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## LOCAL AUTHORITY NOTICES

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### LOCAL AUTHORITY NOTICE 103

#### NOTICE

#### MBOMBELA PROPERTY TARIFF BY-LAW

In terms of section 13 of the Local Government: Municipal System Act no.32 of 2000 as amended; the Mbombela Local Municipal ("the municipality") hereby published the Tariff By-laws set forth hereinafter, which have been made by the Municipality in terms of section 76 of the Local Government: Municipal System Act no 32 of 2000 as amended.



**MBOMBELA LOCAL MUNICIPALITY**

# **MBOMBELA PROPERTY RATES BY-LAW**

**NOTICE****MBOMBELA PROPERTY RATES BY-LAW**

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

**PART ONE: PREAMBLE****Whereas:**

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

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

**ARRANGEMENT OF THIS BY- LAW**

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**PART TWO: DEFINITIONS**

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

Unless the context indicates otherwise:

<b>Act</b>	Means the Local Government: Municipal Property Rates Act (Act 6 of 2004).
<b>Child Headed Household</b>	Means a household recognized as such in terms of section 137 of the Children's Amendment Act, 41 of 2007.
<b>Actual Use</b>	Means actual activities that are taking place on the property.
<b>Agent</b>	In relation to the owner of a property, means a person appointed by the owner of the property: <ul style="list-style-type: none"> <li>(a) to receive rental or other payments in respect of the property on behalf of the owner; or</li> <li>(b) To make payments in respect of the property on behalf of the owner.</li> </ul>
<b>Agricultural purposes</b>	In relation to the use of a property, excludes the use of a property for the purpose of ecotourism or for the trading in or hunting of game.
<b>Annually</b>	Means once every financial year.
<b>Category</b>	<ul style="list-style-type: none"> <li>(a) In relation to property, means a category of properties determined in terms of Section 8 of the Act; and</li> <li>(b) In relation to owners of properties, means a category of owners determined in terms of Section 15(2) of the Act;</li> </ul>
<b>Community services</b>	Means any services which the expenditure of rendering of such a service is financed from the revenue generated from property rates;
<b>Date of valuation</b>	Means 02 July 2008 as determined by the municipality council as per resolution in item c(8) paragraph (c).
<b>Disabled people</b>	Means a person who qualifies to receive relief in terms of the Social Services Act. 1992 (Act No. 59 of 1992) or has

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	been certified as disabled by a medical practitioner;
<b>Disaster</b>	Means a disaster within the meaning of the Disaster Management Act (57 of 2002); or any other serious adverse social or economic condition.
<b>Effective date</b>	(a) In relation to a valuation roll, means the date on which the valuation roll takes effect in terms of Section 32(1) of the Act; or (b) In relation to a supplementary valuation roll, means the date on which a supplementary valuation roll takes effect in terms of Section 78(2)(b) of the Act.
<b>Exclusion</b>	In relation to a municipality's rating power, means a restriction of that power as provided for in Section 17 of the Act.
<b>Exemption</b>	In relation to the payment of a rate, means an exemption granted by a municipality in terms of Section 15 of the Act.
<b>Financial year</b>	Means the period starting from 1 July in each year to 30 June the following year.
<b>Income Tax Act</b>	Means the Income Tax Act, 1962 (Act No. 58 of 1962)
<b>Indigent household</b>	Means an owner of property who is in permanent occupation of the property and qualifies for indigent relief in terms of the municipality's indigent policy, shall include state pensioner, child-headed household, disabled people, household without income or with income that falls within a certain threshold and medical boarded people;
<b>Land reform beneficiary</b>	In relation to a property, means a person who: (a) acquired the property through: (i) the Provision of Land and Assistance Act, 1993 (Act No. 126 of 1993); or (ii) the Restitution of Land Rights Act, 1994 (Act No. 22 of 1994); (b) holds the property subject to the Communal Property

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Associations Act, 1996 (Act No. 28 of 1996); or

- (c) holds or acquires the property in terms of such other land tenure reform legislation as may pursuant to Section 25(6) and (7) of the Constitution be enacted after this Act has taken effect.

**Land Tenure right**

Means an old order right or a new order right as defined in Section 1 of the Communal Land Rights Act, 2004.

**Local community**

In relation to a municipality:

- (a) means that body of persons comprising:
- (i) the residents of the municipality;
  - (ii) the ratepayers of the municipality;
  - (iii) any civic organisations and nongovernmental, private sector or labour organisations or bodies which are involved in local affairs within the municipality; and
  - (iv) visitors and other people residing outside the municipality who, because of their presence in the municipality, make use of services or facilities provided by the municipality; and
- (b) Includes, more specifically, the poor and other disadvantaged sections of such body of persons.

**Local Municipality**

Means a municipality that shares municipal executive and legislative authority in its area with a district municipality within whose area it falls, and which is described in Section 155(1) of the Constitution as a category B municipality. Establish in terms of section 12 of the Municipal Structures Act No. 117 of 1998.

**Market Value**

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

**Municipal Finance Management Act**

Means the Local Government: Municipal Finance Management Act No. 56 of 2003;

<b>Municipal Manager</b>	Means a person appointed in terms of Section 82 of the Municipal Structures Act;
<b>Newly rateable property</b>	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.
<b>Non-profit organization</b>	Means any organization which is registered in terms of the Non- profit Organizations Act.
<b>Occupier</b>	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;
<b>Organ of State</b>	Means an organ of state as defined in Section 239 of the Constitution.
<b>Owner</b>	(a) In relation to a property referred to in paragraph (a) of the definition of property, means a person in whose name ownership of the property is registered in a register;  (b) In relation to a right referred to in paragraph (b) of the definition of property, means a person in whose name the right is registered;  (c) In relation to a land tenure right referred to in paragraph (c) of the definition of property , means a person in whose name the right is registered or to whom it was granted in terms of legislation; or  (d) In relation to public service infrastructure referred to in paragraph (d) of the definition of property, means the organ of state which owns or controls that public service infrastructure as envisaged in the definition of “publicly controlled”, provided that a person mentioned

below may for the purposes of this Act be regarded by a municipality as the owner of a property in the following cases:

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

**Permitted use**

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

terms of:

- a) any restrictions imposed by:
  - (i) a condition of title;
  - (ii) a provision of a town planning or land use scheme; or
- b) any legislation applicable to any specific property or

	properties; or
	c) any alleviation of any such restrictions;
<b>Person</b>	Means natural and legal person including an organ of state.
<b>Prescribe</b>	Means prescribe by regulation in terms of section 83 of the Act
<b>Privately owned township</b>	Means single properties, situated in an area not ordinary being serviced by the municipality, divided through sub – divisions or township establishment units (ten or more) full title stands and/ or sectional units and where all services inclusive of water, electricity, sewerage and refuse removal and roads development are installed at the full cost of the developer and maintained and rendered by the residents of such estate or township.
<b>Property</b>	Means: <ul style="list-style-type: none"> <li>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;</li> <li>b) a right registered against immovable property in the name of a person, excluding a mortgage bond registered against the property;</li> <li>c) a land tenure right registered in the name of a person or granted to a person in terms of legislation; or</li> <li>d) public service infrastructure;</li> </ul>
<b>Property Register</b>	Means a register of properties referred to in Section 23 of the Act.
<b>Protected area</b>	Means an area that is or has to be listed in the register referred to in Section 10 of the Protected Areas Act.
<b>Protected Areas Act</b>	Means the National Environmental Management: Protected Areas Act, 2003
<b>Publicly controlled</b>	Means owned by or otherwise under the control of an organ of state, including: <ul style="list-style-type: none"> <li>a) a public entity listed in the Public Finance</li> </ul>

Management Act, 1999 (Act No.1 of 1999);

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

**Public Benefit Organization  
Property**

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

**Public Service Infrastructure**

Means publicly controlled infrastructure of the following kinds:

- a) National, provincial or other public roads on which goods, services or labour move across a municipal boundary;
- b) Water or sewer pipes, ducts or other conduits, dams, water supply reservoirs, water treatment plants or water pumps forming part of a water or sewer scheme serving the public;
- c) Power stations, power substations or power lines forming part of an electricity scheme serving the public.
- d) Gas or liquid fuel plants or refineries or pipelines for gas or liquid fuels, forming part of a scheme for transporting such fuels;
- e) railway lines forming part of a national railway system;
- f) Communication towers, masts, exchanges or lines forming part of a communication system serving the public;
- g) Runways or apron at national or provincial airports;
- h) Breakwaters, sea walls, channels, basins, quay walls, jetties, roads, railway or infrastructure used for the provision of water, lights, power, sewerage or similar

services of ports, or navigational aids comprising lighthouses, radio navigational aids, buoys, beacons or any other device or system used to assist the safe and efficient navigation of vessels;

- i) Any other publicly controlled infrastructure as may be prescribed; or
- j) Rights of way, easements or servitudes in connection with infrastructure mentioned in paragraphs (a ) and (i)

<b>Rate</b>	Means a municipal rate on property envisaged in section 229 (1) (a) of the Constitution;
<b>Rateable property</b>	Means a property on which a municipality may in terms of Section 2 levy a rate, excluding property fully excluded from the levying of rates in terms of Section 17 of the Act.
<b>Rebate</b>	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.
<b>Reduction</b>	In relation to a rate payable on a property, means the lowering in terms of section 15 of the Act of the amount for which the property was valued and the rating of that property at the lower amount.
<b>Register</b>	<ul style="list-style-type: none"> <li>a) means to record in a register in terms of – <ul style="list-style-type: none"> <li>(i) the Deeds Registries Act, 1937 (Act No. 47 of 1937); or</li> <li>(ii) the Mining Titles Registration Act, 1967 (Act No. 16 of 1967); and</li> </ul> </li> <li>b) Includes any other formal act in terms of any other legislation to record : <ul style="list-style-type: none"> <li>(i) a right to use land for or in connection with mining purposes; or</li> <li>(ii) a land tenure right;</li> </ul> </li> </ul>
<b>Residential property</b>	Means a property included in a valuation roll in terms of Section 48 (2) (b) of the Act as residential.

<b>Sectional Titles Act</b>	The Sectional Titles Act, 1986 (Act No. 95 of 1986)
<b>Sectional Title Scheme</b>	A scheme defined in Section 1 of the Sectional Titles Act;
<b>Smallholding</b>	Means a property recorded in the Deeds Registry Database as being an Erf and zoned for Agricultural usage in terms of an adopted Town Planning Scheme.
<b>Sectional title unit</b>	A unit defined in Section 1 of the Sectional Titles Act;
<b>Small, very small and micro business</b>	Means businesses as per the criteria set by the National Small Business Act No. 102 of 1996 schedule;
<b>Special rating area</b>	Means a geographic area within which property owners agree to pay for certain services supplementary to those supplied by the municipality. These services are financed by levying an additional rate, which is added to the rate in a rand of the property owners within the precinct;
<b>Specified public benefit activity</b>	An activity listed in item 1 (welfare and humanitarian), item 2 (health care) and item 4 (education and development) of Part 1 of the Ninth Schedule to the Income Tax Act.
<b>State Trust Land</b>	Means land owned by the state: <ul style="list-style-type: none"> <li>a) in trust for persons communally inhabiting the land in terms of a traditional system of land tenure;</li> <li>b) over which land tenure rights were registered or granted; or</li> <li>c) which is earmarked for disposal in terms of the Restitution of Land Rights Act, 1994 (Act No. 22 of 1994)</li> </ul>
<b>The Municipality</b>	Means the Mbombela Local Municipality;
<b>Value of property</b>	Means the market value of the property as determined in terms of the Act;
<b>Vacant Land</b>	Means land, irrespective of zoning or category and in respect of which the municipality has not issued an occupancy certificate, being unimproved land.

**PART THREE: THE PURPOSE OF THIS BY-LAW****3. The purpose of this By-Law is to:**

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

**PART FOUR: FUNDAMENTAL PRINCIPLES OF THIS BY-LAW****4. The principles of the By-Law are to ensure that:**

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

**PART FIVE: APPLICATION OF THIS BY-LAW****5.1 IMPOSITION OF RATES**

- 5.1.1 The council shall as part of each annual operating budget cycle, impose a rate in the rand on the market value of all rateable property as recorded in the municipality's valuation roll and supplementary valuation roll. Rateable property shall include a property on which the municipality may in terms of section 2 of the Act levy a rate, excluding property fully excluded from the levy of rates in terms of the Act.

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

## 5.2 CLASSIFICATION OF MUNICIPAL SERVICES AND EXPENDITURE

- 5.2.1 The municipal manager or his/her nominee herewith provides the following classification of services which might be amended from time to time as per the guidelines provided by the National treasury, other relevant authorities and/or the Municipal Council;

### 5.2.1.1 Trading services:

- (a) Water
- (b) Electricity

### 5.2.1.2 Economic services:

- (a) Refuse removal.
- (b) Sanitation.

### 5.2.1.3 Community services:

- (a) Air pollution
- (b) Fire fighting services
- (c) Local tourism
- (d) 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.
- (e) Storm water management system in built-up areas.
- (f) Trading regulations
- (g) Fixed billboards and the display of advertisements in public places
- (h) Cemeteries
- (i) Control of public nuisances
- (j) Township development
- (k) Facilities for accommodation, care and burial of animals
- (l) Fencing and fences
- (m) Licensing of dogs
- (n) Licensing and control of undertakings that sell food to the public
- (o) Local amenities
- (p) Local sport facilities
- (q) Municipal parks and recreation
- (r) Municipal roads
- (s) Noise pollution
- (t) Pounds
- (u) Street trading/street lighting
- (v) Traffic and parking
- (w) Building control
- (x) Licensing of motor vehicles and transport permits
- (y) Nature reserves

### 5.2.1.4 Subsidised services:

- (a) Health and ambulance.
- (b) Libraries and museums.

- (c) Proclaimed roads.
- 5.2.2 Trading and economic services must be ring fenced and financed from service charges while community and subsidised services will be financed from surpluses on trading and economic services, regulatory fees, rates and rates related income.
- 5.2.3 Expenditure will be classified in the following categories:
- (a) Salaries, wages and allowances
  - (b) Bulk purchases
  - (c) General expenditure
  - (d) Repairs and maintenance
  - (e) Capital charges (interest and redemption)/depreciation
  - (f) Contribution to fixed assets
  - (g) Contribution to funds-
    - i. bad debts.
    - ii. working capital; and
    - iii. statutory funds.
  - (h) Contribution to reserves.
- 5.2.4 Cost centres will be created to which the costs associated with providing the service can be allocated-
- (a) by Department;
  - (b) by Divisions; and
  - (c) by Service
- 5.2.5 The classification by subject of expenditure, each with a unique vote will be applied to all cost centres.

#### **PART SIX: EQUITABLE TREATMENT OF RATEPAYERS**

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

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

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

**PART EIGHT: CATEGORIES OF PROPERTIES FOR DIFFERENTIAL RATING PURPOSES**

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

**8.1.1 Residential Property**

Means improved property that:

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

**8.1.2 Residential Property with special consent**

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

**8.1.3 Business, Commercial and Industrial Property**

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

**8.1.4 Agricultural Property**

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

**8.1.5 State or Government Property**

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

**8.1.6 Public Service Infrastructure**

Means a property as defined by the Act.

**8.1.7 Public Benefit Organization Property**

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

**8.1.8 Mining Property**

Means property on which an operation or activity of extracting minerals is conducted and includes any operation or activity incidental thereto.

**8.1.9 Rural Communal Land**

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

**8.1.10 State Trust Land**

Means land owned by the state:

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

**8.1.11 Municipal property**

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

**8.1.12 Places of Public Worship**

means a property registered in the name of and used primarily as a place of worship by a religious community, including an official residence registered in the name of that community which is occupied by an office bearer of that community who officiates at the services at that place of worship;

**8.1.13 Protected area**

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

**8.1.14 Other property**

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

**8.1.15 Vacant land**

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

8.2 Differential rating among the above determined categories of properties will be done by way of setting different rates in the rand for each property category.

8.3 The criteria for weighting the categories determined above, for the purpose of determining cent in a rand amount (rates tariff) for each category, must take account of the following :

- 8.3.1 The reliance or otherwise of the owners of specific categories of property on services supplied by the Municipality;
- 8.3.2 The strategic importance of a category of property with reference to the aims and objectives of the municipality and the Government of the Republic of South Africa as a whole (such as social, economic and developmental issues); and
- 8.3.3 The nature of the category of property, including its sensitivity to rating (for example agricultural properties used for agricultural purposes).

8.4 The following principles and section 8.3 above shall be applied for the determination of the cents in the rand;

- 8.4.1 The activities that take place on business, commercial, industrial and government properties have been identified as the cost drivers for community services;
- 8.4.2 The rate ratio between residential and the properties mentioned in 8.3.1 above shall be 1:2.5 to business; and 1:0.25 to agricultural properties;
- 8.4.3 The rate ratio between residential and residential property with special consent shall be 1:1.5
- 8.4.4 The rate ratio between residential and government property shall be 1:3.
- 8.4.5 The rate ration between residential and properties categorised as other and mining shall be 1:2.5;
- 8.4.6 The rate ratio between residential and agricultural property shall be 1:0.25 as prescribed by the Act;
- 8.4.7 The rate ratio between residential and public service infrastructure property shall be 1:0.25 as prescribed by the Act;
- 8.4.8 The rate ratio between residential and public benefit organization property shall be 1:0.25 as prescribed by the Act; and
- 8.4.9 The rate ratio between residential and vacant land shall be 1:3.

#### **PART NINE: RELIEF MEASURES FOR PROPERTY OWNERS**

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

##### **Part A: Rebates**

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

<b>Rebate</b>	Additional rebates on property rates shall be determined by the municipal council on an annual basis during the budget process.
<b>(d) Owner of a property in estates/ complexes</b>	
<b>Qualification criteria</b>	<ul style="list-style-type: none"> <li>• Make an application in writing in a prescribed form;</li> <li>• The cost of rendering and maintaining of internal community services should be incurred by residents or Home owners Associations</li> <li>• The property owner's account should be up to date.</li> </ul>
<b>Rebate</b>	<ul style="list-style-type: none"> <li>• A rebate on property rates account for owner of a property situated in unproclaimed area shall be determined by council on an annual basis during the budget process; and</li> <li>• A rebate on property rates account for owner of a property situated in proclaimed area where the municipality does not provide maintenance of the internal community services shall be determined by council on an annual basis during the budget process;</li> </ul>
<b>(e) Owner of properties in townships establishment (Private township developers/ Township owners)</b>	
<b>Qualification criteria</b>	<ul style="list-style-type: none"> <li>• Make an application in writing in a prescribed form;</li> <li>• Provide Service Level Agreement entered into with the municipality;</li> <li>• The full cost of infrastructural development of the township should be incurred by the owner(s);</li> <li>• The property owner's account should be up to date.</li> </ul>
<b>Rebate</b>	<ul style="list-style-type: none"> <li>• 100% rebates shall be granted as at the proclamation date of the township development and shall not exceeding a period of twelve months;</li> <li>• Thereafter, a rebate of 50% shall apply and shall not exceed a period of three years and/or terminated when a transfer to the third party takes place, whichever comes first.</li> </ul>
<b>(f) Owner of formalised property within rural communal property</b>	
<b>Rebate</b>	The rebate on property rates shall be determined by the municipal council on an annual basis during the budget process.
<b>(g) Owners of properties within Kruger National Park</b>	
	<ul style="list-style-type: none"> <li>• Own properties within the Kruger National Park;</li> <li>• Property shall be used for any other purposes than nature reserves and national environmental management.</li> </ul>
<b>Rebate</b>	The rebates shall be determined after consultation with the relevant stakeholders.
<b>(h) Owner of a smallholding property categorised as a residential property</b>	
<b>Qualification criteria</b>	<ul style="list-style-type: none"> <li>• The municipality should not be providing any of the community services</li> </ul>
<b>Rebate</b>	The rebate on property rates shall be determined by the municipal council on an annual basis during the budget process.
<b>(i) Properties Owned by Public Benefit Organisations, which includes;</b>	
	<ul style="list-style-type: none"> <li>• Properties used for any specified public benefit activity listed in item 1 (Welfare and Humanitarian), item 2 (Health care), and item 4 (Education and Development) of part 1 of the Ninth Schedule to the Income Tax Act.</li> </ul>

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

#### 9.4.2 Category of specific properties

##### **Part A: Rebates**

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

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

**Part B – Exemptions**

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

**Part C: Reductions**

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

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

#### **PART TEN: MULTIPLE PURPOSE PROPERTIES**

- 10.1 The municipality shall determine a method of assessing the value of multi-purpose properties applying the following;
- 10.1.1 In respect of vacant land that has not been put to any use. In this instance the zoning or permitted use as approved in terms of Township Establishment Scheme of the municipality shall prevail.
- 10.1.2 The valuation for all other multiple-purpose properties will be assessed according to the dominant use of the property according to value.
- 10.2 With regard to the Rural Communal property;
- 10.2.1 It shall be considered as a multiple use property as a whole;
- 10.2.2 That identifiable and rateable entities within the property (such as commercial leases and commercial and institutional in possession of permission to occupy) be identified, valued and rated individually, with the proviso that the municipality may extend this annually to include other identifiable entities as the data set is developed; and
- 10.2.3 That the residual portion of the land be considered as the 'Residual' portion of the land for valuation, rating and rebate purposes and be exempted from the payment of rates as stipulated in section 9.4.2, Part B, subsection (c).

#### **PART ELEVEN: COMMUNITY PARTICIPATION**

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

#### **PART TWELVE: RECOVERY AND PAYMENT OF RATES**

- 12.1 An owner of a rateable property shall be liable for a property rates account;
- 12.2 Property rates shall be recovered on a monthly basis over a twelve months period in equal installments;
- 12.3 Owners of rateable properties liable for the payment of property rates account shall be furnished with a written municipal account on a monthly basis;
- 12.4 Payment of property rates with a single amount on or before 31 December of each year, shall be allowed on condition that;
- 12.4.1 The owner applies to the municipality in writing on a prescribed form for such deferment of the payment of the property rates account;
- 12.4.2 The owner has more than ten (10) property rates accounts with the municipality;
- 12.2.3 The application reaches the municipality before 30 June of each year; and

- 12.5 Interest on overdue property rates accounts shall not be levied until 31 December of each year in case of payment of property rates with a single amount for twelve months;
- 12.6 Rates in arrears shall be recovered from tenants and occupants of a property if the owner fails to pay the property rates account.
- 12.7 The Credit Control and Debt Collection By-Law shall apply in cases where the property rates accounts are in arrears.
- 12.8 The consolidation of property rates and services charge in one account and any appropriation of payments received shall be done by the municipality on a discretionary basis in accordance with the Credit Control and Debt Collection By-Law.
- 12.9 Interest on property rates in arrears shall be calculated and charged at prime rate which shall be applicable at 30 June plus one percent fixed over the twelve months period of the financial year.

#### **PART THIRTEEN SPECIAL RATING AREA**

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

#### **PART FOURTEEN: REVIEW OF THIS BY-LAW**

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

#### **PART FIFTEEN: SHORT TITLE**

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

#### **PART SIXTEEN: IMPLEMENTATION OF THIS BY-LAW**

16. This By-Law shall be effective from 1 July 2011.

**LOCAL AUTHORITY NOTICE 104**



**MBOMBELA LOCAL MUNICIPALITY  
TARIFF BY-LAW**

## CHAPTER 1 GENERAL TARIFF POLICY

### 1. LEGISLATIVE COMPLIANCE

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

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

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

### 2. SCOPE OF THE POLICY

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

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

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

### 3. OBJECTIVE

The objective of the tariff policy is to ensure that:

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

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

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

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

### 4. DEFINATION

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

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

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

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

4.4 "Sundry Tariff" means a tariff set as a fixed rand amount.

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

4.6 "CPIX" means the consumer price index excluding mortgage costs as measured by STATSSA.

## 5. PRINCIPLES

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

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

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

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

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

## 6. APPLICATION OF TARIFF PRINCIPLES

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

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

6.2 Where appropriate and possible the amount individual users pay for services will generally be in proportion to their use of that service by using consumption based tariffs as defined in section 4 of the policy. This will be dependent on the service being able to provide discernable, universal and regular metering and reading.

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

6.4 Tariffs will reflect the cost reasonably associated with rendering the service. The budgeted income and expenditure of the service, showing the

contributions to rates and general accounts, support services recharges and contributions from the provision of Free Basic Services must be provided as part of the annual report on the revision of rates and tariffs.

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

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

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

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

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

## 7. DIFFERENTIATION FOR TARIFF PURPOSES

Section 74(3) of the Municipal Systems Act 2000 allows for the differentiation between different categories of users, debtors, services, service standards, geographical areas and other matters for tariff purposes as long as the differentiation

does not amount to unfair discrimination. The nature and basis for differentiation for tariff purposes in Mbombela Local Municipality is set out below.

### 7.1 Categories of users

The following are categories of users as defined in the Rates Policy:

- (a) Residential property,
- (b) Business, commercial and industrial property,
- (c) Agricultural property,
- (d) Government property,
- (e) Public service infrastructure,
- (f) Public benefit organisation property,
- (g) Mining property,
- (h) Rural communal land/ or state owned property,
- (i) Municipal property,
- (j) Places of public worship,
- (k) Vacant land,
- (l) Other properties

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

- (a) Service consumption level
- (b) Payment levels
- (c) Household income

(d) Type of connection

### 7.3 Categories of standard of service

Different categories of service may be defines for different users or services.

They may be based on:

(a) Access

(b) Frequency

## CHAPTER 2 CALCULATION OF TARIFF FOR MAJOR SERVICES

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

- (a) Cost of bulk purchases in the case of water and electricity.
- (b) Distribution costs.
- (c) Distribution losses in the case of electricity and water.
- (d) Depreciation expenses.
- (e) Maintenance of infrastructure and other fixed assets.
- (f) Administration and service costs, including:
  - i. service charges levied by other departments such as finance, human resources and legal services;

- ii. reasonable general overheads, such as the costs associated with the office of the municipal manager;
- iii. adequate contributions to the provisions for bad debts and obsolescence of stock;
- iv. all other ordinary operating expenses associated with the service concerned including, in the case of the electricity service, the cost of providing street lighting in the municipal area

(g) The intended surplus to be generated for the financial year, such surplus to be

applied:

- i. as an appropriation to capital services; and/or
- ii. generally in relief of rates and general services

(h) The cost of approved indigence relief measures.

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

The municipality shall further consider relief in respect of the tariff for refuse removal for such registered indigents to the extent that the council deemed such relief affordable in terms of each annual budget, but on the understanding that such relief shall not be less

than a discount of 50% but not more than 100% on the monthly amount billed for the service concerned.

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. This escalation will be determined according to affordability and will be decided in consultation with the community. An extra penalty can be charged by Council where it is deemed it is necessary to address critical water shortages. In setting the consumption levels, tariffs and penalties consideration shall be given to the current dam levels and anticipated rainfall during the current financial year.

Tariff for prepaid meters shall be determined in such a way that the variable consumption tariffs are cost reflective to ensure the recovery of fixed cost is embodied by the tariffs as no availability charge shall be levied on properties where pre-paid meters have been installed. This distinction is made in recognition of the financial advantages which prepaid metering entails for the services in question.

**CHAPTER 3****WATER**

1. The categories of water consumers as set out below shall be charged to applicable two-part tariffs, namely fixed charge and consumption based tariff as approved by council in each annual budget.
2. Tariff adjustment shall be effective from the 1<sup>st</sup> of July each year.
3. Categories of consumption and charges shall be:
  - i. All domestic water consumers shall be charged a fixed availability charge and shall receive free the first 6 (six) kl of water consumed per month. Thereafter a stepped tariff per kl as determined by the council from time to time shall be applicable on metered water consumption.
  - ii. All business and industrial consumers shall be charged a fixed availability charge and a stepped tariff per kilolitre consumed shall apply.
  - iii. Institutional consumers which include schools, institutions of higher learning, hospitals, government buildings, places of worship, sporting clubs and non-governmental organizations. These consumers shall be charged a fixed availability charge and a stepped tariff per kilolitre consumed shall apply.
  - iv. The metered domestic consumers and registered indigent shall receive free the first six (6) kilolitres of water consumed, a stepped tariff per kiloliters shall apply on consumption exceeding the first six (6) free kilolitres and no fixed or basic charge shall apply on this category of consumers.

- v. As water is a very scarce resource in the Mbombela Local Municipality, consumers can be restricted during dry seasons to use water to a certain levels and a penalty fee shall be impose if the consumers consume more than the restricted levels.
- vi. The tariffs for consumer deposit shall be determined according to the municipality's Consumer Deposit Policy.
- vii. Departmental water consumption shall be charged at cost.

4. Termination of services is to be done by letter, e-mail, fax or standard disconnection form. If this is not done then the disconnection date of the water supply may be taken as the date of termination.

#### CHAPTER 4 SANITATION

1. The categories of sewerage users as set out below shall be charged per the applicable two part tariff, namely basic charge and consumption charge, as approved by the council in each annual budget.
2. Tariff adjustments will be effective from 1 July each year.
3. Categories of usage and charges shall be:

- i. A basic (availability) charge per month shall be charged for every serviced erven.
  - ii. On full waterborne sewerage service, all consumers shall be charged on a monthly basis a basic charge based on property area (per m<sup>2</sup>) irrespective of their permitted or intended use plus consumption charge based on the consumption of water.
  - iii. For suction tank and septic tank system, consumers shall be charged a tariff based on the number of kilolitres of sewerage waste removed.
  - iv. A fixed monthly charge shall be charged to the municipality's departments
4. Termination of services is to be done by letter, e-mail, fax or standard disconnection form. If this is not done then the disconnection date of the water supply may be taken as the date of termination.

## CHAPTER 5

### SOLID WASTE REMOVAL

1. The categories of refuse removal users as set out below shall be charged at the applicable tariffs, as approved by the council in each annual budget.
2. Tariff adjustments shall be effective from 1 July each year.
3. A separate fixed monthly refuse removal charge shall apply to each of the following categories of users, based on the costs of the service concerned:

- i. Domestic users (once weekly removal)
- ii. Business (twice weekly removal)
- iii. Government Departments and Institutions and other users (thrice weekly removal)
- iv. Industrial (bulk consumers).

## CHAPTER 6

### ELECTRICITY

1. The various categories of electricity consumers, as set out below, shall be charged at the applicable tariffs, and under such conditions as approved by the Regulator (NERSA).
2. Tariff adjustments shall be effective from 1 July each year or as soon as possible
3. Categories of consumption and charges shall be as follows:
  - i. With the single exception of registered indigents, all electricity consumers shall be billed for their electricity consumption at the tariff applicable to the category in which the particular consumer falls.

- ii. All domestic electricity consumers of the Mbombela Local Municipality who are registered as indigents with the municipality shall receive free the first 50kWh (fifty) of electricity consumed per month.
- iii. All domestic electricity consumers other than registered indigents and consumers using prepaid meters per month shall additionally be billed a basic charge per meter installed.
- iv. All large power users shall additionally be billed a monthly basic charge per meter installed and, where applicable, a demand charge appropriate to their respective levels of consumption.
- v. The tariffs for consumer deposits shall be determined according the municipality's Consumer Deposit Policy.
- vi. Departmental electricity consumption shall be charged at cost.
- vii. Within reason customers, Mbombela Local Municipality shall allow customers to exercise once a year, preferably at the start of a financial year a freedom of choice from a range of applicable tariffs subject to approval by the Electrical Engineering Department.
- viii. Mbombela Local Municipality shall apply the following three standard tariff structures as recommended by the National Electricity Regulator.
  - (a) Domestic

This tariff is suitable for residential customers with consumption in excess of 600 kWh per month supplied normally at 240V or 400V. These customers use electricity for a wide range of applications such as cooking, heating, refrigeration, cleaning and entertainment.

(b) Business

This tariff is more cost-reflective since it charges separately for the specific customer, variable and capacity costs. This tariff is appropriate for larger commercial, industrial and agricultural customers whose size would justify investment in a demand meter.

(c) Low tension/ High tension

This tariff is more cost-reflective since the rate per kWh charge varies according to the time of use. This tariff would be appropriate for the larger commercial, industrial and agricultural customers who are able to shift load into the off-peak periods thus affecting savings mutually beneficial to the customers and the municipality.

4. Termination of services is to be done by letter, e-mail, fax or standard disconnection form. If this is not done then the disconnection date of the water supply may be taken as the date of termination.

## CHAPTER 7

### SUNDRY TARIFF

1. All sundry tariffs shall be approved by the council in each annual budget, and shall, when deemed appropriate by the council, be subsidized by property rates and general revenues, particularly when the tariffs will prove uneconomical when charged to cover the cost of the service concerned, or when the cost cannot accurately be determined, or when the tariff is designed purely to regulate rather than finance the use of the particular service or amenity.
2. The following services shall be considered as subsidized services and an applicable tariff shall be paid for their intended use.
  - i. burials and cemeteries
  - ii. rentals for the use of municipal sports facilities
  - iii. municipal swimming pool
  - iv. municipal lending library
3. The following services shall be considered as community services, and no tariffs shall be levied for their use:
  - i. municipal art gallery
  - ii. disposal of garden refuse at the municipal tip site
  - iii. municipal reference library
  - iv. municipal botanical garden, and all other parks and open spaces.

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

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

5. The following charges and tariffs shall be considered as **regulatory or punitive**, and shall be determined as appropriate in each annual budget:

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

**LOCAL AUTHORITY NOTICE 105****MBOMBELA LOCAL MUNICIPALITY****CHARGES FOR PROPERTY RATES 2011-12 FINANCIAL YEAR**

Notice is hereby given in terms of Section 14 (1) of the Municipal Property Rates Act 6 of 2004, that the following rates applicable to all the rateable property in the municipal area of Mbombela Local Municipality appearing in the valuation rolls, have been determined by the Council by majority vote, under Item A (2) at a special council meeting held on 11 May 2011.

The copy of the resolution with regard to the charges for property rates shall be made available to all municipal offices, municipal libraries and also on the municipal website.

**1. DEFINITIONS**

"Act" means the Municipal Property Rates Act, 06 of 2004

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

"Municipality" means the Mbombela Local Municipality

**2. THE FOLLOWING DETERMINATIONS SHALL COME INTO EFFECT FROM 01 JULY 2011**

- 2.1 The general rate shall be **0.6978 cent in the Rand** before considering any applicable rate ratios in terms of part eight of the by-law.
- 2.2 The rate shall be based on the market value of all rateable categories of properties appearing on the general valuation roll and subsequent supplementary valuation rolls of the municipality.
- 2.3 In terms of section 8.4 of the By-Law the following rate ratios have been applied for determination of the cent in the Rand for the different categories of properties;
  - (a) Residential Property to Residential Property the ratio shall be 1:1;
  - (b) Residential Property to Residential Property with special consent the ratio shall be 1:1.5
  - (c) Residential Property to Agricultural Property the ratio shall be 1:0.25;
  - (d) Residential Property to Business Property the ratio shall be 1:2.5;
  - (e) Residential Property to Government Property the ratio shall be 1:3;
  - (f) Residential Property to Public Service Infrastructure Property the ratio shall be 1:0.25;
  - (g) Residential Property to Public Benefit Organization Property the ratio shall be 1:0.25
  - (h) Residential Property to Mining Property the ratio shall be 1:2.5;
  - (i) Residential Property to Vacant land irrespective of zoning the ratio shall be 1:3;
  - (j) Residential Property to Other Property the ratio shall be 1:2.5.
- 2.4 The determination of rates for the different categories of properties before considering any applicable rebates shall be as follows;
  - 2.4.1 A cent in the Rand of 0.6978 shall be applicable to a residential property;
  - 2.4.2 A cent in the Rand of 1.0467 shall be applicable to a residential property with special consent;

- 2.4.3 A cent in the Rand of 0.1745 shall be applicable to an agricultural property;
- 2.4.4 A cent in the Rand of 1.7446 shall be applicable to a business property;
- 2.4.5 A cent in the Rand of 2.0935 shall be applicable to a government property;
- 2.4.6 A cent in the Rand of 0.1745 shall be applicable to a public service infrastructure property;
- 2.4.7 A cent in the Rand of 0.1745 shall be applicable to a public benefit organization property;
- 2.4.8 A cent in the Rand of 2.0935 shall be applicable to a vacant land;
- 2.4.9 A cent in the Rand of 1.7446 shall be applicable to a mining property;
- 2.4.10 A cent in the Rand of 1.7446 shall be applicable to other property; and
- 2.4.11 A cent in the Rand of 0.6978 shall be applicable to a rural communal and state trust land.

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

#### **3.1 EXEMPTIONS**

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

#### **3.2 REBATES**

- 3.2.1 In terms of criteria stipulated in section 9.4.2(a) of the By-Law the following conditional rebates shall apply to an agricultural property;
  - (a) A rebate of 7.5% shall apply if the farming activities contribute to the local economy;
  - (b) A rebate of 7.5% shall apply if the farmer provides permanent residence or decent accommodation to the farm workers and their dependents within the property
  - (c) A rebate of 7.5% shall apply if the farmer provides portable water and electricity to the dwellings of farm workers; and
  - (d) A rebate of 7.5% shall apply if the farmer provides land for cemetery or educational or recreational purposes to the farm workers within the property.
- 3.2.2 A rebate of 100% on property rates shall apply to state trust and rural communal property.
- 3.2.3 A phase-in rebate of 25% on property rates shall apply to all newly rateable properties.
- 3.2.4 The following affordability rebates shall apply to different categories of properties;
  - (a) A rebate of 28% on property rates shall apply to a business property;
  - (b) A rebate of 30% on property rates shall apply to a residential property
  - (c) A rebate of 20% on a property rates shall apply to a residential property with special consent; and
  - (d) A rebate of 10% on property rates shall apply to vacant and other property.

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

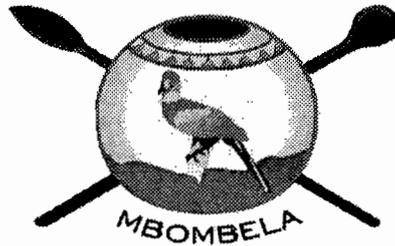
- 4.1 Indigent owners or household shall be granted a 100% rebate on their property rates account.
- 4.2 Retired people over the age of 60 years and with annual income exceeding the threshold value in terms of indigent policy shall be granted rebates on their property rates account as follows;

<b>Annual Income Threshold</b>		<b>% Rebate</b>
R0.00	- R93 150	100%
R93 151	- R116 438	75%
R116 438	- R145 548	50%
More than R145 548		25%

- 4.3 A rebate of 20% shall be granted on property rates account to an owner of lodges.
- 4.4 A rebate of 20% shall be granted on property rates account, excluding an owner of a bed and breakfast, guest houses and lodges to an owner of very small, small and micro business.
- 4.5 A rebate of 25% shall be granted on property rates account to an owner of a property in a privately developed townships or estates or complexes situated in unproclaimed areas where the municipality does not provide any community services.
- 4.6 A rebate of 10% shall be granted on property rates account to an owner of property in a privately developed townships or estates or complexes situated in proclaimed areas where the municipality does not maintain any of the community services.
- 4.7 A rebate of 100% shall be granted on property rates account to an owner of a property situated in a proclaimed township within a rural communal and state trust land.
- 4.8 A rebate of 100% shall be granted on property rates account to a property owned by a Public Benefit organization
5. The following category of owners are requested to apply for the rebates as stated above in terms of part nine of the rates by-law;
- 5.1 Retired people who are 60 years of age and above;
- 5.2 Owners of lodges;
- 5.3 Owners of small, very small and micro businesses;
- 5.4 Owners of privately developed townships, estates or complexes
- 5.5 Owners of properties used for public benefit activities; and
- 5.6 Owners of agricultural properties
6. The rate for the owners of specific properties situated within an area demarcated as a Special Rating Area (City Improvement District in terms of the City Improvement Districts By-Law) shall be determined in consultation with the Management Committee established or appointed by the owners of the properties.
7. The property rates are zero-rates from VAT in terms of Value Added Tax Act.
8. Interest on property rates in arrears shall be calculated and charged at prime lending rate as determined by the South African Reserve Bank which shall be applicable at 30 June 2011 plus one percent fixed over the twelve months period of the 2011/12 financial year.

**NT MTHEMBU**  
**ACTING MUNICIPAL MANAGER**

**Nelspruit Civic Centre**  
**P O Box 45**  
**NELSPRUIT**  
**1200**

**LOCAL AUTHORITY NOTICE 106****MBOMBELA LOCAL MUNICIPALITY****PUBLIC NOTICE****TARIFFS, FEES AND CHARGES FOR SERVICES FOR 2011/2012 FINANCIAL YEAR**

Mbombela Local Municipality hereby gives notice in terms of Section 75A, read with Section 21 of the Local Government Municipal Systems Act, 32 of 2000 (as amended), that:

- (a) a majority resolution was taken by the Council under item A(2) on 11 May 2011 to approve the 2011/2012 budget and to amend certain tariffs regarding water, electricity, sewerage, refuse removal and other municipal services;
- (b) the tariffs, fees and charges mentioned in (a) above will be amended with effect from 1 July 2011; and
- (c) A copy of the said resolution is open for inspection during official hours at the under mentioned offices.

**The amended tariffs and the said resolution are displayed on the notice boards at the entrances of the Nelspruit Civic Centres and libraries in Nelspruit, KaNyamazane, Matsulu, White River, Kabokweni and Hazyview as well as the libraries at Nelsville and Valencia Park and also on the municipal website – [www.mbombela.gov.za](http://www.mbombela.gov.za)**

**N T MTHEMBU  
ACTING MUNICIPAL MANAGER**

Nelspruit Civic Centre  
P O Box 45  
Nelspruit  
1200

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