
- i) a dwelling that is used exclusively for human habitation, but excludes hostels, flats, communes, old age homes, self-catering/holiday flats, guesthouses, bed and breakfast establishments, and any vacant land irrespective of its zoning or intended usage; or
 - ii) an improved property with not more than two dwellings, including any adjoining property registered in the name of the same owner and used together with such residential property as if it were one property, used exclusively for human habitation for residential purposes. (Any such grouping shall be regarded as one residential property for rates rebate or valuation reduction purposes as well as for clearance application purposes); or
 - iii) a unit registered in terms of the Sectional Title Act, for residential purposes, and includes any unit in the same Sectional Title Scheme registered in the name of the same owner which is used together with the residential unit as if it were one property, for example a garage, domestic worker's quarters or storeroom. (Any such grouping shall be regarded as one residential property for rates rebate or valuation reduction purposes as well as for clearance application purposes); or
 - iv) property owned by a share-block company and used exclusively for residential purposes, or
 - v) retirement schemes and life right schemes used exclusively for residential purposes.
- g) **'Vacant land'** refers to unimproved land, irrespective of the category of property.

2.2 CATEGORIES RECOGNIZED IN TERMS OF PARAGRAPH 16 AND OF THIS BY-LAW

- a) **'Public benefit organisations and not-for-gain institutions'** refer to institutions/ organisations that are approved in terms of Section 30 of the Income Tax Act, 1962, read with the Ninth Schedule to that Act ;
- b) **'Indigent household'** means a household that benefits from the Municipality's Indigent By-Law;
- c) **'Pensioner'** refers to a person who is at least 60 years of age and is in receipt of a total monthly household income from all sources (including the income of the spouse of the owner and any occupants) does not exceed R104,760 per annum (R8,730 per month); and is not a recipient of an indigent subsidy;
- d) **'Disabled person'** refers to a person who is not capable of working and is the recipient of a disability grant and whose total monthly income from all sources (including the income of the spouse of the owner and any occupants) does not exceed R104,760 per annum (R8,730 per month); and who is not a recipient of an indigent subsidy;
- e) **'Sporting bodies'** refers to organisations whose sole purpose is to use the property owned by them for sporting purposes, whether for gain or not;
- f) **'Municipal owned property'** refers to property that is registered in the name of the Municipality 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;
- g) **'Public service properties' (PSP)** refers to property used or owned by the State other than public service infrastructure as defined in the Act;

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- h) **‘Critical Biodiversity Area’** refers to areas defined as Critical Biodiversity Areas as defined in the Conservation Assessment and Plan that forms part of the municipal Spatial Development Framework (SDF);
- i) **‘Long-term protected critical biodiversity area’** refers to critical biodiversity areas which have been made subject to contractual agreements between the land owner and the municipality for a period of thirty years or in perpetuity, and entered into the title deeds of the land;
- j) **‘Short-term protected critical biodiversity area’** refers to critical biodiversity areas which have been made subject to contractual agreements between the land owner and the municipality for a period of five years.

3. GUIDING PRINCIPLES

- a) The rating of property will be implemented impartially, fairly, equitably and without bias, and these principles also apply to the setting of criteria for exemptions, reductions, and rebates contemplated in Section 15 of the Act.
- b) The rating of property will be implemented in a way that –
 - i) is developmentally oriented;
 - ii) supports sustainable local government by providing a stable and buoyant revenue source within the discretionary control of the Municipality;
 - iii) supports local and socio-economic development;
 - iv) promotes simplicity, uniformity, and certainty in the property rates assessment process;
 - v) gives due consideration to the need for simple and practical process of billing and collection of property rates;
 - vi) promotes sustainable land management, especially that which reduces the risk from natural disasters; and
 - vii) achieves national and local environmental management objectives.
- c) In developing or amending this By-Law, the Municipality commits itself to a process of community participation, as envisaged in Chapter 4 of the Municipal Systems Act and Section 4 of the Act. In addition to the requirements laid down in the said Act, the Municipality will engage interested parties and structures, such as ratepayer organisations, directly in the process of community participation. In addition, use will be made of established community consultation structures, such as ward committees, to ensure thorough participation with regard to the aforementioned process.

4. IMPOSITION OF RATES

- a) Rates are levied in accordance with Section 11 of the Act and are expressed as an amount in each rand of the market value of each category of property within the Municipality, as recorded in the Municipality's valuation roll and supplementary valuation rolls, and are determined together with the finalisation of the Municipality's annual budget.
- b) The Council shall, when levying property rates for each financial year, take cognisance of the burden of rates and service charges on property owners in the various categories of property ownership.

‘Levying of rates’ Rates to be levied on all rateable property

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(1) when levying rates, a municipality must, subject to Section 8, subsection(2), levy rates on all rateable property in its area-

(2) subsection (1) does not-

(a) oblige a municipality to levy rates on-

(i) properties of which that municipality is the owner,

(ii) public service infrastructure

(i) properties referred to in paragraph(b) of the definition of "property" in section 1, or

(ii) properties in respect of which it is impossible or unreasonably difficult to establish a market value because of legally insecure tenure resulting from past racially discriminatory laws or practices, or

(b) prevent a municipality from granting in terms of section 1.5 exemptions from, rebates on or reductions in rates levied in terms of subsection(1).

'Differential rates' the Municipality can levy rates in terms of Section 8 of the Act and subject to section 19, a municipality may, in terms of the criteria set out in its rates By-Law, levy different rates for different categories of rateable property, determined in subsection (2) and (3), which must be determined according to the -:

(a) use of the property

(b) permitted use of the property

(c) a combination of (a) and (b).

(1) A municipality must determine the following categories of rateable property in terms of Section 8, subsection (2) of the Act: provided that such property category exists within the municipal jurisdiction:-

- i. Residential properties
- ii. Industrial properties
- iii. Business and commercial properties
- iv. Agricultural properties
- v. Mining properties
- vi. Properties owned by an organ of state and used for public service purposes,
- vii. Public service infrastructure properties
- viii. Properties owned by public benefit organisations and used for specified public benefit activities,
- ix. Properties used for multiple purposes, subject to section 9: or
- x. Any other category of property as may be determined by the minister, with the concurrence of the minister of finance, by notice in the gazette.

(2) In addition to the categories of property determined in terms of Section 8, subsection (2) of the Act, a municipality may determine additional categories of the rateable property, including vacant land: provided that, with the exception of vacant land, determination of such property categories does not circumvent the categories of rateable property that must be determined in terms of subsection (2).

(3) (a) where municipality can, on good cause, show that there is a need to such-categories the property categories listed in subsection(2), a municipality must apply to the minister in writing for authorisation to create one or more such- categories.

(b) Such application must-

- i. Be accompanied by a motivation for such sub-section;
- ii. demonstrate that such-categorisation is not in contravention of section 19, and

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- iii. Reach the minister at least 15 months before the start of the municipal financial year in which the municipality envisages levying a rate on such such-categorised property

5. CATEGORIES OF PROPERTY AND OWNERS OF PROPERTY

- a) The following categories of property are recognised:
 - i. Residential properties;
 - ii. Industrial properties;
 - iii. business and commercial properties;
 - iv. agricultural properties;
 - v. mining properties;
 - vi. properties owned by an organ of state and used for public service purposes;
 - vii. public service infrastructure properties;
 - viii. properties owned by public benefit organisations and used for specified public benefit activities;
 - ix. properties used for multiple purpose, subject to section 9; or
 - i. any other category of property as may be determined by the Minister, with the concurrence of the Minister of Finance, by notice in the Gazette.
- b) In determining the categories of owners identified for the purpose of exemptions, rebates and reductions, the following criteria were utilised:
 - i) the income of the owner of the property;
 - ii) the source of income of the owner of the property;
 - iii) the employment status of the owner of the property; and
 - iv) use of the property.
- c) The following categories of owners and the geographical area, as defined in the Act or herein, [part 6], have been identified for the purpose of exemptions, rebates and reductions:
 - i) public benefit organisations and not-for-gain institutions;
 - ii) indigent households;
 - iii) pensioners;
 - iv) disabled persons;
 - v) sporting bodies;
 - vi) municipal owned property;
 - vii) state owned property;
 - viii) protected critical biodiversity areas;
 - ix) protected biodiversity; and
 - x) owners of property situated within an area affected by a disaster within the meaning of the Disaster Management Act, No. 57 of 2002.
- d) Whilst some categories of property and categories of owners are granted relief with regard to the payment of rates, no relief shall be granted in respect of the payment for rates to any category of owner of property or to owners of properties on an individual basis, and any relief granted shall only be by way of an exemption, rebate or reduction, as provided for in this By-Law.
- e) Criteria for rating multiple use property

The following criteria will apply to the rating of multiple use properties within the Municipality:

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- i) apportionment of the market value of a property to the different purposes for which the property is used; and
- ii) application of the relevant rate to each of the components of the property, based on its value.

f) Process for Rating Agricultural property

- i) Properties used for agricultural purposes but not categorised as property used for agricultural purposes, shall be revalued, categorised and rated as such only on submission of a written affidavit on the prescribed form certifying that the use of the property is in compliance with this By-Law and the appropriate legislation.
- ii) The Municipality reserves the right to refuse categorising a property as agricultural if the details supplied in the application are incomplete, incorrect or false. The properties of all applicants will be inspected, and revalued as per the Act on a supplementary valuation.
- iii) the effective date for rating will be in terms of the Act.

6. SPECIAL RATING AREAS

- a) The Council may by resolution from time to time determine special rating areas as envisaged in Section 22 of the Act and levy additional rates on properties in such areas for the purposes of raising funds as contemplated in the said Section and the Council may adopt a By-Law to regulate the implementation of such special rating areas

7. EXEMPTIONS, REBATES AND REDUCTIONS

The Council has considered the following factors for the purposes of granting exemptions, rebates and reductions:

- i) the need to accommodate indigent persons and less affluent pensioners;
- ii) the services provided to the community by public service organisations;
- iii) the environmental amenity value and reduced environmental risk; and
- iv) the private contribution to meeting municipal and national environmental management objectives and biodiversity targets.
- v) Owners of residential properties with a market value lower than an amount determined by the municipality, or
- vi) Owners of agricultural properties who are bona fide farmers.
- vii) In addition to the categories of readable property determined in terms of section 8(2), a municipality may, subject to any ratio determined in terms of section 19, for the purposes of granting exemption, rebates and reductions, determine such categories based on-: (a) properties used for public service purposes, and
- viii) Properties to which the provisions of the National Heritage Resources Act, 1999(Act No. 25 of 1999), apply, or an institution that has been declared to be subject to the cultural institutions Act, 1998(Act No. 119 of 1998).
 - ix) owners of property situated within an area affected by -
 - x) (i) a disaster within the meaning of the Disaster Management Act, 2002 (Act No. 57 of 2002);
 - or
- g) (ii) any other serious adverse social or economic conditions:

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

(a) properties used for public service purposes; and
(b) properties to which the provisions of the National Heritage Resources Act, 1999 (Act No. 25 of 1999), apply, or an institution that has been declared to be subject to the Cultural Institutions Act, 1998 (Act No. 119 of 1998).

7.1 EXEMPTIONS: PUBLIC BENEFIT ORGANISATIONS, NOT-FOR-GAIN INSTITUTIONS AND RESIDENTIAL

7.1.1 In addition to the provisions made in Section 7 (2) (a) of the Act and the exclusions outlined in Section 17 of the Act, the Public Benefit Organisations and not-for-gain institutions or organisations may apply for the exemption of rates in respect of the following categories of properties owned by them:

- properties used exclusively as hospitals, clinics, mental hospitals, orphanages, retirement villages, 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 and/or to charitable purposes within the Municipality;
- properties belonging to not-for-gain institutions (organisations) that perform charitable work;
- land used exclusively for cemeteries and crematoriums;
- properties declared as Long-term Protected Critical Biodiversity Areas by contractual agreement entered into with the municipality, or the provincial biodiversity conservation authority, and which are compliant with regulations under the Biodiversity Act (Act 10 of 2004), and the Protected Areas Act (Act 57 of 2003);
- properties declared in terms of the Cultural Institutions Act, No. 29 of 1969 or the Cultural Institutions Act, No. 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 trust or trusts and/or organisations, as defined in the Social Aid Act, No. 66 of 1989, which are 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;
- properties owned, or used, by institutions or organisations, the exclusive aim of which is to protect birds, reptiles, fish and animals on a not-for-gain basis;
- properties registered in the name of and used primarily as a place of public worship by a religious community, including an official residence registered in the name of that community which is occupied by an office-bearer of that community who officiates at services at that place of worship in terms of Section 17(1)(i) of the Act; and
- property owned by or used by institutions/organisations whose exclusive aim is to protect biodiversity, registered in terms of Schedule 9 of the Income Tax Act, and compliant with relevant regulations under the Biodiversity Act or provincial legislation.

7.1.2 The effective date of the exemption from rating will be the date when the Municipality approves the application for exemption, irrespective of whether the property qualified for exemption in terms of its use prior to that date.

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- 7.1.3 Additional exemptions on the market value of property in the valuation roll or supplementary valuation roll for residential property will be granted as per the approved Municipal Tariffs.

7.2 REBATES

The level of rebate granted to specific owners within each category of property situated within the service area of the Municipality will be determined annually as part of the operating budget process. Granting of rebates within a particular category of property is aimed at ensuring an equitable distribution of the property rates burden amongst the categories of property that constitute the property rates base of the Municipality.

7.2.1 Indigent households

The Council has adopted an Indigent By-Law that provides for the alleviation of the rates burden on the low income sectors of the community within the Municipality. Owners of property who qualify for the assistance provided by this By-Law must make application to access the relief provided if they do not automatically receive it.

7.2.2 Pensioners and disabled

7.2.2.1 Retired and disabled persons qualify for rebates in accordance with their annual household income. To qualify for such rebate, a retired or disabled property owner must:

- a) submit an application on the prescribed form on an annual basis;
- b) be a natural person;
- c) be the owner of the property which is categorised as residential;
- d) occupy the property as his or her normal residence or where the owner is unable to occupy the property due to no fault of his/her own, the spouse or minor children may satisfy the occupancy requirement;
- e) produce a bar-coded identity document;
- f) Pensioner's: be at least 60 years of age on 1 July of the financial year concerned; or if the owner turns 60 during the year the rebate will be granted on a pro rata basis from the date on which the applicant turned 60;
- g) Disabled: be in receipt of disability grant / pension and submit proof and nature of disability e.g. letter from doctor with application.
- h) Be in receipt of a total gross annual income from all sources, excluding medical aid contributions, child support / grant but including the income of the spouse of the owner and all persons normally residing on that property, not exceeding R99 720 per annum (R8 310 per month); submit pension statements, previous 3 months (or the number of months determined necessary by the Chief Financial Officer) bank statements from all bank and investment accounts of owner and spouse, and proof of gross salary of any other persons living on the property (not just rental received). All documents provided must clearly state who it is for – documents which do not reflect person's name or ID No. on will not be considered;
- i) not be in receipt of an indigent subsidy;

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- j) provide a certified affidavit declaring any assistance from any other sources. Assistance received from family members not residing on property, will not however be included in the calculation of total household income;
- k) provide a certified affidavit to explain any once-off monies received e.g. gifts, donations, etc; and
- l) ensure that his/her accounts are not in arrears (or arrangements made to pay all outstanding amounts) before applying for the rebate and continue to pay the rates account in full until rebate is granted as no interest will be reversed

7.2.2.2 Further to the above:-

- a) a usufructuary will be regarded as the owner;
- b) the criteria of a natural person may be waived at the sole discretion of the municipality to allow for a property owned by a trust where the total number of beneficiaries meets all of the other requirements of this By-Law; and provided further that the gross monthly income of all persons residing on that property be added to the gross monthly income of the beneficiaries staying on that property;
- c) owners qualify for only one rebate per year, if financial circumstances change they can only apply for future years;
- d) The rebate applicable to the elderly and disabled is set out in the table hereunder:

Annual Household Income	Rebate
Less than 2 annual state pensions R50 160	100%
Between two state pensions R50 161 and R59 660	85%
Between R59 661 and R64 160	70%
Between R64 161 and R78 660	55%
Between R78 661 and R88 160	40%
Between R88 161 and R97 660	25%
Between R97 661 and R107 160	10%

7.2.3 Sporting bodies

Organisations, the sole purpose of which is to use the property owned/leased by them for sporting purposes, whether for gain or not, qualify for a rebate. In this regard, it is noted that assistance offered to professional sporting organisations may differ from that afforded to amateur organisations. Any profits earned must be invested in the betterment of the organisation and not be for private gain.

Audited financial statement must be provided, if however the sporting body does not have audited financial statement reasons therefore must be provided on the club's official letterhead with the unaudited financial statement on submission of the application form.

7.2.4 Game Parks

In the case of properties that are used for game park/s, the owner(s) may qualify for a rebate, subject to the following conditions:

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- a) the property must be used predominantly as a game park with the sole purpose of viewing of animals by the general public at an affordable price and for encouraging tourists to the area;
- b) the usage of the property must be in accordance with the zoning scheme of the area;
- c) the owner must be registered with the South African Revenue Service and provide proof thereof with the application. If proof of registration with SARS cannot be produced due to recent ownership change, upon application, a municipal official, authorised by the Municipal Manager shall issue a certificate of compliance to the owner, after an inspection of the property has been conducted and the municipal official is satisfied that such land is used predominately as a game park;
- d) the owner must run educational programs for schools and not for gain institutions at a nominal fee. Proof of such activities must be submitted with the application;
- e) the land owner must prove that he/she has complied with the National Veld and Forest Fire Act (Act 101 of 1998) and legislation governing the control of alien invasive species; and
- f) property used for hunting of game shall not qualify for the rebate.

7.2.5 Agricultural property rebate

7.2.5.1 When considering the criteria to be applied in respect of any exemptions, rebates and reductions on any properties used for agricultural purposes the municipality must take into account:-

- a) the extent of rates related services rendered by the municipality in respect of such properties.
- b) the contribution of agriculture to the local economy.
- c) the extent to which agriculture assists in meeting the service delivery and developmental objectives of the municipality; and
- d) the contribution of agriculture to the social and economic welfare of farm workers.

7.2.5.2 In terms of section 84 of the Act the Minister for Provincial and Local Government, and in concurrence with the Minister of Finance as required through section 19 of the Act, may determine that a rate levied by the Council on a category of non-residential property may not exceed the ratio to the rate on residential property. In the absence of any such promulgation the municipality will apply the standard ratio for agricultural properties as 1:0.25 (75% rebate on the tariff for residential properties). For the 2009/2010 financial year the minister has promulgated a ratio of 1:0.25.

7.2.5.3 An additional rebate (based on the total property value) of 65% will be granted by the municipality as per agreement signed between the Vryburg Agricultural Union and Naledi Local Municipality.

7.2.5.4 The granting of the additional rebate is subject to the following:

- a) All applications must be addressed in writing to the municipality by the date as approved by the municipality. This application will be required as a once off requirement. Any new applications for the next financial year and onwards must be addressed in writing to the municipality on the dates as approved by the municipality. If the rebate applied for is granted the rebate will apply for the full financial year and such application again regarded as a once off requirement.
- b) All applications for the additional rebate must be certified and authorized by the local office of organized agriculture in the municipal area as proof of the use of the property for agricultural

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- purposes. The onus also rests on recipients to immediately notify Council of any changes in their original application.
- c) The municipality retains the right to refuse the exemption if the details supplied in the application form were incomplete, incorrect or false.
- v. No other rebates will be granted to properties that qualify for the agricultural rebate. For the avoidance of doubt, properties that qualify for the agricultural rebate will not be entitled to the residential rate exemption as set out in this By-Law.
- vi. Phasing in of the rates

The rates to be levied on newly rateable property shall be phased in as explicitly provided for in section 21 of the Act.

The phasing-in discount on the properties referred to in section 21 shall be as follows:

First year 2009-2010:	75% of the relevant rate;
Second year 2010-2011:	50% of the relevant rate; and
Third year 2011-2012:	25% of the relevant rate (100% of the relevant rate for Agricultural Property – special agreed rebate).

7.2.5.5 If the usage of a property changes during a financial year, the rebate applicable will be reduced pro rata for the balance of the financial year.

7.2.5.6 All accounts of the applicant must be up to date or arrangements must be made to pay any outstanding balances before any rebate will be granted.

7.2.6 Incentive Rebate – Commercial

7.2.6.1 The following rebate incentive is to assist in maintaining, promoting and luring local commercial property investment in Vryburg :

7.2.6.2 **Individuals, entities and groups of entities that own more than three properties of which the total municipal value exceeds R 25 000 000-00 (Twenty Five Million Rand) shall qualify for a rebate of 28 % of their commercial property taxes. The rebate shall be deducted from each and every assessment immediately after such assessment has been done in accordance with municipal regulations and applicable tariffs.**

7.2.6.3 The rebate will be handled on an application basis with a new application to be lodged every year.

7.2.6.4 If the value of the property is less than R 25 000 000-00 (Twenty Five Million Rand), an applicant can still apply. The application will then be reviewed on the basis of promoting investment and growth in Vryburg.

7.2.7 Definitions for purposes of the proposed rebate:

- a) Individuals - Shall include all natural persons.
- b) Entities - Shall include registered companies; registered corporations and registered trusts.
- c) Groups of entities- Shall include:
- d) A corporate group of entities with a common source of corporate control; and

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- e) A family group of entities comprising of two or more entities of which at least one of the directors, members or trustees of each entity within such group is either the same person or are related to each other within the 2nd degree; AND The shareholders and/or beneficiaries (including by virtue of trust) are of blood relation to each other and at least one of the directors of all the entities

7.3 REDUCTIONS

Owners of property situated within an area affected by a disaster

- a) Property owners within any category of property may apply for a reduction in the property value for rates 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, and the property shall be re-valued as at date of such natural disaster, in accordance with the Act.

7.4 PROCESS FOR GRANTING EXEMPTIONS, REBATES AND REDUCTIONS

- a) Applications for exemptions and rebates will only be considered after an application on the prescribed form has been lodged with the Chief Financial Officer. Once an application is approved conditions for re-application are governed by Section 21 (4) of this By-Law. Applications must reach the Municipality before 30 June of the first financial year for which relief is sought, failing which the exemption or rebate will lapse and will only be re-instated once the application has been approved
- b) All applications must be made under oath. In addition, applications for exemptions by public benefit organisations 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 other property owners seeking an exemption must submit either a letter from their auditors, or annual financial statements confirming that the applicant qualifies for an exemption.
- c) The properties mentioned in [19](1)(j) above shall be exempt from property rates only on submission of a written affidavit on the prescribed form certifying that the use of the property is in compliance with Section 17(1)(i) of the Act. Affidavits must reach the Chief Financial Officer before 30 June of the year preceding the start of the financial year for which relief is sought.
- d) Religious organisations must apply on an annual basis for the exemption. (Applicants could however on request be required to provide proof that the properties are still being used for religious purposes). Applications for exemptions for PBO's and not-for-gain organisations as well as rebates for sporting bodies and game parks must be submitted on an annual basis and if the usage of the property changes or the conditions of the By-Law are amended. Applications for pensioner's rebates must however be submitted on an annual basis.
- e) Properties for which application for exemption from the payment of rates is made must be used exclusively for the purpose that forms the basis for the application for exemption. Where this is not the case, the property will form part of the category multiple use properties and those portions not used for the purpose for which application for exemption has been made will be re-valued and property rates levied in accordance with the category/categories of property applicable.
- f) An application for an exemption or rebate must authorise 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.
- g) Applications for a reduction in rates based on a reduction in value of a property must be made on the prescribed form within 30 days of the occurrence of the event giving rise to the reduction of the value of the property relied upon.

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- h) 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.
- i) The effective date of an exemption or rebate shall be the date when the Municipality approves the application for exemption or rebate, irrespective of whether or not the property qualified for exemption or rebate in terms of its use prior to that date.
- j) The Municipality reserves the right to refuse an exemption or rebate if the details supplied in the application are incomplete, incorrect, or false.

7.4.1 In accordance with Section 15(3) of the Act, the Municipal Manager of the Municipality shall annually table in the Council of the Municipality a:

- a) list of all exemptions, rebates and reductions granted by the Municipality during the previous financial year; and
- b) statement reflecting the income of the Municipality foregone during the previous financial year by way of such exemptions, rebates and reductions and the exclusions referred to in Section 17 (1) (a), (e), (g), (h) and (i) of the Act.

7.4.2 The exemptions, rebates and reductions shall be clearly indicated on the property rates account submitted to each property owner.

7.5 CONSTITUTIONALLY IMPERMISSIBLE RATES

All properties that are classified vacant do not qualify to receive the impermissible rates as per approved council budget.

8. MUNICIPAL OWNED PROPERTY

Naledi Local Municipality-owned land, being utilised by other Directorates for administrative purposes, such as electricity, water, sanitation, refuse and fresh produce market will be rateable.

9. AMOUNT DUE FOR RATES

- a) A rate will be determined for each of the different categories of property within the Municipality in order to establish the revenue to be generated from property rates. This property rates revenue, less any rates rebates applicable to the different categories of property, will be included in the annual operating budget approved by the Council for each financial year. The rates and levels of rebate as approved by Council will be published together with the Municipality's annual budget.
- b) Joint owners of property are jointly and severally liable for the payment of property rates.
- c) The payment of property rates may not be deferred beyond the due date by reason of an objection to the valuation of the property concerned in the valuation roll.

The submission of an application for a rebate or exemption does not defer the liability of payment of rates beyond the due date. Any interest raised for non-payment or short payment prior to date of processing the application will be payable irrespective of whether the property/owner qualifies for the rebate/exemption or not.

10. FREQUENCY OF PAYMENTS

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Assessment rates are levied annually as a single amount and raised monthly on the owners account and payable as such, or may be paid annually by arrangement. Agricultural properties are raised annually on the owners account and is payable as such, or may be paid monthly by arrangement. In the case of an application for a certificate in terms of Section 118 of the Local Government: Municipal Systems Act, No. 32 of 2000, the full amount which remains unpaid, inclusive of all instalments, for the remaining financial year shall be payable

11. FREQUENCY OF VALUATIONS

The Municipality shall every five years prepare a new valuation roll by means of a general valuation of all rateable property within the Municipality. Supplementary valuations will be undertaken twice during each financial year. Additional supplementary valuations can be carried out at the discretion of the CFO. In the event that a property has been transferred to a new owner and the rates emanating from a supplementary valuation become due and payable the new owner will be held jointly and separately responsible for the settlement of the interim rates account.

12. CORRECTION OF ERRORS AND OMISSIONS

If the rates levied on a particular property have been incorrectly determined because of an error in valuation or rating category, the rates shall be appropriately adjusted from the beginning of the financial year in which the incorrect valuation or rating category was brought to the attention of the Municipality. Where the rates levied on a particular property have been incorrectly determined because of false information provided by the property owner concerned or used by the owner of a property for a purpose other than a permitted use, the correct amount will be levied by the Municipality for the full financial year concerned. In addition, where the error occurred because of false information provided by the owner or as a result of the contravention of the permitted use of the property concerned, interest on the unpaid portion of the adjusted rates payable shall be levied at the maximum rate determined by the Council for the payment of overdue rates accounts.

13. COLLECTION OF ARREARS ACCOUNTS

All arrears and outstanding balances on accounts will be collected in terms of the Municipalities Debt and Credit Control By-Law. The relevant legislation and case law will apply.

14. DELEGATION OF POWERS AND AUTHORITY

16.1 Delegation

This By-Law should be applied with due observance of the municipality's By-Law with regard to delegated powers. Such delegations refer to delegations between the Council and Municipal Manager as well as between the Municipal Manager and other responsible officials. All delegations in terms of this By-Law document should be recorded in writing.

16.2 Authority

Any deviation from this By-Law for whatsoever reason must be authorized by the Municipal Manager and in the case of the municipal manager, the Mayor will authorize.

15. IMPLEMENTATION OF THIS BY-LAW

**PROPERTY RATES BY-LAW
NALEDI LOCAL MUNICIPALITY**

17.1 This By-Law will be effective from the date the By-Law is approved per council resolution.

17.2 The implementation of this By-Law cannot be backdated and all sections thereof will only be implemented from date of approval.

(Special Council Meeting – Minutes 20/06/2023)

6. COUNCIL MATTERS: FINANCE: BUDGET FOR 2023/24 AND MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK (MTREF)**RESOLVED**

1. That the council approves Operating Revenue, Expenditure and Capital budget for 2023/24 and MTREF as presented by the Mayor to Council in terms of section 24 of the Municipal Finance Management Act, 56 of 2003 and Municipal Budget and Reporting Regulation 16.
2. That council takes note that the policy review was conducted as part of budget process.
3. That council approves the reviewed financial plan to address the budget deficit over the MTREF.
4. That council approves the 2023/24 and MTREF tariffs be increased as follows:-

	2023/24	2024/25	2025/26
4.1 Rates	5.3%	4.9%	4.7%
4.2 Rates Government	0%	0%	0%
4.3 Water	5.3%	4.9%	4.7%
4.4 Electricity	15.45	4.9%	4.7%
4.5 Refuse Removal	5.3%	4.9%	4.7%
4.6 Sewerage	5.3%	4.9%	4.7%
4.7 Other Services	5.3%	4.9%	4.7%

5. That council takes note of the provincial Treasury inputs during budget engagement process. That the inputs from the stakeholders were incorporated and attended to.
6. That the council approves the reviewed policies in terms of the municipal budget and reporting regulation Reg. 7(1)
 - 6.1 Supply Chain management policy
 - 6.2 Municipal Property rates policy and municipality property rates by-law.
 - 6.3 Municipality tariff policy and By-law
 - 6.4 Municipal credit control and debt collection policy
 - 6.5 Municipal assets policy
 - 6.6 Municipal cash and investment policy
 - 6.7 Cost containment policy

- 6.8 UIF and W reduction strategy;
 - 6.10 Budget and funding reserves policy; and
 - 7.10 Other budget related policies.
7. That council approves the application for tariff increase to NERSA for electricity tariffs for 2023-24 financial year.
 8. That council approves the increase indigent application amounts to R4 160.
 9. That council notes the extensive consultations that have taken place with other stakeholders.
 10. That council approves the new tariff and policy be developed for wayleave and that the benchmark was based on municipality from Ndlambe and Msunduzi Municipalities.
 11. That the Municipal Manager considers the Car Allowance and Cellphone allowance benefit within the legal framework.
 12. That the overtime be kept at the minimum of R 300 000.00 per month.
 13. That Acting allowance should be terminated and the manager in the unit takes responsibility of the vacant position, only exceptional circumstances will be considered.
 14. That the following Councillors registered their dissension vote:-
 - 14.1 Councillor J A Adonis
 - 14.2 Councillor V R Morakile
 - 14.3 Councillor L Setlhake

Department: Municipal Manager

Approved by Cllr M Letshwene
Seconded by Cllr P Selotlego

Res.no:193/2023

RESOLUTION ON LEVYING PROPERTY RATES IN TERMS OF SECTION 14 OF THE LOCAL GOVERNMENT: MUNICIPAL PROPERTY RATES ACT, 2004 (ACT NO 6 OF 2004)



NALEDI LOCAL MUNICIPALITY

RESOLUTION LEVYING PROPERTY RATES FOR THE FINANCIAL YEAR 1 JULY 2023 TO 30 JUNE 2024

Notice is hereby given in terms of section 14(1) and (2) of the Local Government Municipal Property Rates Act, 2004; that at its meeting of 20 June 2023, the Council resolved by way of Council Resolution Number 193/2023, to levy the rates on property reflected in the schedule below with effect from 1 July 2023.

Category of property	Cent amount in the Rand rate determined for the relevant property category
Residential %	R 0.00915
Businesses %	R 0.01829
Industrial %	R 0.01829
Agricultural %	R 0.00229
Agricultural : Businesses %	R 0.00458
PSP (Public Service Purposes) %	R 0.03307
Multipurpose % (Tariff Calculated based on Percentage of Property usage as Residential)	R 0.00915
Multipurpose % (Tariff Calculated based on Percentage of Property usage as Business)	R 0.01829
PSI (Eg Roads) %	R 0.00229
Mining %	R 0.00229
Public Benefit Org (Eg Church, Sport Body) %	R 0.00915

Full details of the Council Resolution and rebates, reductions and exclusions, specific to each category of owners of properties or owners of a specific category of properties as determined through criteria in the Municipality's Rates Policy, are available for inspection at the Municipality's offices.

**MT SEGAPO
MUNICIPAL MANAGER**

**P O Box 35
VRYBURG
8600**

Telephone No: 053 928 2200

FINAL

TARIFF BY-LAW



NALEDI LOCAL MUNICIPALITY

Council resolves to adopt the following proposal as the Tariff By-Law of the Naledi Local Municipality

By-Law effective date: [01 July 2023]

Approved date: [20 June 2023]

Resolution: [193/2023]

TARIFF BY-LAW NALEDI LOCAL MUNICIPALITY

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TARIFF BY-LAW NALEDI LOCAL MUNICIPALITY

1. INTRODUCTION

In terms of Section 74 of the Local Government: Municipal Systems Act, 2000 the municipal council must adopt and implement a tariff By-Law on the levying of fees for municipal services provided by the municipality itself or by way of service delivery agreements.

The tariff By-Law must at least reflect the principles set out in section 74(2) of the Municipal Systems Act.

The tariff By-Law may differentiate between different categories of users, debtors, service providers, services, service standards and geographical areas as long as such differentiation does not amount to unfair discrimination.

2. PURPOSE

The Naledi Local Municipality wishes to achieve the following objectives by adopting this tariff By-Law:

2.1. To comply with the provisions of Section 74 of the Local Government Municipal Systems Act, Act 32 of 2000.

2.2. To prescribe procedures for calculating tariffs where the Naledi Local Municipality wishes to appoint service providers in terms of Section 76(b) of the Local Government Municipal Systems Act, Act 32 of 2000.

2.3. The tariffs are realistic and affordable;

2.4. To prescribe procedures for calculating tariffs where the municipality wishes to appoint service providers in terms of section 76(b) of the Systems Act (Act 32 of 2000).

3. GENERAL PRINCIPLES

3.1. Service tariffs imposed by the Naledi Local Municipality shall not be viewed as taxes, and therefore the ability of the relevant consumer or user of the services to which such tariffs relate, shall not be considered as a relevant criterion.

TARIFF BY-LAW NALEDI LOCAL MUNICIPALITY

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

3.3. Tariffs for the four major services rendered by the municipality, namely:

3.3.1. Electricity

3.3.2. water

3.3.3. sewerage (waste water)

3.3.4. refuse removal (solid waste)

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

3.4. The municipality shall, as far as circumstances reasonably permit, ensure that the tariffs levied in respect of the four major services further generate an operating surplus each financial year of **10 percent or such lesser percentage** as the council may determine at the time that the annual operating budget is approved. Such surpluses shall be applied in relief of property rates and for the partial financing of general services or for the future capital expansion of the service concerned, or both. The modesty of such surplus shall prevent the service tariffs concerned from being viewed as concealed taxes.

3.5. Indigent households will have access to basic services through indigence relief approved by the Council in accordance with the Integrated Development Plan and Section 74(2)(c)(i) and (ii) of the Municipal Systems Act from time to time and shall be funded from the annual Equitable Share Grant granted to the Council and is subject to the availability of funds from the Grant.

3.6. The municipality shall develop, approve and at least annually review an indigent support programme for the municipal area. This programme shall set out clearly the municipality's cost recovery By-Law in respect of the tariffs that it levies on registered indigents, and the implications of such By-Law for the tariffs that it imposes on other users and consumers in the municipal region.

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- 3.7. In line with the principles embodied in the Constitution and in other legislation pertaining to local government, the municipality may differentiate between different categories of users and consumers in regard to the tariffs that it levies. Such differentiation shall, however, at all times be reasonable, and shall be fully disclosed in each.
- 3.8. The municipality's tariff By-Law shall be transparent, and the extent to which there is cross-subsidisation between categories of consumers or users shall be disclosed to users.
- 3.9. The municipality shall ensure that its tariffs shall be readily understandable by all users affected by the tariff By-Law.
- 3.10. The municipality undertakes to render its services cost effectively in order to ensure the best possible cost of service delivery.
- 3.11. In the case of directly measurable services, namely electricity and water, the consumption of such services shall be properly metered by the municipality, and meters shall be read, wherever circumstances reasonably permit, on a monthly basis. The charges levied on consumers shall be proportionate to the quantity of the service that they consumed.
- 3.12. In addition, the municipality shall levy monthly availability charges for the services concerned, and these charges shall be fixed for each type of property as determined in accordance with the detailed policies set out below. Generally, consumers of water and electricity shall therefore pay two charges: one, relatively minor, which is unrelated to the volume of consumption and is levied because of the availability of the service concerned; and another directly related to the consumption of the service in question
- 3.13. In considering the costing of its water, electricity and sewerage services, the municipality shall take due cognisance of the high capital cost of establishing and expanding such services, and of the resultant high fixed costs, as opposed to variable costs of operating these services. The municipality therefore undertakes to plan the management and expansion of the services carefully in order to ensure that both current and reasonably expected future demands are adequately catered for, and that demand levels which

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fluctuate significantly over shorter periods are also met. This may imply that the services may at times or for certain periods operate at less than full capacity, and the costs of such surplus capacity must also be covered in the tariffs which are annually levied.

3.14. The following principles will also apply:

- a) Free services will only be possible if the National Government pay to the municipality an equitable share subsidy, which covers the full costs of the free services.
- b) All users of municipal services will be treated equitably. Save for poor households and deserving categories of users, the various categories of customers will pay the same charges based on the same cost structure.
- c) The amount payable by consumers will be in proportion to usage of the service.
- d) Indigent households must at least have access to basic services through lifeline tariffs or direct subsidisation.
- e) Tariffs must reflect the total cost of services.
- f) Within limits, customers should be free to choose from a range of applicable tariffs.
- g) Tariffs must be set at a level that facilitates the sustainability of services. Sustainability will be achieved by ensuring that:
 - i) Cash inflows cover cash outflows. This means that sufficient provision for working capital and bad debts will be made.
 - ii) Access to the capital market is maintained. This will be achieved by providing for the repayment of capital, maintaining sufficient liquidity levels and making profits on trading services.
- h) Provision will be made in appropriate circumstances for a surcharge on a tariff. This will be required during a national disaster and periods of droughts when a restriction of usage is required.
- i) Providing for penalties to prohibit exorbitant use will encourage efficient and effective use of resources.
- j) The extent of subsidisation of tariffs will be disclosed.
- k) VAT is excluded from all tariffs and will be additional to these tariffs when applicable.
- l) A property used for multiple purposes must, for purposes of these tariffs be assigned to a category determined by the council for properties used for a purpose corresponding with the dominant use of the property if the Municipality cannot

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readily make an apportionment in relation to the services concerned and the categories of users.

- m) In order to provide the Municipality with appropriate security for payment of amounts owing to it from time to time for services rendered, the Council shall impose a system of deposits payable by customers. The deposits shall be set with due regard to the potential financial risk associated with the amounts owing from time to time. The level of the deposits shall be revised annually and the Municipality may introduce transitional arrangements in respect of existing users.

4. DEFINITIONS

In this tariff By-Law, unless the context otherwise indicates –

“agricultural consumers” means consumers engaged in agriculture as defined in LUPO,

“break even” means the financial situation where the income derived by the Municipality from the supply of a service is equal to the aggregate of the fixed and the variable costs associated with the provision of the service concerned;

“commercial consumers” means shops, offices, liquor stores, governmental institution (unless otherwise stated), supermarkets, public garages, gathering places (unless otherwise stated), nurseries, places of entertainment, service stations, hairdressing salons, caravan parks, banks, hotels, hospitals, clinics, guesthouses, boarding houses and doctor and dentist consulting rooms and suchlike business undertakings;

“community service” means the services referred to in paragraph 5(1)(c) [that the Council has classified as such] and in respect of which the tariffs are set at a level that the costs of the services are not recovered fully from public service charges and are of a regulatory nature;

“consumer” means the occupier of any premises which the Naledi Local Municipality have agreed to supply with a municipal service or the owner of such premises or any other person who has entered into an agreement with the Municipality for the supply of a service or who is lawfully obtaining the service from the Municipality;

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

"**councillor for financial services**" means the councillor of the municipal council responsible for financial services;

"**domestic consumers**" means residential properties, group housing, town houses, semidetached houses and suchlike properties;

"**due date**" –

- a) in relation to accounts payable monthly on a recurring basis, the 15th day of the month which follows on the month during which an account is rendered;
- b) in relation to accounts payable annually, 30th September unless otherwise provided by any other law; and
- c) in all other instances, as and when demand for payment is made by the Municipality;

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

"**educational institutions**" means schools (unless otherwise stated), colleges, universities and suchlike institutions;

"**flat rates**" means the unit

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

"**fixed costs**" means costs which do not vary with consumption or volume produced

"**indigent households**" means households that are registered at the municipality as such and meet the municipality's criteria in terms of its credit control and debt collection By-Law and

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

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

"**LUPO**" means the Land Use Planning Ordinance (Cape Ordinance 15 of 1985, as amended);

"**Municipality**" means when referred thereto as—

- a) an entity, Naledi Local Municipality as a municipality described in Section 2 of the Local Government : Municipal Systems Act, 2000 (Act 32 of 2000), including a duly authorized official of Naledi Local Municipality; and
- b) a geographical area, the area of jurisdiction of Naledi Local Municipality as determined in terms of the Local Government : Municipal Demarcation Act, 1998 (Act 27 of 1998);

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

"**public benefit organisations**" means public benefit organizations as defined in Section 30 of the Income Tax Act No 58 of 1962;

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

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

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

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

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

"trading services" means services and in respect of which the tariffs are set at a level that the Council makes a profit on the delivery of the services;

"two-part tariffs" means tariffs that are raised to recover the fixed and variable costs separately. The fixed costs are recovered by dividing the total fixed costs by the number of customers per category and the variable costs are recovered by dividing the total variable costs by the volume consumed;

"units consumed" means the number of units consumed of a particular service and are measured in terms of the tariff structure reflected in paragraph 7;

"Variable costs" means costs that vary with consumption or volume produced

"VAT" means Value-Added Tax in terms of the Value-Added Tax Act, 1991, as amended;

any reference in this tariff By-Law to 'an availability charge' in relation to a particular service (eg. water) shall mean an amount payable by the consumer in respect of the service because the consumer may reasonably be connected to the service which is available although the property concerned is not in fact so connected. In contrast hereto a 'minimum charge' shall refer to the minimum amount payable by the consumer in respect of a particular service irrespective of the extent to which the service is used during any given period of time.

5. CATEGORIES OF CUSTOMERS

5.1. Separate tariff structures may be imposed for the following categories of consumers (which the council may change):

- a) Domestic consumers;
- b) Commercial consumers;
- c) Industrial consumers;
- d) Agricultural consumers;

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- e) Municipalities;
- f) Consumers with whom special agreements were made;
- g) Consumers in certain geographical areas;
- h) Sport and recreation facilities
- i) Educational institutions; and
- j) Public benefit organisations and suchlike institutions.

5.2. In line with the principles embodied in the Constitution and in other legislation local government, the municipality may differentiate between different categories of users and consumers in regard to the tariffs that it levies. Such differentiation shall, however, at all times be reasonable, and shall be fully disclosed in each Annual Budget.

6. SERVICE AND EXPENDITURE CLASSIFICATIONS AND COST ELEMENTS

6.1. Service classification

The Chief Financial Officer shall, subject to the guidelines provided by the National Treasury of the Department of Finance and Mayoral Committee of the council, make provision for the following classification of services.

6.1.1. Trading services

- a) Water
- b) Electricity

6.1.2. Economic services

- a) Sewerage disposal
- b) Refuse Removal
- c) Fixed billboards and the display of advertisements in public places
- d) Recreation resorts
- e) Airport Services

6.1.3. Community Services

- a) Air pollution
- b) Administration and Treasury Services
- c) Building control
- d) Cemeteries
- e) Child care facilities

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- f) Control of public nuisances
- g) Fire fighting and emergency assistance
- h) Licensing and control of undertakings that sell food to the public
- i) Licensing of dogs
- j) Local amenities
- k) Local sport facilities
- l) Local tourism
- m) Municipal parks and recreation
- n) Municipal planning
- o) Municipal public works, only in respect of the needs of municipalities in the discharge of their responsibilities and to administer functions specially assigned to them under the Constitution or any other law
- p) Municipal roads
- q) Nature Reserves
- r) Noise pollution
- s) Pounds
- t) Public places
- u) Storm water management system in built-up areas
- v) Street lighting
- w) Street trading
- x) Trading regulations
- y) Traffic

6.1.4. Subsidized Services

- a) Health and ambulance
- b) Libraries and museum
- c) Proclaimed Roads

6.2. Expenditure classification

Expenditure will be classified in terms of Generally Recognised Accounting Practise (GRAP)

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6.3. Cost elements

6.3.1. The following cost elements will be used to calculate the tariffs of the different services:

- a) Fixed costs that consist of the capital cost (depreciation on assets and capital redemption on external loans only) and any other costs of a permanent nature as determined by the council from time to time.
- b) Variable costs. This includes all other expenditure that has reference to the services.
- c) Total cost is equal to the fixed costs plus variable cost.

7. TARIFF TYPES

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

7.1. Single tariff: this tariff shall consist of a cost per unit consumed. All costs will be recovered through unit charges at the level where income and expenditure breaks even. Subject to a recommendation by the Chief Financial Officer the council may decide to approve profits on trading services during the budget meeting. Such profits will be added to the fixed and variable cost of the service for the purpose of calculating the tariffs.

7.2. Cost related two to three part tariffs: this tariff shall consist of two to three parts. Management, capital, maintenance and operating costs will be recovered by grouping certain components together e.g. management, capital and maintenance costs may be grouped together and be recovered by a fixed charge, independent of consumption for all classes of consumers, while the variable costs may be recovered by a unit charge per unit consumed. Three part tariffs will be used to calculate the tariff for electricity and to provide for maximum demand and usage during limited demand.

7.3. Inclining block tariff: this tariff is based on consumption levels being categorised into blocks, the tariff being determined and increased as consumption levels increase. The first step in the tariffs will be calculated at break-even point. Subsequent steps will be calculated to yield profits and to discourage excessive use of the commodity.

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

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

7.6. Time-of-use tariff: this tariff is based on fixed charges and seasonally and time differentiated energy and demand charges

8. CALCULATION OF MAJOR TARIFFS FOR MAJOR SERVICES

8.1. Tariffs due to costs of operation

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

- 8.1.1. Cost of bulk purchases in the case of water and electricity.
- 8.1.2. Distribution costs, including distribution losses in the case of water and electricity.
- 8.1.3. Depreciation and finance charges.
- 8.1.4. Maintenance of infrastructure and other fixed assets.
- 8.1.5. Administration and service costs, including:
 - a) Service charges levied by other departments delivering support services, such as a finance, human resources and legal services.
 - b) Reasonable general overheads, such as the costs associated with the office of the Municipal Manager, and Managers directly responsible to the Municipal Manager for certain services.
 - c) Adequate contributions to the provisions for bad debts and obsolescence of stock.
 - d) All other ordinary operating expenses associated with the service concerned, including, in the case of the Electricity Service, the cost of providing street lighting in the municipal area.
 - e) The intended surplus to be generated for the financial year

8.2. Water

- 8.2.1. The categories of water consumers as set out below shall be charged at the applicable tariffs as approved by the council in each annual budget.

Categories of consumption and charges

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- 8.2.2. The municipality shall provide the first 6kl of water per month free of charge to all approved indigent households consumers.
- 8.2.3. Because water is a scarce national resource and this municipality is committed to the prudent conservation of such resources, the tariff levied for domestic consumption of water shall escalate according to the volume of water consumed.
- 8.2.4. The tariffs for domestic consumption shall be based on the levels reflected in the following table:

	Kiloliters per month		
Step 1	0	To	6
Step 2	7	To	15
Step 3	16	To	30
Step 4	31	To	50
Step 5	51	And	Above

- 8.2.5. The cost of water in the first three steps will be calculated at break-even and will include any basic/availability charges.
- 8.2.6. The non-domestic consumers tariff shall be based on the levels reflected in the following table:

	Kiloliters per month		
Step 1	0	To	6
Step 2	7	To	15
Step 3	16	To	30
Step 4	31	To	50

- 8.2.7. A basic charge per water meter in the rural area as determined by the Council from time to time may be charged on all water consumers, except consumers using pre-paid meters.
- 8.2.8. Where consumers are not connected to the water services or consumers that can reasonable connect to the service within an approved township establishment, an availability tariff will be payable.

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8.3. Electricity

- 8.3.1. The guidelines and By-Law issued by the National Electricity Regulator from time to time will form the basis of calculating tariffs.
- 8.3.2. To make electricity affordable to certain categories of consumers, cross subsidisation between and within categories of consumers, will be allowed based on the load factors or categories and consumers within the category.
- 8.3.3. The fixed costs or portions thereof will be recovered through an energy or time-of-use charge

8.4. Refuse Removal

- 8.4.1. A separate fixed monthly refuse removal charge shall apply to each category of users based on the costs of the service concerned and the applicable level of service that can vary from once a week up to 7 times a week.
- 8.4.2. The fixed basic charge will be based on volume removed and the costs associated with its disposal

8.5. Sewerage

- 8.5.1. The categories of sewerage users as set out below shall be charged per month at the applicable tariff as approved by the council in each annual budget.

Categories of usage and charges

- 8.5.2. A Basic (availability) charge per month shall be charged on undeveloped land
- 8.5.3. A fixed monthly charge sewerage charge shall apply to each category of users based on the costs of the services concerned and the applicable levels of services that can vary, e.g. night soil removal service, cesspool service, waterborne sewerage service ect.
- 8.5.4. An effluent fee shall further be payable by factories and other industrial users where the wastewater emanating from such users requires special purification measures by the municipality. Such fees shall be based on the toxic content of the wastewater concerned and the costs of purification.

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9. MINOR TARIFFS

9.1. All minor tariffs shall be standardized within the municipal region.

9.2. All minor tariffs shall be approved by the Council in each Annual Budget, and shall, when deemed appropriate by the Council, be subsidized by property rates and general revenues, particularly when the tariffs will prove uneconomical when charged to cover the cost of the service concerned or when the cost cannot accurately be determined, or when the tariff is designed purely to regulate rather than finance the use of the particular service or amenity.

9.3. All minor tariffs over which the municipality has full control shall annually be adjusted at least in line with the prevailing consumer price index, unless there are compelling reasons why such adjustments should not be effected.

9.4. Minor tariffs shall include the following:

9.4.1. cemetery fees

9.4.2. connection and reconnection fees

9.4.3. housing rental

9.4.4. library fees, being

– membership fees

– fines

– lost books

– lost membership cards

9.4.5. rental for utilizing municipal premises and municipal sports grounds

9.4.6. rental for utilizing municipal property

9.4.7. lease of municipal property

9.4.8. building plan fees

9.4.9. advertisement sign fees

9.4.10. plastic bag sales

9.4.11. refuse bin sales

9.4.12. cleaning of overgrown stands

9.4.13. connection fees for major municipal services

9.4.14. Photostat copies and faxes

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- 9.4.15. clearance certificate memoranda
- 9.4.16. pound fees
- 9.4.17. cleansing of sewerage blockages
- 9.4.18. electricity or water disconnection and reconnection fees
- 9.4.19. the provision of information from the Council's records
- 9.4.20. sale of live stock
- 9.4.21. garden refuse removal.

9.5. The accounting officer shall maintain a list of all minor services indicating their unit of service for the purpose of determining tariffs, fees, charges and levies. Such list shall be reviewed annually together with the proposed tariffs, fees, charges and levies.

10. NOTIFICATION OF TARIFFS, FEES AND SERVICES CHARGES

- 10.1. After the draft budget as required by the Local Government: Municipal Finance Management Act (MFMA) has been tabled, the accounting officer must invite the local community to submit representations for consideration by Council. Such invitation includes the draft resolutions on taxes and tariffs proposed.
- 10.2. After approval of the budget, the Council will give notice of all tariffs approved at the annual budget meeting at least 30 days prior to the date the tariffs become effective.
- 10.3. A notice stating the purpose of the council resolution, date on which the new tariffs shall become operational and the Municipality will advertise invitation for objections.
- 10.4. All tariffs approved must have been considered at the annual budget meeting.

11. DELEGATION OF POWERS AND AUTHORITY

11.1. Delegation

This By-Law should be applied with due observance of the municipality's By-Law with regard to delegated powers. Such delegations refer to delegations between the Council and Municipal Manager as well as between the Municipal Manager and other responsible officials. All delegations in terms of this By-Law document should be recorded in writing.

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11.2. Authority

Any deviation from this By-Law for whatsoever reason must be authorized by the Municipal Manager and in the case of the municipal manager, the Mayor will authorize.

12. IMPLEMENTATION OF THIS BY-LAW

- 12.1. This By-Law will be effective from the date the By-Law is approved per council resolution.
- 12.2. The implementation of this By-Law cannot be backdated and all sections thereof will only be implemented from date of approval

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