

**8.  
AMENDMENTS TO THE 2022/2023 PROPERTY RATES POLICY / TARIFF POLICY/  
CUSTOMER CARE, CREDIT CONTROL AND DEBT COLLECTION POLICY /  
TRAVEL & SUBSISTENCE POLICY**

**5/B**

**S Reyneke-Naude**

**15 June 2022**

**Director : Finance**

**(028) 313 8040**

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**1. Executive Summary**

Council has approved all budget related policies on 31 May 2022, for implementation with effect from 1 July 2022. The purpose of this report is to present Council with a few minor amendments to the following policies –

- Overstrand Municipality: Property Rates Policy
- Overstrand Municipality: Tariff Policy
- Overstrand Municipality: Customer Care, Credit Control & Debt Collection Policy
- Overstrand Municipality: Travel & Subsistence Policy

Minor amendments now recommended in this report can be regarded as further enhancement to these policies.

**2. Service Delivery and Budget Implementation Plan - IGNITE**

Directorate: Finance  
Department: Finance

**3. Compliance with Strategic Priorities**

Provision of democratic, accountable and ethical governance  
Provision and maintenance of municipal services

**4. Delegated Authority**

None

**5. Legal Requirements**

Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) (MFMA)  
Local Government: Municipal Systems Act, 2000 (Act 32 of 2000)

## 6. Background/Discussion/Evaluation/Conclusion

To conform to the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003), the budget related policies of the Municipality must accompany the annual budget.

The budget related policies were tabled with the budget for 2022/2023 and presented to Council for approval on 31 May 2022, with implementation date on 1 July 2022.

The following additional amendments to the following policies are recommended:

Please note the following format of amendments recommended -

**[ ] Words in bold in square brackets indicate omissions from existing enactments**

Words underlined with a solid line indicate insertions in existing enactments

### Property Rates Policy

Amendment recommended:

Insert definition:

"consumer, customer, owner, occupier, account holder"	means individuals and other legal entities against whom a tariff, fee, charge or other levy specific to identifiable services are levied.
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### Tariff Policy

Amendment Recommended:

To amend 6kl to 10 kl:

#### 9.3. Water

9.3.1. ....

9.3.2. The first **[6kℓ]** 10 kℓ of water consumption per month shall only be supplied pro rata free of charge to domestic water consumers who qualify for the indigent grant.

### Customer Care, Credit Control and Debt Collection Policy

Amendment Recommended:

(i) To remove "cheque":

3.6 The customer is entitled to reasonable access to pay points and to a variety of reliable payment methods which will include cash, **[cheque,]**

debit or credit card, electronic fund transfer, debit order and bank order payments.

Amendment Recommended:

(ii) To insert 3.18

### 3. PRINCIPLES

3.18 UISP customers who occupied the allocated area already, will be charged the required deposits retrospectively.

Amendment Recommended:

(iii) To change debt collection of 60% to 40%, and from 90% to 60%, as follows:

### 6. CUSTOMER CARE

6.3.9 The Municipality may apply debt collection as a percentage (at least **[60]** 40%) on the pre-payment electricity system, to ensure collection of all arrear debt on the account of the customer.

.....  
 .....  
 .....  
 .....  
 .....

6.8.3 Arrangements for payment of arrears (Annexure "B"):

- (a) Customers whose municipal accounts become in arrears may enter into a written arrangement for settlement of the arrears with the Municipality. Such customers may be requested to complete a new application and agreement for Municipal Services.
- (b) If required, customers with arrears must agree to the conversion to a pre-payment electricity meter and a flow limiter water meter. If and when implemented, the cost of which, and the arrears total, will be paid off either by:-
  - (i) adding the debt to the arrears bill and repaying it over the agreed period; or
  - (ii) adding the debt as a surcharge to the pre-paid electricity cost, and repaying it with each purchase of electricity at a percentage rate (at least **[60]** 40%), until the debt is liquidated.

## 8. DEBT COLLECTION

### 8.5 Cost of collection

All costs of legal processes including interest, penalties, service discontinuation costs and legal costs associated with customer care or credit control, where ever applicable, are for the account of the debtor and should reflect at least the cost of the particular action.

Collection costs on indigent clients, will be kept to a minimum by re-setting the pre-paid electricity debt collection percentage to **[90] 60%**.

### Travel &Subsistence Policy

Amendment Recommended:  
Amending authorisation

## 6 AUTHORISATION

6.1 For purposes of implementing this policy:

6.1.1 **Only the Municipal Manager** may authorize any travel to be undertaken by **[political office bearers]** the Executive Mayor and Directors, provided the expenses to be incurred are on the approved budget of the municipality.

6.1.2 Only the **Executive Mayor** may authorize any travel to be undertaken by **[Holders of]** public office bearers and the Municipal Manager, provided the expenses to be incurred are on the approved budget of the municipality.

## 7. Financial Implications

In accordance with policy implementation.

## 8. Staff Implications

N/A

## 9. Comments from other Departments, Divisions and Administrations

None

## 10. Annexures

Annexure A: Overstrand Municipality: Property Rates Policy

Annexure B: Overstrand Municipality: Tariff Policy

Annexure C: Overstrand Municipality: Customer Care, Credit Control & Debt Collection Policy

Annexure D: Overstrand Municipality: Travel & Subsistence Policy

**RECOMMENDATION TO THE COUNCIL:**

that the following amended policies be approved and implemented with effect from 1 July 2022:

Overstrand Municipality: Property Rates Policy

Overstrand Municipality: Tariff Policy

Overstrand Municipality: Customer Care, Credit Control & Debt Collection Policy

Overstrand Municipality: Travel & Subsistence Policy

**RESPONSIBLE OFFICIAL :****S REYNEKE-NAUDE/  
E HOONEBERG/  
H VORSTER****TARGET DATE FOR IMPLEMENTATION :****1 JULY 2022**

# OVERSTRAND MUNICIPALITY



## PROPERTY RATES POLICY

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## SECTION A: INTRODUCTION, DEFINITIONS AND PRINCIPLES

## 1. INTRODUCTION

Section 3 of the Local Government: Municipal Property Rates Act, 2004 (Act No. 6 of 2004) and Section 62(l) (f) (ii) of the Local Government: Municipal Finance Management Act, 2003 (No. 56 of 2003), requires municipalities to develop and adopt rates policies on the levying of rates on rateable property in the Municipality.

The Municipality requires a reliable source of revenue to provide basic services and perform its functions. Property Rates are the most important source of general revenue for the Municipality. Revenue from property rates is used to fund services that benefit the community as a whole.

Municipal property rates are set, collected and used locally. Revenue from property rates is spent within a Municipality, where the citizens and voters have a voice in decisions on how the revenue is spent as part of the Integrated Development Plans (IDPs) and budget processes in respect of which the Municipality invites communities for their inputs before adopting the budget.

This policy document guides the annual setting of property rates. It does not make specific property rates proposals. In imposing a rate in the Rand the Municipality may grant exemptions, rebates and reductions to the categories of properties and categories of owners as allowed for in this policy document.

## 2. DEFINITIONS

<b>"Act"</b>	means the Local Government: Municipal Property Rates Act, 2004 (Act No. 6 of 2004);
<b>"additional rate"</b>	means a rate as contemplated in sections 19(1)(d) and 22(1)(b) of the MPRA read together with section 10 of the Municipality's Property Rates Policy and section 12(2) of the Municipality's Special Ratings Area By-law, which Additional Rate shall be determined on an annual basis by the Municipality and shall be a debt due to the Municipality by the registered owner of a property within the SRA, and collected in the same manner as other property rates imposed by the Municipality;
<b>"Bona fide farming"</b>	means farming with the intention of making a living from the development, cultivation and utilisation of agricultural land and includes subsistence farming;
<b>Building Clause</b>	building clause refers to a provision incorporated into either a deed of sale, development agreement, or as a restrictive title deed condition, which prescribes that the Purchaser / Owner and / or the Successors in Title must within the period determined from date of first registration of transfer erect or cause to be erected, a building or structure on the Erf or Erven of which the building plans have been approved by the municipality, of which the value of the building / structure will be based on the determined cost of construction. In the event that Purchaser / Owner / Successors in Title not having commenced with the bona fide erection of a building or structure of which the building plans have been approved by the municipality, the building clause may require that the Erf / Erven be re - transferred to the Seller at the purchase consideration originally paid by the Purchaser / Owner.
<b>"Business"</b>	means the activity of buying, selling or trade in goods or services and includes any office or other accommodation on the same erf, the use of which is incidental to such business, with the exclusion of the business of mining, agriculture, farming, or <i>inter alia</i> , any other business consisting of cultivation of soils, the gathering of crops or the rearing of livestock;
<b>"consumer, customer, owner, occupier, account holder"</b>	means individuals and other legal entities against whom a tariff, fee, charge or other levy specific to identifiable services are levied.
<b>"Exemption"</b>	in relation to the determination of rates, an exemption granted in terms of section 15(1) (a) of the Act;

<b>"Income"</b>	Income is the gross sum of all monthly income from all sources, including wages, salaries, profits, dividends, pensions, rentals, board & lodging, interest received, grants or investment income and other forms of earnings received by every person residing on the property.
<b>"Industrial"</b>	means a branch of trade or manufacturing, production, assembling or processing of finished or partially finished products from raw materials or fabricated parts, on so large a scale that capital and labour are significantly involved;
<b>"Lodge"</b>	means accommodation in a non-urban area provided for paying visiting guests with a focus on aspects of nature and/or places of interest, and may include a restaurant and conference facilities;
<b>"Mining"</b>	means any operation or activity for the purpose of extracting any mineral on, in or under the earth, water or any residue deposit, whether by underground or open working or otherwise and includes any operation or activity incidental thereto;
<b>"Multiple use properties"</b>	means properties that cannot be assigned to a single category due to different uses;
<b>"Municipal properties"</b>	means those properties of which the Municipality is the registered owner;
<b>"Newly rateable property"</b>	means any rateable property on which property rates were not levied by 30 June 2005, excluding a property that was incorrectly omitted from a valuation roll and for that reason was not rated before that date;
<b>"Protected area"</b>	means an area that is or has to be listed in the register referred to in section 10 of the National Environment Management: Protected Areas Act, 2003;
<b>"Public Benefit Organisation"</b>	means an organisation conducting specified public benefit activities as defined and registered in terms of the Income Tax Act for tax reductions because of those activities;
<b>"Public place"</b>	means any square, park, recreation ground, sports ground, sanitary lane or open space which has - <ul style="list-style-type: none"> <li>(a) in connection with any subdivision or layout of land into erven, lots or plots, been provided, reserved or set apart for use by the public or the owners or occupiers of such erven, lots or plots, whether or not it is shown on a general plan, plan of subdivision or diagram;</li> <li>(b) at any time been dedicated to the public;</li> <li>(c) been used without interruption by the public for a period of at least thirty years expiring after the thirty-first day of December, 1959, or</li> <li>(d) at any time been declared or rendered such by the Council or other competent authority.</li> </ul>
<b>"Public Service Infrastructure"</b>	means government or government agency controlled infrastructure of the following kinds- <ul style="list-style-type: none"> <li>(a) national, provincial or other public roads on which goods, services or labour move across a municipal boundary;</li> <li>(b) water or sewer pipes, ducts or other conduits, dams and water supply reservoirs, water treatment plants or water pumps forming part of a water or sewer scheme serving the public;</li> <li>(c) power stations, power substations or power lines forming part of an electricity scheme serving the public;</li> <li>(d) gas or liquid fuel plants or refineries or pipelines for gas or liquid fuels, forming part of a scheme for transporting such fuels;</li> <li>(e) communication towers, masts, exchanges or lines forming part of a communications system serving the public;</li> <li>(f) breakwater, sea walls, channels, basin, 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 light houses, radio navigational aids, buoys, beacons or any other device or system used to assist the safe and efficient navigation of vessels;</li> <li>(g) rights of way, easement or servitudes in connection with infrastructure mentioned;</li> </ul>

	(h) any other government or government agency controlled infrastructure as may be described from time to time.
<b>"Public street"</b>	<p>means:-</p> <p>(a) any street which has at any time been-</p> <ol style="list-style-type: none"> <li>i. dedicated to the public;</li> <li>ii. used without interruption by the public for a period of at least thirty years;</li> <li>iii. declared or rendered such by a council or other competent authority, or</li> <li>iv. constructed by local authority, and</li> </ol> <p>(b) any land, with or without buildings or structures thereon, which is shown as a street on-</p> <ol style="list-style-type: none"> <li>i. any plan of subdivision or diagram approved by a council or other competent authority and acted upon, or</li> <li>ii. any general plan as defined in section 49 of the Land Survey Act, 1927 (Act 9 of 1927), registered or filed in a deeds registry or the Surveyor-Generals' office,</li> </ol> <p>unless such land is on such plan or diagram described as a private street.</p>
<b>"Rateable property"</b>	means property on which a rate or rates may be levied under section 7 of the Act.
<b>"Rebate"</b>	in relation to a rate payable on a property, a discount on the amount of the rate payable on the property;
<b>"Reduction"</b>	in relation to a rate payable on a property, the lowering of the amount for which the property was valued in terms of section 15(1)(b) of the Act and the rating of the property at that lower amount;
<b>"Residential"</b>	<p>means improved property that is:</p> <p>(a) used predominantly (60% or more) for residential purposes, with not more than two dwelling units per property.</p> <p>(b) a unit registered in terms of the Sectional Title Act 95 of 1986, used predominantly (60% or more) for residential purposes, and includes any unit in the same Sectional Title Scheme registered in the name of the same owner which is used together with the residential unit as if it were one property, for example a garage or store room. (Any such grouping shall be regarded as one residential property for rate rebate or valuation purposes.) or</p> <p>(c) owned by a share-block company and used predominantly (60% or more) for residential purposes, or</p> <p>(d) a residence used for residential purposes situated on property used for or related to educational purposes.</p>

<b>"State-owned properties"</b>	means properties owned by the State, which are not included in the definition of public service infrastructure in the Act. These state-owned properties are classified as follows: (a) State properties that provide local services. (b) State properties that provide regional/municipal district-wide/metro-wide service. (c) State properties that provide provincial/national service. (d) Vacant land.
<b>"Vacant erven"</b>	means all undeveloped land irrespective of its current or future intended zoning. Agricultural properties will not be considered as being vacant erven.
<b>All other terms</b> are given the same meaning as that assigned to it in the Local Government: Municipal Property Rates Act, 2004 (Act No. 6 of 2004), unless the context indicates otherwise.	

### 3. POLICY PRINCIPLES

Rates are levied in accordance with the Act as an amount in the Rand based on the market value of rateable property contained in the Municipality's valuation roll and supplementary valuation rolls.

As allowed for in the Act, the Municipality may choose to differentiate between various categories of property and categories of owners of property. Some categories of property and categories of owners are granted relief from rates. The Municipality does not, however, grant relief in respect of payments for rates to any category of owners or properties, or to owners of properties, on an individual basis, other than by way of an exemption, rebate or reduction provided for in this policy.

There will be no phasing in of rates based on the new valuation roll, effective from 01 July 2016, except as prescribed by legislation.

The rates policy for the Municipality is based on the following principles:-

#### a. Equity

The Municipality will treat all similar ratepayers with similar properties the same.

#### b. Affordability

The ability of a person to pay rates will be taken into account by the Municipality. In dealing with the poor/indigent ratepayers the Municipality will provide relief measures through exemptions and/or reductions and/or rebates.

#### c. Sustainability

Rating of property will be implemented in a way that-

- i. it supports sustainable local government by providing a stable and buoyant revenue source within the discretionary control of the Municipality; and
- ii. supports local social and economic development.

#### d. Cost efficiency

Rates will be based on the value of all rateable property and the amount required by the Municipality to balance the operating budget after taking into account the amounts required to finance exemptions, rebates and reductions as approved by the Municipality from time to time. The implementation of the policy must be as cost-effective as possible.

### 4. SCOPE OF POLICY

The policy document guides the annual setting (or revision) of property rates. It does not make specific property rates proposals. Details pertaining to the various property rates are determined when the budget is considered and approved every year.

### 5. APPLICATION OF THE POLICY

In imposing the rate in the Rand for each annual operating budget component, the Municipality may grant exemptions, rebates and reductions allowed for in this policy document.

## 6. CLASSIFICATION OF SERVICES AND EXPENDITURE

The Chief Financial Officer shall, subject to the guidelines provided by the legislation and the Executive Mayor, provide for the classification of services as outlined in the Municipality's annual budget into trading and economic services.

## 7. APPLICATIONS

- a. All applications referred to in this policy must be received by the Municipality before the start of the financial year to which it refers. The Municipality may allow late receipts of such applications but not after 30 September of the financial year;
- b. It is the duty of all such applicants to bring to the attention of the Municipality any amendments to such applications within 7 days after such occurrence.

## SECTION B: CATEGORIES OF PROPERTY

### 8. CRITERIA FOR CATEGORIES OF PROPERTY FOR THE PURPOSE OF LEVYING DIFFERENT RATES

The following are the determined categories of properties in terms of section 8(2) of the Act: -

- a. Residential properties.
- b. Business and commercial properties.
- c. Industrial properties.
- d. Mining properties.
- e. Public service infrastructure.
- f. Public benefit organisations.
- g. Agricultural properties used for bona fide farming;
- h. State-owned properties that are used for public service purposes;
- i. Municipal properties.
- j. Protected areas.
- k. Properties used for multiple purposes.
- l. Vacant land.

Rates on properties, including properties used for multiple purposes, will be levied in accordance with the permitted or actual use of the property and not necessarily according to its zoning.

## SECTION C: DIFFERENTIAL RATING

### 9. DIFFERENTIAL RATING

The following will be taken into consideration for the purposes of differential rating:

- a. the nature of the property including its sensitivity to rating e.g. agricultural properties used for bona fide farming;
- b. promotion of social and economic development by the Municipality;
- c. zoning and/or actual use of property;
- d. geographic rating areas i.e. when an improvement district has been established for that area or special rating areas; and
- e. whether the owner was obliged to erect a building within a set time period and the period has lapsed.

Differential rating among the various property categories will be done by way of setting different Cents in the Rand for each property category.

**10. ADDITIONAL RATES**

The Municipality may in terms of the bylaw for the establishment of improvement districts and the Local Government: Municipal Property Rates Act, 2004 (Act No. 6 of 2004), as amended-

- a. determine an area within its boundaries as a special rating area;
- b. levy an additional rate on property in that area for the purpose of raising funds for improving or upgrading that area; and
- c. differentiate between categories of properties when levying an additional rate.

**SECTION D: RELIEF MEASURES RELATED TO CATEGORIES OF PROPERTIES AND CATEGORIES OF OWNERS OF PROPERTIES****11. CRITERIA FOR EXEMPTIONS, REBATES AND REDUCTIONS**

The following will be taken into consideration for the purpose of granting exemptions, rebates and reductions:

- a. indigent status of the owner of a property;
- b. income of the owner and/or household on a property;
- c. market value of residential property below a determined threshold;
- d. owners of property situated within an area affected by –
  - i) a disaster within the meaning of the Disaster Management Act, 2002 (Act No. 57 of 2002); or
  - ii) any other serious adverse social or economic conditions;
- e. zoning and/or actual use of the property; and
- f. availability of services funded by rates for a property.

**12. GRANTING OF EXEMPTIONS**

In terms of sections 9 and 15(1) (a) of the Act the owners of the following categories of properties are exempted from paying rates:-

**a. Residential properties – including residential properties in the urban edge as determined by the Municipality**

The Municipality will not levy a rate on the market value of properties as follows: -

- i) on the first R15 000 on the basis set out in section 17 (1) (h) of the Act; and
- ii) on a further amount in respect of developed residential properties; as an important part of the Municipality's indigent relief measures aimed primarily at alleviating poverty amongst those persons owning low-valued properties, in a cost-effective manner. To qualify for this reduction a property must be exclusively used for residential purposes.
- iii) The Municipality may grant a further residential rebate on rates levied on the balance of the market value of developed residential properties, if any, as determined by Council during the budget process.

**b. Multiple use properties**

Properties used for multiple purposes which do not fall within the definition of residential properties and, accordingly, do not qualify for the residential rates rebate, may be included in the category of multiple use properties, for which an appointment value for each distinct use of the property will be calculated and used for billing at the appropriate and applicable rate.

Examples of properties used for multiple purposes are the following:

- i) A block of flats with businesses on the ground floor.
- ii) A double storey-building with a shop on the ground floor and the residential quarters on the top floor.
- iii) A farm that consists of the residential portion, a farm portion and unused land, etc.

If the market value of the property cannot be apportioned to its various use purposes, then the entire property will be categorised in terms of the dominant (main or primary) use.

**c. Public Benefit Organisations**

Public Benefit Organisations may apply for the exemption of property rates subject to producing a tax exemption certificate issued by the South African Revenue Services (SARS) as contemplated in Part 1 of the Ninth Schedule of the Income Tax Act, 1962 (No 58 of 1962):

**i) Health care institutions**

Government properties used exclusively as a hospital, clinic and mental hospital, including workshops used by the patients, laundry or cafeteria facilities, provided that any profits from the use of the property are used entirely for the benefit of the institution and/or for charitable purposes within the Municipality.

**ii) Welfare institutions**

Properties used exclusively as an orphanage, non-profit retirement villages; old age home or benevolent institution, including workshops used by the inhabitants, laundry or cafeteria facilities, provided that any profits from the use of the property are used entirely for the benefit of the institution and/or for charitable purposes within the Municipality.

**iii) Child headed households**

Any child headed household where such oldest child is younger than 18 years. The applicant must submit proof of his/her age and identity and, in the case of a physically or mentally handicapped person, also proof that he/she receives a social pension or, if he/she does not receive a social pension, proof of certification by a district medical officer. The rateable property in question must be categorised as residential, or as farm properties solely used for residential purposes.

**iv) Charitable institutions**

Property belonging to not-for-gain institutions or organisations that perform charitable work.

**v) Sporting bodies**

Property used by an organisation whose sole purpose is to use the property for amateur sport or any activity connected with such sport.

**vi) Cultural institutions**

Properties declared in terms of the Cultural Institutions Act, Act 29 of 1969 or the Cultural Institutions Act, Act 66 of 1989.

**vii) Museums, libraries and art galleries**

Registered in the name of private persons or organisations, open to the public and not operated for gain.

**viii) Youth development organisations**

Property owned and/or used by organisations for the provision of youth leadership or development programmes.

**ix) Educational institutions**

Property owned by not-for-gain institutions (declared or registered by law) and used for educational purposes including a residence registered in the name of the educational institution and used by full-time employees of the educational institution.

**x) Animal welfare**

Property owned or used by institutions/organisations whose exclusive aim is to protect birds, reptiles and animals on a not-for-gain basis.

- d.** In terms of section 17(1)(i) of the act, the municipality may not levy a rate on 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 services at that place of worship.

- e. Municipal properties that are not leased or rented out by the Municipality.
- f. **Public places and streets**  
All defined roads and/or streets and public places.
- g. **Exemptions are subject to the following conditions:**
  - i) all applications must be addressed in writing to the Municipality;
  - ii) a SARS tax exemption certificate must be attached to all applications where applicable;
  - iii) the municipal manager or his/her nominee must have considered and approved all applications;
  - iv) the Municipality retains the right to refuse exemptions if the details supplied in the application form were incomplete, incorrect or false.
  - v) false declarations will lead to the forfeit of any exemption and may lead to criminal prosecution.
  - vi) a person who provides false information will be held liable for the immediate re-payment of any rebates already granted and legal, civil and criminal action may be instituted against the guilty party/ies.

### 13. GRANTING OF REBATES

#### 13.1 Categories of properties:

- a. **State owned property**  
State owned property no longer qualifies for any rates rebate by virtue of ownership. However, the exemptions, rebates and reductions relating to the usage of the properties as specified in this Rates Policy would apply.
- b. **Public Service Infrastructure**  
Public service infrastructure (as defined in the Act) may not be rated on the first 30 percent of its market value in terms of section 17 (1) (a) of the Act.
- c. **Agricultural**  
in terms of section 8 of the Act.
- d. **Conservation Land**  
Section 17 (1) (e) of the Act precludes Council from levying rates on those parts of a special nature reserve, national park or nature reserve within the meaning of the National Environmental Management: Protected Areas Act, 2003 (Act 57 of 2003), or of a national botanical garden within the meaning of the National Environmental: Management: Biodiversity Act, 2004 (Act 10 of 2004) which are not developed or used for commercial, farming or residential purposes. The apportioned value of any portion of such properties utilized for any purpose other than that used for such conservation purposes will be rated accordingly.
- e. **Properties in rural areas**  
The Municipality may grant a rates rebate to properties in rural areas as a result of, and taking into account, the limited rate-funded services supplied to such properties.
- f. **Properties with a market value below a prescribed valuation level**  
Instead of a rate determined on the market value, properties with a valuation below an amount as determined by the Municipality may be rated at a fixed amount per property.

#### 13.2. Categories of owners

- a. **Retired and Disabled Persons Rate Rebate**

- i) Retired and Disabled Persons qualify for special rebates according to monthly household income. To qualify for the rebate a property owner must:
- be a South African citizen;
  - occupy the property as his/her primary residence, provided that where the owner is unable to occupy the property due to circumstances beyond his/her control, the spouse or minor children may satisfy the occupancy requirement. Absence of up to three months per year from the property will be disregarded for the purposes of this requirement;
  - be at least 60 years of age or in receipt of a disability pension from the State;
  - be in receipt of a total monthly income not exceeding the amount as decided by the Municipality; and
  - not be the owner of more than one property.
- ii) A *usufructuary* or *habitatio* (right of habitation) or an executor or administrator of a deceased estate will be regarded as the property owner for purposes of a rebate application. The applicant must produce an Affidavit or a letter from the Master of the High Court to substantiate the appointment.

- iii) Property owners must apply on a prescribed application form for a rebate as determined by the Municipality.
- iv) Applications must be accompanied by -
  - a certified copy of the identity document or any other proof of the owners age which is acceptable to the Municipality;
  - sufficient proof of total monthly income by submission of a minimum of the latest three months bank statements from all financial institutions, for all persons normally residing on that property or, if those persons do not have bank accounts, such proof as the Municipality may require to substantiate the level of total monthly income of the person(s).
  - an affidavit from the owner, (on the application form);
  - if the owner is a disabled person proof of a disability pension payable by the state must be supplied; and
  - if the owner has retired at an earlier stage for medical reasons proof thereof must be submitted.
  - The CFO or his/her nominee has the right to conduct a full credit check or financial analysis on any person applying for any benefit in terms of this policy, or to review and recover any previous benefit received, based on evidence available.
- v) Rebate percentages
  - A rebate of 100% to approved applicant in terms of this Policy, who's gross monthly household income may not exceed the amount of two times (2x) the state funded social pensions per month;
  - A rebate of 50% to approved applicant in terms of this Policy, who are older than 60 with a gross monthly household income less than four times (4x) the state funded social pensions per month;
  - A rebate of 40% to approved applicant in terms of this Policy, who are older than 60 with a gross monthly household income more than four times (4x) but less than eight times (8x) the state funded social pensions per month.
- vi) In the case of misrepresentation or false declaration, the Municipality reserves the right to refuse the approval of the rebate, or to recover any rebate, if already granted and may institute appropriate legal action, civil or otherwise against guilty party(ies).

### 13.3. Other cases

#### a. Municipal property and usage:-

- i) A *pro rata* rebate may be granted where the seller sells land after the financial year has started.
- ii) Where the Municipality register a road reserve or servitude on a privately owned property, a *pro rata* rebate equal to the value of the reserve or servitude will be given to the owner of the property.

**SECTION E: RATES ADJUSTMENTS****14. RATE INCREASES/DECREASES**

- 14.1 The Municipality will consider increasing/decreasing rates annually during the budget process.
- 14.2 Rate increases will be used to finance the increase in operating costs of rates funded services.
- 14.3 Rates adjustments may be made taking into account all or any of the following factors:
- a. all salary and wage increases as agreed at the South African Local Government Bargaining Council;
  - b. inflation;
  - c. the cost of capital;
  - d. statutory increases affecting the Municipality; and
  - e. increases or decreases on operating subsidies received.

**15. RESOLUTIONS LEVYING RATES**

The process as set out in the Act will be followed in notifying the public of any decisions by the Municipality regarding rates resolutions.

**SECTION F: LIABILITY FOR RATES****16. LIABILITY FOR RATES BY PROPERTY OWNERS**

Ratepayers may choose between paying rates annually in one instalment on or before 30 September or monthly on or before the date on which it becomes payable. If the owner of property does not notify the Municipality before the start of the financial year that he/she prefers to pay rates in one payment on or before 30 September of the financial year, such owner must pay the amount due monthly. A notice from an owner regarding the manner of payment of rates will remain applicable for future financial years until withdrawn by the owner. Interest on arrear rates shall be payable.

If a property owner, who is responsible for the payment of property rates in terms of this policy, fails to pay such rates in the prescribed manner and on the date/s due, it will be recovered from him/her.

Arrear rates shall be recovered from tenants, occupiers and agents of the owner, in terms of the Act.

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

In addition, where the error occurred because of false information provided by the property owner or as a result of a 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 permitted by prevailing legislation.

**17. CLEARANCE CERTIFICATE**

- 17.1 On the sale of any property in the municipal jurisdiction, Council will withhold the transfer until all rates, service and sundry charges and any estimated amounts for the duration of the certificate in connection with the property are paid, by withholding a clearance certificate. The municipality will issue such clearance certificate on receipt of an application on the prescribed form from the conveyancer.

- 17.2 All payments will be allocated to the registered seller's municipal accounts and all refunds will be made to such seller.
- 17.3 No interest shall be paid in respect of these payments.
- 17.4 The Municipality will only issue a clearance certificate once a completed prescribed application form from the conveyancer has been received.
- 17.5 Where any residential or non-residential debtor has entered into an arrangement with the Municipality in respect of the arrears on a property, the prescribed certificate as referred to in Section 118 of the Systems Act, will not be issued until such time as the full outstanding amount has been paid.
- 17.6 The rates clearance certificate validation period is 60 days and the amount due for payment will include 3 (three) months advance collections plus all current outstanding debt on the property.
- 17.7 After receiving the rates clearance application form, the Municipality has 10 (ten) working days to forward the amount due for payment and another 10 (ten) working days to produce the rates clearance certificate, once proof of payment has been established.

#### 18. REGULAR REVIEW PROCESSES

The rates policy will be reviewed on an annual basis.

#### 19. IDENTIFICATION AND QUANTIFICATION OF COSTS AND BENEFITS

The cost to the Municipality and benefit to the local community of exemptions, rebates, reductions and exclusions referred to in sections 17 (1) (a), (e), (g) (h) and (i) of the Act are reflected in the Municipality's budget.

#### 20. ADJUSTMENT OF RATES PRIOR TO SUPPLEMENTARY VALUATION

- 20.1 In circumstances where a valuation has been carried out by the municipal valuer, in pursuance of a Supplementary Valuation (SV) in terms of section 78(1)(d) or 78(1)(f) of the MPRA as a result for example, of a demolition having taken place on a property or a fire having destroyed buildings on a property, but the Municipality has not yet included such valuation of the relevant property in the SV, such valuation shall be submitted to the CFO for approval to levy rates on the property in accordance with such valuation, with effect from the date of the occurrence of the event caused a SV to be required.
- 20.2 If the owner of a property which has been subdivided or consolidated after the last general valuation wishes to sell the consolidated erf, or one or more of the erven which have been subdivided off the parent erf, as the case may be, applies to the Municipality for a clearance certificate in terms of section 118 of the Systems Act and if the Municipality has not yet included such valuation of the relevant property/s in the SV, then:-
- a. The municipal valuer shall conduct a valuation of the relevant property/s for purposes of a SV; and
  - b. The valuation shall be submitted to the CFO for approval of the levying of rates on such property/s in accordance with such valuation, with effect from the date on which the relevant subdivision or consolidation (as may be the case), was registered in the Deeds Office.
- 20.3 Any valuations performed in terms of paragraph 20 shall be included in the next SV prepared by the Municipality without any amendments to the valuation and any objections to such valuation may only be lodged once such SV is made public in terms of section 49 of the Act.

#### 21. IMPLEMENTATION PROCESS AND REVIEW PROCESS

This policy will come into effect on 1 July 2022 and will be reviewed at least annually or when required by way of a Council resolution.

**22. SHORT TITLE**

This policy will be referred to as the **Rates Policy of the Overstrand Municipality**.

<b>POLICY SECTION:</b>	<b>SENIOR MANAGER: REVENUE</b>
<b>CURRENT UPDATE:</b>	29 JUNE 2022
<b>PREVIOUS REVIEW:</b>	31 MAY 2022
<b>PREVIOUS REVIEW:</b>	26 MAY 2021
<b>PREVIOUS REVIEW:</b>	27 MAY 2020
<b>PREVIOUS REVIEW:</b>	29 MAY 2019
<b>PREVIOUS REVIEW:</b>	30 MAY 2018
<b>PREVIOUS REVIEW:</b>	31 MAY 2017
<b>PREVIOUS REVIEW</b>	25 MAY 2016
<b>PREVIOUS REVIEW</b>	28 MAY 2015
<b>PREVIOUS REVIEW</b>	28 MAY 2014
<b>PREVIOUS REVIEW</b>	29 MAY 2013
<b>PREVIOUS REVIEW</b>	30 MAY 2012
<b>PREVIOUS REVIEW:</b>	04 MAY 2011
<b>PREVIOUS REVIEW:</b>	26 MAY 2010
<b>PREVIOUS REVIEW:</b>	27 MAY 2009
<b>APPROVAL BY COUNCIL:</b>	31 MAR 2008

# OVERSTRAND MUNICIPALITY



## TARIFF POLICY

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TARIFF POLICY

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## PREAMBLE

**Whereas** section 74 of the Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000) requires a municipal council to adopt a tariff policy on the levying of fees for municipal services;

**And whereas** the tariff policy should at least include the principles contained in section 74(2) of the Act, thus giving effect to the By-Law required in terms of section 75 of the Act;

**And whereas** the tariff policy may differentiate between different categories of users, debtors, service providers, service standards and geographical areas as long as such differentiation does not amount to unfair discrimination;

**Now therefore** the Municipal Council of the Overstrand Municipality adopts the following Tariff Policy:

OVERSTRAND MUNICIPALITY  
TARIFF POLICY

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**TARIFF POLICY**

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**1. DEFINITIONS**

In this tariff policy, unless the context otherwise indicates –

<b>"Availability Charge"</b>	Availability charge means a charge levied on all properties with or without improvements, where a basic fee is not levied, to recover fixed costs which do not vary with consumption or volume produced.
<b>"basic municipal service"</b>	means the amount or level of any municipal service that is necessary to ensure an acceptable and reasonable quality of life and which, if not provided, could endanger public health or safety of the environment and for the purposes of this policy are restricted to electricity, refuse, sewage and water services;
<b>"break even"</b>	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;
<b>"capital contributions"</b>	means the tariffs payable in respect of the water, electricity, sewage, storm water, roads and refuse removal infrastructure of the Municipality and which amounts exclude amounts payable towards the operational and maintenance costs of such infrastructure;
<b>"Commercial Unit/Erff"</b>	means a self-contained or lettable section within a building or a group of buildings on the same plot excluding short term residential accommodation establishments for e.g. hotels, bed & breakfast, guest houses etc. An owner of a commercial property may annually choose between being levied either per erf or per commercial unit for water and sewage basic charges. This choice must be applied on or before 30 September of each financial year.
<b>"community services"</b>	means the services referred to in paragraph 5(1)(c) 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;
<b>"consumer, customer, owner, occupier, account holder"</b>	means individuals and other legal entities against whom a tariff, fee, charge or other levy specific to identifiable services are levied.
<b>"Council" or "municipal council"</b>	means a municipal council referred to in section 18 of the Local Government: Municipal Structures Act, 1998 (Act No 117 of 1998) and for purposes of this policy, the municipal council of the Overstrand Municipality;
<b>"economic services"</b>	means services that the Council has classified as such and the tariffs have been compiled with the intention that the total costs of the services are recovered from customers;
<b>"Electricity Service charge"</b>	means the monthly charge payable per point of supply to recover administration-related and service-related costs such as meter reading, billing and meter capital. It is based on the monthly utilized capacity of each point of supply linked to an account.
<b>"fixed costs"</b>	means costs which do not vary with consumption or volume produced;
<b>"lifeline"</b>	Available to pre-paid consumers whose connection is $\leq 30$ Amp with a maximum average consumption of 350 kWh measured over a period of 12 months. This tariff is only available to Informal dwellings in informal settlements;
<b>"low voltage metering point"</b>	means a metering point at the set of nominal voltage levels that are used for the distribution of electricity and whose upper limit is generally accepted to be an a.c. voltage of 1000V or less
<b>"medium voltage metering point"</b>	means a metering point at the set of nominal voltage levels that lie above low voltage and below high voltage in the range of $1\text{kV} < U_n < 44\text{kV}$
<b>"multi-purpose"</b>	In relation to a property, means the use of a property for more than one purpose;
<b>"Municipality"</b>	the institution that is responsible for the collection of funds and the provision of services to the customers of Overstrand;

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<b>"Municipal Manager"</b>	means the accounting officer appointed in terms of section 82 of the Local Government: Municipal Structures Act, 1998 (Act No 117 of 1998) and being the head of administration and accounting officer in terms of section 55 of the Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000) and includes any person:- (a) acting in such position; and (b) to whom the Municipal Manager has delegated a power, function or duty in respect of such a delegated power, function or duty;
<b>"NMD"</b>	Notified Maximum Demand – the maximum capacity in kVA, as measured over a 30-minute integration period, per point of supply that the customer will contract for Overstrand to make available during all time periods.
<b>"resident "</b>	means a person who normally resides in the municipal area;
<b>"residential unit"</b>	means a single residential erf, flat, townhouse or group development unit, retirement village unit, guest house, bed and breakfast and any household related consumer that do not fall in one of the above household consumer categories;
<b>"RUE"</b>	means Residential Unit Equivalent;
<b>"time of use"</b>	means a tariff with energy charges based on the volume of electricity demand during high, mid and low demand periods and may differ per tariff.
<b>"the Act"</b>	means the Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000);
<b>"total cost"</b>	means the sum of all fixed and variable costs associated with a service;
<b>"trading services"</b>	means services that the Council has classified as such and the tariffs have been compiled with the intention that the Council makes a profit from the delivery of the services;
<b>"utilized capacity"</b>	Means the higher of the notified maximum demand (NMD) or maximum demand, per point of supply measured in kVA, and registered each month.
<b>"vacant land"</b>	means all undeveloped land irrespective of its current or future intended zoning. Agricultural properties will not be considered as being vacant even.
<b>"variable costs"</b>	means costs that vary with consumption or volume produced;
<b>"wet Industry"</b>	Defined as an industry using water as essential and fundamental input in the production process.

## 2. PURPOSE OF POLICY

The Overstrand Municipality wishes to achieve the following objectives by adopting this tariff policy:-

- 2.1. To comply with the provisions of section 74 of the Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000).
- 2.2. To prescribe procedures for calculating tariffs where the Municipality wishes to appoint service providers in terms of section 76(b) of the Act.
- 2.3. To give guidance to the Portfolio Committee for Finance regarding tariff proposals that must be submitted to Council annually during the budgetary process.

## 3. TARIFF PRINCIPLES

The Overstrand Municipality wishes to record that the following tariff principles will apply:-

- 3.1. Service tariffs imposed by the Municipality shall be viewed as user charges and shall not be viewed as taxes, and therefore the financial ability of the relevant user of the services to which such tariffs relate, shall not be considered as a criterion.
- 3.2. Tariffs for the basic municipal services rendered by the Municipality, namely:
  - (a) electricity;
  - (b) water;
  - (c) sewage (waste water); and

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- (d) refuse removal (solid waste), shall be calculated at a level which will recover all expenses associated with the rendering of these services.
- 3.3. To prevent existing consumers from subsidising the capital costs associated with new developments and subdivisions the Municipality will plan and manage the extension of services in such a manner that it will not impact negatively on the fixed costs and availability charges of existing tariffs.
- 3.4. Capital contributions to finance new developments and subdivisions will be required from all developers.
- 3.5. All users of municipal services, within a category of users, will be treated equitably.
- 3.6. The amount payable by consumers and/or owners will generally be in proportion to usage of the service.
- 3.7. The Municipality shall develop, approve and at least annually review an indigent support policy for the municipal area. This policy shall set out clearly the Municipality's cost recovery policy in respect of the tariffs which it levies on registered indigents, and the implications of such policy for the tariffs which it imposes on other users and consumers in the municipal region.
- 3.8. Subject to annual budgetary provisions and the availability of funds from National Treasury through the equitable share contribution, the Municipality may consider supplying free basic services to categories of consumers.
- 3.9. 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. If a service is metered but it cannot be read due to financial and/or human resource constraints or circumstances beyond the control of the Municipality or its authorised agent, and the customer is charged for an estimated consumption, the account following the reading of the metered consumption must articulate the difference between the actual consumption and the average consumption, and the resulting credit or debit adjustments.
- Tariffs must be set at a level that facilitates the sustainability of services. Sustainability will be achieved by ensuring that:-
- (a) Cash inflows cover cash outflows. This means that sufficient provision for working capital and bad debts will be made.
- (b) Access to the capital market is maintained. This will be achieved by providing for the repayment of capital, maintaining sufficient liquidity levels and if possible, generating a surplus on trading services.
- (c) Service providers retain a fair rate of return on their investments.
- 3.10. Provision may be made in appropriate circumstances for surcharges on tariffs.
- 3.11. Efficient and effective use of resources may be encouraged by providing for penalties to prohibit or restrict exorbitant use.
- 3.12. The extent of subsidisation of tariffs will be disclosed and such disclosure will include the extent of subsidisation of the indigent or incentives for local development.
- 3.13. Provisions may be made for the subsidisation of the indigent and the promotion of local economic development by creating expenditure votes in the service budgets and including the costs in tariff calculations.
- 3.14. VAT is included in all tariffs where applicable.
- 3.15. This policy shall be binding on all tariffs other than those governed by legislation which supersedes the Act.
- 3.16. A property used for multiple purposes must, for purposes related to the services and categories of users concerned, be calculated at the appropriate and applicable rate for each distinct use of the property.

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- 3.17. 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 consumers. The deposits shall be set with due regard to the potential financial risk associated with the amounts owing from time to time as well as sufficient provision for working capital. The level of the deposits shall be revised annually and the Municipality may introduce transitional arrangements in respect of existing consumers.

**4. CATEGORIES OF CONSUMERS**

- 4.1. 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;
  - (e) organs of state;
  - (f) municipalities;
  - (g) consumers with whom special agreements were made;
  - (h) consumers in certain geographical areas;
  - (i) sport and recreation facilities
  - (j) private schools & educational institutions;
  - (k) public benefit organisations and suchlike institutions, and
  - (l) vacant land
- 4.2. Section 74(3) of the Municipal Systems Act allows for the differentiation between different categories of users, debtors, service providers, services, service standards, geographical areas and other matters for tariff purposes as long as the differentiation does not amount to unfair discrimination.
- 4.3. Where there are substantial differences between the infrastructures used to provide services to specific groups of users within a category and/or standard of services provided, the Council can, after considering a report by the Municipal Manager or the relevant Director, determine differentiated tariffs for the different consumers within the specific category.
- 4.4. Differentiated tariffs must be based on one or more of the following elements; infrastructure costs, volume usage, availability and service standards.
- 4.5. If, for purposes of determining the tariff applicable to a particular user or category of users, the user or category of users has not specifically by definition been included under a defined category of users in this policy, the Municipal Manager shall, by applying the closest match principle, determine the category under which the user or category of users fits in best, taking into account the nature of the service concerned and the user or category of users involved.

**5. INCENTIVE POLICY**

- 5.1. Tariffs will not reflect incentives for investment or to promote economic development.

**6. INDIGENT RELIEF**

- 6.1. Tariffs will not reflect relief granted to indigent households. Such relief will be developed as a separate policy and be subject to the discretion of Council as to its sustainability.
- 6.2. All such relief will be reflected, accounted for and disclosed separately in invoices, account statements, budgets, financial statements or reports.
- 6.3. During implementation of such policy, cognisance will be taken of the fact that the existing tariffs and procedures may require amendment to accommodate the above clauses and that such amendments will be phased in over time.

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- 6.4. Indigent households are expected to manage their consumption of services within the levels of relief granted.
- 6.5. Assistance and management of indigent households is contained in the Customer Care and Debt Collection Policy/By-Law. The Municipality, however, retains the right to limit consumption through prepaid meters or restriction if the accounts of assisted households fall into arrears.

**7. SERVICE, EXPENDITURE CLASSIFICATION AND COST ELEMENTS**

**7.1. Service classification**

7.1.1. To isolate the costs associated with a service, the Municipal Manager shall, subject to the guidelines provided by the National Treasury, Generally Recognised Accounting Practice (GRAP) and Executive Mayoral Committee of the Council, provide for the classification of services into the following categories:-

- (i) trading services;
- (ii) economic services;
- (iii) community services; and
- (iv) subsidised services.

7.1.2. Trading and economic services must be financially ring-fenced and financed from service charges while community and subsidised services will be financed from rates and related income.

**7.2. Expenditure classification**

Expenditure will be classified in accordance with GRAP.

**7.3. Cost elements**

The following cost elements may be used to calculate the tariffs of the different services:-

- (a) "*Fixed costs*" which consist of the capital costs (interest and redemption) on external loans as well as internal advances and/or depreciation, whichever are applicable to the service, and any other costs of a permanent nature as determined by the Council from time to time.
- (b) "*Variable costs*" which include all other variable costs that have reference to the service.
- (c) "*Total cost*" which is equal to the fixed costs and variable costs.

**8. TARIFF TYPES**

In determining the type of tariff applicable to the type of service, the Municipality shall make use of any of the following six options or a combination thereof:-

**8.1. "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 Municipal Manager, 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.

**8.2. "Cost related to a two to four part tariff":-**

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

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recovered by a fixed charge, independent of consumption for all classes of consumers, or the total costs may be recovered by a unit charge per unit consumed. Three and four part tariffs may be used to calculate the tariff for electricity and to provide for maximum demand and usage during limited demand.

**8.3. "Inclining block tariff":-**

This tariff is based on consumption levels being categorised into blocks, the tariff being determined and increased as consumption levels increase.

**8.4. "Declining block tariff":-**

This tariff is the opposite of the inclining block tariff and decreases as consumption levels increase.

**8.5. "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.

**8.6. "Cost plus mark-up tariff":-**

This tariff is for other services rendered.

**9. CALCULATION OF TARIFFS FOR MAJOR SERVICES**

**9.1. General**

In order to determine the tariffs which must be charged for the supply of the basic municipal services, (electricity, refuse, sewage and water), the Municipality shall use service and expenditure classifications and cost elements contained in clause 7 and identify all the costs associated with the service concerned, including the following:-

- 9.1.1. Cost of bulk purchases in the case of electricity and water.
- 9.1.2. Distribution costs, including distribution losses in the case of electricity and water.
- 9.1.3. Depreciation and finance charges.
- 9.1.4. Maintenance of infrastructure and other assets.
- 9.1.5. Administration and service costs, including:-
  - (a) service charges levied by other support services, such as finance, human resources and legal services;
  - (b) reasonable general overheads, such as the costs associated with the office of the Municipal Manager;
  - (c) adequate contributions to the provisions for bad debts, working capital and obsolescence of stock;
  - (d) all ordinary operating expenses associated with the service concerned, including the cost of providing street lighting in the municipal area in the case of the electricity service.
- 9.1.6. The intended surplus to be generated for the financial year shall be applied generally in relief of rates and general services.
- 9.1.7. Where a consumer has an option to choose between different tariffs on a service such option must be exercised before 30 September to be implemented for the specific financial year.

**9.2. Electricity**

- 9.2.1. The guidelines and policy issued by the National Energy Regulator from time to time will form the basis of calculating tariffs.
- 9.2.2. The Municipality has standardized on the installation of Pre-Payment Meters for all Domestic Consumers. As such it is compulsory for all new domestic

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connections to be equipped with Pre Payment Meters. The Municipality has embarked on a program to effect the migration of all Credit Meters to Pre-Payment Meters. The change from Pre-Payment Meters to Credit Meter will therefore be disallowed unless special health circumstances exist, in which extreme case a credit meter will be installed by special concession from the Director of Infrastructure and Planning and by payment of the required change of meter fees as well as the required deposit.

- 9.2.3. When an adjustment is made to the electricity consumption registered on a meter in terms of Section 55(2) or 55(3) of the Electricity Supply By-Law, published on 21 October 2016, such adjustment shall either be based on the percentage error of the meter as determined by the test referred to in Section 55(5) or upon a calculation by the Municipality from consumption data in its possession. Where applicable, due allowance shall be made, where possible for seasonal or other variations which may affect the consumption of electricity.
- 9.2.4. 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 of the categories and consumers within the category. The first 50 kWh in the tariff block 0 – 350 of electricity per month shall be free of charge to domestic electricity consumers who applied and were approved in terms of the relevant clause as per the Overstrand Indigent Policy.
- 9.2.5. The fixed costs, or portions thereof, will be recovered through an energy or time-of-use charge.
- 9.2.6. A basic charge per electricity meter or unit in the municipal area, as determined by the Council from time to time, may be charged against all electricity consumers.
- 9.2.7. To apply the abovementioned principles, the consumer types and cost allocations reflected in the following table will be used:-

Categories of Consumers	Tariff Components			
	Fixed Charge (Rand/consumer/month)	Active Energy Charge (cent/kWh/month)	Time-of-use Energy Charge Peak / Standard / Off-peak (sent/kWh/month)	Charge (Rand/KVA/month)
<b>Single Phase:</b> (Domestic Credit meters)	X	X		*Note: IBT BLOCK 1) 0 - 350 kWh 2) 351 – 600 kWh 3) > 600kWh
<b>Single Phase:</b> (Domestic Pre-paid meters)	X	X		*Note: IBT BLOCK 1) 0 - 350 kWh 2) 351 – 600 kWh 3) > 600kWh
Life Line One – (pre-paid meters only)		X		0 – 350 kWh
One Part – (pre-paid meters only) Local Economic Development Projects		X		0 – 350 kWh
<b>Single Phase:</b> (Commercial Credit meters)	X	X		Flat rate
<b>Single Phase:</b> (Commercial Pre-paid meters)	X	X		Flat rate
<b>Three Phase:</b> (Domestic Credit meter) ≤ 100A	X	X		*Note: IBT BLOCK 1) 0 - 350 kWh 2) 351 – 600 kWh 3) > 600kWh
<b>Three Phase:</b> (Domestic Pre-paid meter) ≤ 100A	X	X		*Note: IBT BLOCK 1) 0 - 350 kWh

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				2) 351 – 600 kWh 3) > 600kWh
<b>Three Phase:</b> (Commercial Credit meter) ≤ 100A	X	X		<b>Flat Rate</b>
<b>Three Phase:</b> (Commercial Pre-Paid meter) ≤ 100A	X	X		<b>Flat Rate</b>
Economic Pre-paid:- ≤ 100A		X		<b>Flat Rate</b>
Time of Use Tariff (.70kVA)	X	X	X	X
Service Charge (per month) for MV and LV consumers	X	X	X	X
Medium Voltage Metering Points (11000V) >500kVA	X	X	X	X
Low Voltage Metering Points (400V) >70kVA ≤ 500kVA	X	X	X	X

A basic level of service will be provided free to qualifying households with a total gross income level which is below a determined amount, and according to further specified criteria, as determined by Council from time to time.

- 9.2.8. An infrastructure basic charge for electricity will be levied on a monthly basis on all properties or meters.
- 9.2.9. An availability charge will be levied on all erven or units not connected to the electricity network, but can reasonably be connected to the service.
- 9.2.10. The use of tariffs E5A10 "Exceed NOTIFIED MAXIMUM DEMAND (NMD) per kVA Per month".

Each Time-of-Use consumer must nominate the Maximum Demand that the consumer intends to draw from the Overstrand Municipal Electricity Network. This nominated figure is known as the Nominated Maximum Demand (NMD) and is measured in kVA.

Upon exceeding this NMD, the consumer will be warned that he/she has exceeded the NMD and upon exceeding such NMD again within the next 12 months, the consumer will be required to pay the charge per kVA as indicated under tariffs E5A10 as the case may be. Each subsequent exceeding of the NMD will be charged similarly. When the NMD has not been exceeded in any 12 consecutive months, the consumer will then only receive a warning upon the next time the NMD is exceeded, after which the required tariff will again be instituted as shown above.

The consumer may increase his/her NMD and would be required to pay the associated tariffs as indicated under E15, where appropriate. A consumer may increase his NMD as many times as is needed within one financial year, but may only decrease the NMD once within any Financial Year.

- 9.2.11. Overstrand Municipality allows for approved SSEG customers to feed electricity back into our electricity network. Customers however need to be net consumers who purchase more electricity than they feed back (over a consecutive 12 month period). This period will be in line with the Municipal financial year and all excess credit accumulated by the customer within this period will be forfeited by them.

**9.3. Water**

- 9.3.1. The categories of water consumers as set out in clause 9.3.4 shall be charged at the applicable tariffs as approved by the Council in each annual budget.
- 9.3.2. The first **[6kℓ]** **10kℓ** of water consumption per month shall only be supplied pro rata free of charge to domestic water consumers who qualify for the indigent grant.

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- 9.3.3. Because water is a scarce national resource, and this Municipality is committed to the prudent conservation of such resources, the tariff levied for consumption of water shall escalate according to the volume of water consumed.
- 9.3.4. The tariffs for consumption of purified water shall be based on the levels reflected in the following table:-

Category of Consumer	Basic Fixed Charge (Rand/meter/month)	Unit Charge per kℓ	Level of Consumption (Rand/kℓ/month)
<b>NORMAL TARIFF</b>			
Single Residential Flats Group Housing (including Townhouse Developments) Retirement Villages Guest Houses	X	X	<b>HOUSEHOLD</b> 0 - 6 kℓ 7 - 18 kℓ 19 - 30 kℓ 31 - 45 kℓ 46 - 60 kℓ >60 kℓ
Churches Caravan Parks Boutique Hotels and Hotels Other Consumers	X	X	<b>NON-HOUSEHOLD</b> 0 - 18 kℓ 19 - 30 kℓ 31 - 45 kℓ 46 - 60 kℓ >60 kℓ
<b>RESTRICTION TARIFF 1 (LEVELS 2 &amp; 3 WATER RESTRICTIONS) PLUS 30% on Normal Tariff)</b>			
Single Residential Flats Group Housing (including Townhouse Developments) Retirement Villages Guest Houses	X	X	<b>HOUSEHOLD</b> 7 - 18 kℓ 19 - 30 kℓ 31 - 45 kℓ 46 - 60 kℓ >60 kℓ
Churches Caravan Parks Boutique Hotels and Hotels Other Consumers	X	X	<b>NON-HOUSEHOLD</b> 0 - 18 kℓ 19 - 30 kℓ 31 - 45 kℓ 46 - 60 kℓ >60 kℓ
<b>RESTRICTION TARIFF 2 (LEVELS 4 &amp; 5 WATER RESTRICTIONS) PLUS 60% on Normal Tariff)</b>			
Single Residential Flats Group Housing (including Townhouse Developments) Retirement Villages Guest Houses	X	X	<b>HOUSEHOLD</b> 7 - 18 kℓ 19 - 30 kℓ 31 - 45 kℓ 46 - 60 kℓ >60 kℓ
Churches Caravan Parks Boutique Hotels and Hotels Other Consumers	X	X	<b>NON-HOUSEHOLD</b> 0 - 18 kℓ 19 - 30 kℓ 31 - 45 kℓ 46 - 60 kℓ >60 kℓ
<b>RESTRICTION TARIFF 3 (LEVEL 6 WATER RESTRICTION) PLUS 100% on Normal Tariff)</b>			

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Single Residential Flats Group Housing (including Townhouse Developments) Retirement Villages Guest Houses	X	X	<b>HOUSEHOLD</b> 7 - 18 kℓ 19 - 30 kℓ 31 - 45 kℓ 46 - 60 kℓ >60 kℓ
Churches Caravan Parks Boutique Hotels and Hotels Other Consumers	X	X	<b>NON-HOUSEHOLD</b> 0 - 18 kℓ 19 - 30 kℓ 31 - 45 kℓ 46 - 60 kℓ >60 kℓ

- 9.3.5. A basic charge per water meter or unit in the municipal area, as determined by the Council from time to time, may be charged against all water consumers.
- 9.3.6. An infrastructure basic charge for water will be levied on a monthly basis on all erven or units.
- 9.3.7. An availability charge will be levied on all erven or units not connected to the water network but can reasonably be connected to the service.
- 9.3.8. Allocation of RUE's to categories of Household consumers:

Clinics – Out patients	<input type="checkbox"/> 1 RUE
Flats	<input type="checkbox"/> 1 RUE per residential unit
Guest houses and B & B's	<input type="checkbox"/> 1 RUE
Household related consumers that do not fall in one of the above household consumer categories	<input type="checkbox"/> Upon application the Engineering & Financial Departments will assess the validity within the tariff's structural framework.
Old Age Homes, Hostels & Boarding School	<input type="checkbox"/> 1 RUE per 7 Beds
Retirement Villages, Hospital & Hospice	<input type="checkbox"/> 1 RUE per 1 residential unit <input type="checkbox"/> 1 RUE per 7 Frail care beds
Single Residential erven	<input type="checkbox"/> 1 RUE
Townhouse and group developments	<input type="checkbox"/> 1 RUE per unit <input type="checkbox"/> Townhouse/Group Developments must apply should they require more than 1 rue during development phase) <input type="checkbox"/> RUE's are only applicable from date of application and approval

- 9.3.9. The number of water basic and infrastructure charges for non-household consumers shall be coupled to the number of commercial sewage basic and infrastructure charges. The owner has the option to select to be charged either one commercial unit, or for the respective individual number of lettable sections.
- 9.3.10. The tariffs for consumption of irrigation and raw water shall be based on the levels reflected in the following table:-

Category of Consumer	Basic Charge (Rand/meter/month)	Level of Consumption (Rand/kiloliter/month)
Use and pump water	X	80 – 90 minutes
Small Holdings	X	(i) 0 – 70 kℓ (ii) > 70 kℓ

**9.3.11. Wet Industries –**

- 9.3.11.1. Commercial and Sport (Customers must apply for this tariff)

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Detail	Basic Charge (Rand/meter/mo nth)	Unit Charge / kℓ	Level of Consumption (Rand/kiloliter/month)
Normal Tariff	X	X	(i) 0 – 500 kℓ (ii) 501 – 1 000 kℓ (iii) > 1 000 kℓ
Restriction Tariff 1 (levels 2 & 3 water restrictions) <b>PLUS 30% of Normal Tariff</b>	X	X	(i) 0 – 300 kℓ (ii) 301 – 700 kℓ (iii) > 700 kℓ
Restriction Tariff 2 (levels 4 & 5 water restrictions) <b>PLUS 60% of Normal Tariff</b>	X	X	(i) 0 – 250 kℓ (ii) 251 – 500 kℓ (iii) > 500 kℓ
Restriction Tariff 3 (level 6 water restrictions) <b>PLUS 100% of Normal Tariff</b>	X	X	(i) 0 – 100 kℓ (ii) > 100 kℓ

9.3.11.2. Industry - Marine (Customers must apply for this tariff)

Detail	Basic Charge (Rand/meter/mo nth)	Unit Charge / kℓ	Level of Consumption (Rand/kiloliter/month)
Normal Tariff	X	X	(i) 0 – 5 800 kℓ (ii) >5 800 kℓ
Restriction Tariff 1 (levels 2 & 3 water restrictions) <b>PLUS 30% of Normal Tariff</b>	X	X	(i) 0 – 5 800 kℓ (ii) >5 800 kℓ
Restriction Tariff 2 (levels 4 & 5 water restrictions) <b>PLUS 60% of Normal Tariff</b>	X	X	(i) 0 – 5 800 kℓ (ii) >5 800 kℓ
Restriction Tariff 3 (level 6 water restrictions) <b>PLUS 100% of Normal Tariff</b>	X	X	(i) 0 – 5 800 kℓ (ii) >5 800 kℓ

9.3.12. The tariffs for consumption of Treated Effluent water shall be based on the levels reflected in the following table:-

Detail	Basic Charge (Rand/meter/mo nth)	Unit Charge / kℓ	Level of Consumption (Rand/kiloliter/month)
Hermanus Golf Club	X	X	As per agreement
Schools, municipal sport grounds & project sport grounds as per agreement		X	As per Agreement
Curro Holdings		X	250kℓ free per day
Other		X	

9.3.13. Restriction Tariff

9.3.13.1. When level 1 water restrictions are implemented by the Directorate Infrastructure & Planning, no restriction tariffs will be implemented;

9.3.13.2. When level 2 water restrictions are implemented by the Directorate Infrastructure & Planning, level 1 restriction tariffs will be implemented;

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- 9.3.13.3. When level 3 water restrictions are implemented by the Directorate Infrastructure & Planning, level 1 restriction tariffs will remain applicable;
- 9.3.13.4. When level 4 water restrictions are implemented by the Directorate Infrastructure & Planning, level 2 restriction tariffs will be implemented;
- 9.3.13.5. When level 5 water restrictions are implemented by the Directorate Infrastructure & Planning, level 2 restriction tariffs will remain applicable;
- 9.3.13.6. When level 6 water restrictions are implemented by the Directorate Infrastructure & Planning, level 3 restriction tariffs will be implemented;

**9.4. Refuse Removal**

- 9.4.1. 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, which can vary from once a week up to 7 times a week.
- 9.4.2. The fixed basic charge will be based on the number of removals per week.
- 9.4.3. An availability charge will be levied on all erven/units where no building plan has been approved. -
- 9.4.4. The tariff for refuse removal for residential units will be one removal per household per week.
- 9.4.5. Household refuse collection is the responsibility of the Municipality in the urban areas and only where a service cannot be rendered, a private contractor can do the collection per agreement with the municipality.

**9.5. Sewage**

- 9.5.1. The categories of users as set out below, shall be charged monthly at the applicable tariff as approved by Council in each annual budget:-
  - (i) Domestic (including Semi Permanent Caravan Sites);
  - (ii) Hotels, Hostels, Hospitals, Old Age Homes and Group Housing;
  - (iii) Guest Houses and Bed & Breakfast Establishments;
  - (iv) Shops and Offices;
  - (v) Low Cost Housing Schemes;
  - (vi) Schools;
  - (vii) Caravan Parks with communal ablution facilities;
  - (viii) Departmental Municipality;
  - (ix) Consumers with a conservancy tank.
- 9.5.2. A monthly basic charge shall be levied on all properties or units within urban areas, irrespective of the type of service available.
- 9.5.3. A sewage **usage charge** will be levied on all properties or units that produce sewage or have a water meter. This charge will be levied as follows:
  - (i) SEWAGE – SINGLE AND INTERMEDIATE RESIDENTIAL (Dwelling houses and Duplex apartments)  
The sewage volume will be deemed to be 70% of water consumption, up to a maximum of 35kℓ of sewage per month (70% of 50kl water per month).
  - (ii) SEWAGE – GENERAL RESIDENTIAL (Blocks of apartments and Residential Buildings)

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Sewage volume will be deemed to be 90% of water consumption per individual unit up to a maximum of 45kl of sewage per month (90% of 50kl water per month).

- (iii) **SEWAGE – GUEST HOUSES AND BED & BREAKFAST ESTABLISHMENTS**  
Sewage volume will be deemed to be 70% of water consumption per individual unit.
  - (iv) **ALL OTHER USERS (Including Commercial, Industrial, School, Sport, etc.)**  
The sewage volume will be deemed to be 90% of water consumption.  
The 90% may be adjusted by the Municipal Manager as appropriate to the consumer. The Municipal Manager may also institute a cap on the volume of sewage if appropriate to the consumer.
  - (v) **SEWAGE-CONSUMERS WITH NO WATER METER OR NO MUNICIPAL WATER USE**  
Sewage volume will be charged as one additional basic fee per RUE.
- 9.5.4. 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.
- 9.5.5. A monthly infrastructure charge will be levied on all properties or units.
- 9.5.6. (i) Consumers with conservancy or septic tanks that cannot connect to the network, may only apply to have their tariff changed at the beginning of a financial year before 30 September, or with a change in occupancy status (ownership/registration or new occupancy), which took place after 30 September.
- (ii) In case of conservancy tanks or septic tanks, the municipality reserves the right to change the tariff option should it become apparent that the sewer consumption is more than the water consumption for more than two consecutive months.
- 9.5.7. The sewage basic and infrastructure charge shall be levied on the owner's account, whilst the consumption portion of the charge shall be levied on the same account as where the water consumption is charged.
- 9.5.8. The number of sewage basic and infrastructure charges for non-household consumers shall be coupled to the number of commercial water basic and infrastructure charges. The owner has the option to select to be charged either one commercial unit or the total number of lettable sections.
- 9.5.9. A sewage availability charge shall apply to serviced vacant or -developed land.
- 9.5.10. Consumers who are connected to the municipal sewerage system, but who are not using the municipal water supply system, will be charged twice the sewage availability charge to compensate for the use of the sewer system in the absence of a water meter reading to calculate the sewerage volume.

**9.6. Minor tariffs**

- 9.6.1. All minor tariffs shall be standardised within the municipal region.
- 9.6.2. All minor tariffs shall be approved by the Council in each annual budget and shall, when deemed appropriate by the Council, be subsidised by property rates and general revenues, particularly when the tariffs will prove uneconomical when charged to cover the cost of the service concerned, or when the cost cannot be determined accurately, or when the tariff is designed purely to regulate rather than finance the use of the particular service or amenity.

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## 9.6.3. Minor tariffs may include fees for the following:-

<b>A</b>	Administration	<ul style="list-style-type: none"> <li>▪ Access to information</li> <li>▪ Administration Costs</li> <li>▪ Advertisements / Advertising</li> <li>▪ Bank cost on foreign accounts</li> <li>▪ Deposit</li> <li>▪ Duplicate Accounts</li> <li>▪ Duplicate Pay Day Slip</li> <li>▪ Facsimiles</li> <li>▪ Interest on Accounts in Arrear</li> <li>▪ Laminated documents</li> </ul>	<ul style="list-style-type: none"> <li>▪ Photocopies</li> <li>▪ Placard / Poster Costs</li> <li>▪ Section 62 Appeals</li> <li>▪ Tender Objections</li> <li>▪ Top Management Consultation</li> <li>▪ Top Management Deposit</li> <li>▪ Trace of Direct Deposits</li> </ul>
<b>B</b>	Building Control	<ul style="list-style-type: none"> <li>▪ Administration / Viewing Request, Filing retrieval and Copying of Plans</li> <li>▪ Building Plans</li> <li>▪ Demolition application</li> <li>▪ Heritage Investigations</li> </ul>	<ul style="list-style-type: none"> <li>▪ Plan Printing Fees</li> <li>▪ Plan Scrutiny Fees</li> <li>▪ Plan validity extension</li> <li>▪ Re-inspection fees</li> <li>▪ Signage</li> </ul>
<b>C</b>	Cemeteries	<ul style="list-style-type: none"> <li>▪ Grave-depths</li> <li>▪ Indication of grave</li> </ul>	<ul style="list-style-type: none"> <li>▪ Plot Cost</li> <li>▪ Wall of Remembrance</li> </ul>
<b>D</b>	Business License	<ul style="list-style-type: none"> <li>▪ Application for extended Liquor hours</li> <li>▪ Duplicates</li> <li>▪ License- Formal</li> </ul>	<ul style="list-style-type: none"> <li>▪ License - Informal</li> <li>▪ Liquor License</li> <li>▪ Re-inspection Fee</li> </ul>
<b>E</b>	Commercial Filming/Photographing	<ul style="list-style-type: none"> <li>▪ Animals</li> <li>▪ Application Fee</li> <li>▪ Area required for production and catering</li> <li>▪ Cancellation Fee</li> </ul>	<ul style="list-style-type: none"> <li>▪ Environmental Control Officer</li> <li>▪ Permits</li> <li>▪ Vehicles off Public Roads per Parking Bay</li> </ul>
<b>F</b>	Credit Control & Debt Collecting	<ul style="list-style-type: none"> <li>▪ Administration fee</li> <li>▪ Notices</li> <li>▪ Sheriff fee</li> <li>▪</li> </ul>	<ul style="list-style-type: none"> <li>▪ SMS</li> <li>▪ Tracing fee</li> </ul>
<b>G</b>	Development Contributions	<ul style="list-style-type: none"> <li>▪ Water</li> <li>▪ Electricity</li> <li>▪ Sewerage</li> <li>▪ Roads</li> <li>▪ Sanitation</li> </ul>	<ul style="list-style-type: none"> <li>▪ Storm water</li> <li>▪ Solid Waste</li> <li>▪ Off Grid Developments</li> <li>▪ Evaluations/Investigations Levies</li> </ul>
<b>H</b>	Electricity	<ul style="list-style-type: none"> <li>▪ Builders connection</li> <li>▪ Call-out fee</li> <li>▪ Cancellation Fee</li> <li>▪ Capital Contributions</li> <li>▪ Casual Supplies</li> <li>▪ Change to SSEG or Time of Use</li> <li>▪ Change of Circuit Breaker</li> <li>▪ Commission of Bulk Meter</li> <li>▪ Connection and Disconnection of Service</li> <li>▪ Consumer Deposits</li> <li>▪ Contractor inspections</li> <li>▪ Conversion of meters</li> <li>▪ Credit Control and Debt Collection</li> <li>▪ Damaged cables</li> <li>▪ Damaged meter</li> <li>▪ Deposits cables etc.</li> <li>▪ Development Contribution</li> <li>▪ Erection &amp; Removal of Banners</li> </ul>	<ul style="list-style-type: none"> <li>▪ Illegal Connection/Tampering Fee</li> <li>▪ Illuminated Signs</li> <li>▪ Small Scale Embedded Generation (SSEG)</li> <li>▪ Meter Testing</li> <li>▪ Meter Verification</li> <li>▪ MV Switching</li> <li>▪ Public Lighting &amp; CCTV</li> <li>▪ Removal of meter</li> <li>▪ Replacement</li> <li>▪ Repositioning of Meter</li> <li>▪ Service Connections</li> <li>▪ Special Meter Readings</li> <li>▪ Sundry Services</li> <li>▪ Tariff change</li> <li>▪ Unsafe/illegal connections per visit</li> <li>▪ Upgrading extension Fee</li> <li>▪ Way leave</li> </ul>

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		<ul style="list-style-type: none"> <li>▪ Fee recalculation – no access</li> <li>▪ Hire of temporary distribution kiosk</li> <li>▪ Hire of Sleeve Space for fiber optic cable</li> </ul>	
I	Fire Services & Disaster Management	<ul style="list-style-type: none"> <li>▪ Assistance of motor vehicle accidents and rescues</li> <li>▪ Burn Permits</li> <li>▪ Events</li> <li>▪ Extinguishing of Fires</li> <li>▪ Fire Prevention inspections</li> <li>▪ Fire Safety</li> </ul>	<ul style="list-style-type: none"> <li>▪ Plot Clearing</li> <li>▪ Re-inspection Fee under the By-law</li> <li>▪ Special Services</li> <li>▪ Standby at fire scene</li> </ul>
J	Housing	<ul style="list-style-type: none"> <li>▪ Administration</li> </ul>	<ul style="list-style-type: none"> <li>▪ Rental</li> </ul>
K	Law Enforcement	<ul style="list-style-type: none"> <li>▪ <u>Business &amp; Other Events</u></li> <li>▪ Bylaw on outdoor advertising</li> <li>▪ Impoundment of Informal Traders (Hawkers) goods</li> <li>▪ Impoundment of illegal Advertising/Agent boards</li> <li>▪ Inspection Fees</li> <li>▪ <u>Impoundment of Abandoned/Obstructing Items</u></li> <li>▪ Pound Fee Cattle</li> <li>▪ Pound fee Dogs and Cats</li> <li>▪ Pound fee Horses</li> </ul>	<ul style="list-style-type: none"> <li>▪ Pound fee other animals</li> <li>▪ Pound fee Pigs</li> <li>▪ Pound Fee Poultry</li> <li>▪ Pound fee Sheep and Goats</li> <li>▪ Pound fee Shopping Trolley</li> <li>▪ Re-inspection Fee</li> <li>▪ Removal of illegal structure</li> <li>▪ Storage Fee</li> </ul>
L	Libraries	<ul style="list-style-type: none"> <li>▪ Damage or lost Library material</li> <li>▪ Deposits</li> <li>▪ Facsimiles</li> <li>▪ Laminated documents</li> <li>▪ Lost Cards</li> <li>▪ Penalty for Late Return</li> </ul>	<ul style="list-style-type: none"> <li>▪ Photocopies</li> <li>▪ Rental of Library Amenities</li> <li>▪ Scanning</li> <li>▪ Special Requests</li> <li>▪ Subscription</li> <li>▪ Visitors Fee (Handling)</li> </ul>
M	Municipal Buildings	<ul style="list-style-type: none"> <li>▪ Deposits</li> <li>▪ Rental of Amenities</li> </ul>	<ul style="list-style-type: none"> <li>▪ Rental of Equipment</li> </ul>
N	Off-Grid Developments/Units	<ul style="list-style-type: none"> <li>▪ Development Contribution</li> </ul>	
O	Operational Cost	<ul style="list-style-type: none"> <li>▪ Street Signage</li> </ul>	
P	Parking Fees	<ul style="list-style-type: none"> <li>* Metered Parking</li> </ul>	<ul style="list-style-type: none"> <li>* Monthly Parking Permit</li> </ul>
Q	Property Administration	<ul style="list-style-type: none"> <li>▪ <u>Application lease/ purchase/ Encroachment [Fee]</u></li> <li>▪ Leases</li> </ul>	<ul style="list-style-type: none"> <li>▪ Memorial Benches</li> <li>▪ Radio Mast</li> </ul>
R	Public Works	<ul style="list-style-type: none"> <li>▪ Felling and Pruning of Trees</li> <li>▪ Private Work</li> <li>▪ Sale of Miscellaneous Items</li> <li>▪ Storm Water Drainage</li> </ul>	<ul style="list-style-type: none"> <li>▪ Street Signage</li> <li>▪ Tar and Patch Work</li> <li>▪ Vehicle Entrances</li> </ul>
R	Recreational Amenities	<ul style="list-style-type: none"> <li>▪ Affiliated Members</li> <li>▪ Beaches</li> <li>▪ Boat Launching</li> <li>▪ Boat License/Permits</li> <li>▪ Caravan Parks</li> <li>▪ Change Rooms</li> <li>▪ Clubhouses</li> <li>▪ Commercial Fishing Vessels</li> </ul>	<ul style="list-style-type: none"> <li>▪ Leases of stalls/containers</li> <li>▪ Non-Affiliated Members</li> <li>▪ Office Rental</li> <li>▪ Open Spaces</li> <li>▪ Parking</li> <li>▪ Passenger Boats</li> <li>▪ Plett House</li> <li>▪ Public Open Space</li> </ul>

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		<ul style="list-style-type: none"> <li>▪ Community Halls</li> <li>▪ Day Camping Site</li> <li>▪ Deposit</li> <li>▪ Entrance Fee</li> <li>▪ Formal Shop Rental</li> <li>▪ Frank Robb Hut</li> <li>▪ Hawker Stalls</li> <li>▪ Informal Trader under cover rental</li> <li>▪ Kelp Collectors, Whale Watching and Shark Diving</li> </ul>	<ul style="list-style-type: none"> <li>▪ Recreational Fishing Vessels</li> <li>▪ Rental Units Kleinmond</li> <li>▪ Rental Wet core Stands</li> <li>▪ Schuss Houses</li> <li>▪ Spaces for Sport</li> <li>▪ Sport Events</li> <li>▪ Sport Grounds</li> <li>▪ Support Services</li> <li>▪ Use of Tractor</li> </ul>
<b>T</b>	Roads	<ul style="list-style-type: none"> <li>▪ Capital Contributions</li> </ul>	<ul style="list-style-type: none"> <li>▪ Development Contribution</li> </ul>
<b>U</b>	Refuse Removal	<ul style="list-style-type: none"> <li>▪ Asbestos Sheet</li> <li>▪ Baboon Resistant Bins</li> <li>▪ Deposits</li> <li>▪ Rental of Bulk Containers</li> </ul>	<ul style="list-style-type: none"> <li>▪ Self-Dumping</li> <li>▪ Replacement of lock on baboon resistant wheelie bin</li> <li>▪ Weigh Bridge</li> </ul>
<b>V</b>	Sewage	<ul style="list-style-type: none"> <li>▪ Capital Contributions</li> <li>▪ Connection of tanks</li> <li>▪ Development Contribution</li> </ul>	<ul style="list-style-type: none"> <li>▪ Disposal</li> <li>▪ Tank Services</li> <li>▪ Testing of tanks</li> </ul>
<b>W</b>	Storm water	<ul style="list-style-type: none"> <li>▪ Development Contribution</li> </ul>	
<b>X</b>	Swimming Pool	<ul style="list-style-type: none"> <li>▪ Entrance Fee</li> <li>▪ Galas</li> </ul>	<ul style="list-style-type: none"> <li>▪ Training session</li> </ul>
<b>Y</b>	Town Planning	<ul style="list-style-type: none"> <li>▪ Advertising Cost</li> <li>▪ Application Fee</li> <li>▪ Closure of Public Place</li> <li>▪ Contravention</li> <li>▪ Penalty</li> <li>▪ Demolition of Administrative Penalty</li> <li>▪ Departure</li> <li>▪ Deposit – Appeal</li> <li>▪ Determination of Zoning</li> <li>▪ Exemption ito Section 26</li> <li>▪ Extension of Time</li> </ul>	<ul style="list-style-type: none"> <li>▪ Formal Structure</li> <li>▪ Informal Structures</li> <li>▪ Land use planning Fee</li> <li>▪ Permission ito Zoning Scheme</li> <li>▪ Relaxation of Title Deed</li> <li>▪ Registered Letter</li> <li>▪ Removal of Title Deed Restrictions</li> <li>▪ Search Fee</li> <li>▪ Section 30(2) Certification/Clearance</li> <li>▪ Spatial Development Framework</li> <li>▪ Sub-division</li> <li>▪ Zoning Certificate</li> </ul>
<b>Z</b>	Traffic	<ul style="list-style-type: none"> <li>▪ Business and Other Events</li> <li>▪ Disabled Parking Tokens</li> <li>▪ Driver's Licenses</li> <li>▪ Escorting and Other Services</li> <li>▪ Hiring Traffic cones</li> <li>▪ Impoundment of Boats</li> <li>▪ Impoundment of Public Transport Vehicles</li> <li>▪ Leaner's Licenses</li> <li>▪ Parking Meters</li> <li>▪ Professional Driver's Permits</li> </ul>	<ul style="list-style-type: none"> <li>▪ Removal of Vehicles</li> <li>▪ Roadworthy Certificates</li> <li>▪ Storage Fees</li> <li>▪ Taxi Rank Tokens</li> <li>▪ Traffic Cones</li> <li>▪ Towing Charge</li> <li>▪ Vehicle Registration</li> <li>▪ Wheel clamping fee</li> </ul>
<b>AA</b>	Valuation (Property Information)	<ul style="list-style-type: none"> <li>▪ Access to Information</li> <li>▪ Clearance Certificates</li> <li>▪ Deeds Office Registrations</li> <li>▪ Extract from Valuation Roll</li> </ul>	<ul style="list-style-type: none"> <li>▪ Revaluation</li> <li>▪ Valuation Certificates</li> <li>▪ Valuation Roll</li> <li>▪ Voters' Roll</li> </ul>

## OVERSTRAND MUNICIPALITY

## TARIFF POLICY

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BB	Water	<ul style="list-style-type: none"> <li>▪ Administration Fee – recalculation no meter access</li> <li>▪ Call-out Fee</li> <li>▪ Capital Contributions</li> <li>▪ Connection &amp; Disconnection</li> <li>▪ Consumer Deposits</li> <li>▪ Convert to water flow restrictor meter</li> <li>▪ Credit Control and Debt Collection</li> <li>▪ Damaged Water Meter; Water main &amp; Service Connection</li> <li>▪ Development Contribution</li> <li>▪ Final meter reading</li> <li>▪ Irrigation Water</li> <li>▪ Illegal Connection/Tampering Fee</li> </ul>	<ul style="list-style-type: none"> <li>▪ Meter Testing</li> <li>▪ Meter verification</li> <li>▪ Rebates</li> <li>▪ Reconnection</li> <li>▪ Registration of borehole</li> <li>▪ Removal of meter</li> <li>▪ Repair of meter</li> <li>▪ Replacement of Damage meter</li> <li>▪ Repositioning of meter</li> <li>▪ Service Connections</li> <li>▪ Special Meter Readings</li> <li>▪ Still-off* inspections</li> <li>▪ Sundry Services</li> <li>▪ Temporary connections</li> </ul>
CC	Wayleaves and the use of Municipal Road Reserves for the installation of services	<ul style="list-style-type: none"> <li>▪ Administration and Supervision Fee</li> <li>▪ Roadway Trench Fee</li> <li>▪ Remedying, Repairing and Cleaning</li> </ul>	

9.6.4. The Municipal Manager shall maintain a list of all minor services indicating their unit of service for the purposes 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 SERVICE CHARGES

- 10.1. After a draft budget as required by the Local Government: Municipal Finance Management Act, 2003 (Act No 56 of 2003) has been tabled, the Municipal Manager must invite the local community to submit representations for consideration by the 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 that the tariffs become effective.
- 10.3. A notice stating the purport of the council resolution, date on which the new tariffs shall become operational and invitation for objections will be advertised by the Municipality.
- 10.4. All tariffs approved must have been considered at the annual budget meeting.

#### 11. IMPLEMENTING AND PHASING-IN OF THE POLICY

- 11.1. The principle contained in this Policy will be reflected in the various budget proposals submitted to the Council on an annual basis, service by-laws as promulgated and adjusted by the Council from time to time and the Tariff By-laws referred to in section 75 of the Act.
- 11.2. The Council may determine conditions applicable to community service of a regulatory nature. These conditions will be reflected in the standing orders of the Council.

#### 12. PROCEDURES AND ACCOUNTABILITY

- 12.1. The Municipal Manager shall ensure that procedures to manage all aspects of this Policy are prepared in the form of a manual, reviewed regularly and that these are formally adopted by him/her for implementation. These procedures will include aspects in this Policy and subscribe to sound principles of internal control.
- 12.2. The Directors and Managers shall ensure compliance with the procedures as approved from time to time by the Municipal Manager to give effect to the provisions of this Policy.

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**13. IMPLEMENTATION AND REVIEW PROCESS**

This policy will come into effect on **1 July 2022** and will be reviewed at least annually or when required by way of a Council resolution.

**14. SHORT TITLE**

This policy shall be called the **Tariff Policy of the Overstrand Municipality**.

<b>POLICY SECTION:</b>	<b>MANAGER: INCOME</b>
<b>CURRENT UPDATE:</b>	29 JUNE 2022
<b>PREVIOUS REVIEW:</b>	31 MAY 2022
<b>PREVIOUS REVIEW:</b>	26 MAY 2021
<b>PREVIOUS REVIEW:</b>	27 MAY 2020
<b>PREVIOUS REVIEW:</b>	29 MAY 2019
<b>PREVIOUS REVIEW:</b>	30 MAY 2018
<b>PREVIOUS REVIEW:</b>	31 MAY 2017
<b>PREVIOUS REVIEW:</b>	25 MAY 2016
<b>PREVIOUS REVIEW:</b>	28 MAY 2015
<b>PREVIOUS REVIEW:</b>	28 MAY 2014
<b>PREVIOUS REVIEW:</b>	29 MAY 2013
<b>PREVIOUS REVIEW:</b>	30 MAY 2012
<b>PREVIOUS REVIEW:</b>	31 AUG 2011
<b>PREVIOUS REVIEW:</b>	04 MAY 2011
<b>PREVIOUS REVIEW:</b>	26 MAY 2010
<b>PREVIOUS REVIEW:</b>	27 MAY 2009
<b>APPROVAL BY COUNCIL:</b>	31 MAY 2006

# OVERSTRAND MUNICIPALITY



## **CUSTOMER CARE, CREDIT CONTROL AND DEBT COLLECTION POLICY**

## P R E A M B L E

**Whereas** section 96 of the Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000) requires a municipality to adopt, maintain and implement a credit control, debt collection and customer care policy;

**And whereas** section 97 of the Systems Act prescribes what such policy must provide for;

**Now therefore** the Municipal Council of the Municipality of Overstrand adopts the Customer Care, Credit Control and Debt Collection Policy as set out in this document:-

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**1. DEFINITIONS**

For the purpose of this policy, unless the context indicates otherwise, any word or expression to which a meaning has been attached in the Act shall bear the same meaning and means:-

<b>"Act"</b>	The Local Government Act: Municipal Systems Act 2000 (Act No 32 of 2000) as amended from time to time.
<b>"arrears"</b>	means any amount which is due, owing and payable and which remains unpaid by the due date;
<b>"authorised representative"</b>	the person or instance legally appointed by the Council to act or to fulfil a duty on its behalf.
<b>"basic service"</b>	the amount or level of any municipal service that is necessary to ensure an acceptable and reasonable quality of life and which, if not provided, would endanger public health or safety of the environment and for the purposes of this Policy are restricted to the delivery of electricity, refuse, sewerage and water services.
<b>"Chief Financial Officer"</b>	an officer of the Municipality appointed as the Head of the Finance Department and includes any person:- (a) acting in such position; and (b) to whom the Chief Financial Officer has delegated a power, function or duty in respect of such a delegated power, function or duty.
<b>"child-headed household"</b>	a household where all the occupants of a residential property are younger than 18 years old, i.e. a child-headed household is a household consisting only of children.
<b>"Council" or "municipal council"</b>	a municipal council referred to in section 18 of the Local Government: Municipal Structures Act, 1998 (Act No 117 of 1998) and for purposes of this policy, the municipal council of the Municipality of Overstrand.
<b>"Credit control" and debt collection"</b>	the functions relating to the collection of any monies due and payable to the Municipality.
<b>"Closely connected person"</b>	any immediate relative of the person namely spouse, child, parent, parent-in-law, life partner.
<b>"customer"</b>	any occupier of any property to which the Municipality has agreed to supply services or already supplies services to, or if there is no occupier, then the owner of the property (including registered indigent household).
<b>"defaulter"</b>	a person who owes money to the Municipality in respect of a municipal account after the due date for payment has expired.
<b>"Director"</b>	the person in charge of the civil and/or electrical component(s) of the Municipality and includes any person:- (a) acting in such position; and (b) to whom the Director has delegated a power, function or duty in respect of such a delegated power, function or duty.
<b>"equipment"</b>	a, structure, pipe, pump, wiring, cable, meter, machine or any fittings.
<b>"household"</b>	all persons who are jointly living on a stand or site on a permanent basis and who receive electricity and/or water from one meter, regardless whether the person rents or owns the property.
<b>"Income"</b>	Income is the gross sum of all monthly income from all sources, including wages, salaries, profits, dividends, pensions, rentals, board & lodging, interest received, grants or investment income and other forms of earnings received by every person residing on the property.
<b>"indigent"</b>	a household which is not financially capable of paying for the delivery of basic services and meeting criteria determined by Council from time to time – this also includes poor households.
<b>"interest"</b>	a levy with the same legal priority as service fees and calculated on the first day of the new month on all arrear amounts older than the most recent monthly service account in respect of assessment rates and service levies at a standard rate as approved by Council.

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<b>"Municipality"</b>	the institution that is responsible for the collection of funds and the provision of services to the customers of Overstrand.
<b>"municipal account" or "billing"</b>	the proper and formal notification by means of a statement of account, to persons liable for monies levied and indicating the net accumulated balance of the account, specifying charges levied by the Municipality, or any authorised and contracted service provider, in the format of, but not limited to:- (a) show the levies for assessment rates and/or building clause; and (b) "monthly account" rendered monthly and shows the levies for assessment rates and/or building clause, availability charge, sewerage, refuse removal, electricity, water, sundries, housing rentals and instalments, as well as the monthly instalment for annual services paid monthly.
<b>"Municipal Manager"</b>	the accounting officer appointed in terms of section 82 of the Local Government: Municipal Structures Act, 1998 (Act No 117 of 1998) and being the head of administration and accounting officer in terms of section 55 of the Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000) and includes any person:- (a) acting in such position; and (b) to whom the Municipal Manager has delegated a power, function or duty in respect of such a delegated power, function or duty.
<b>"municipal services"</b>	those services provided by the Municipality such as, amongst others the supply of water and electricity, refuse removal, sewerage treatment, and for which payment is required by the Municipality or not.
<b>"occupier"</b>	any person who occupies any property or part thereof, without any regard to the title under which he/she so occupies the property – in process of phasing out from 01/07/2010.
<b>"owner"</b>	(a) the person in whom the legal title to the property is vested; (b) a person mentioned below may for the purposes of this Policy 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 the lessee; (viii) 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; (c) in the case where the Council is unable to determine the identity of such person, the person who is entitled to the benefit of such property or any building thereon; (d) in the case of a property for which a lease agreement of 30 years or more has been entered into, the lessee thereof; (e) regarding:- (i) a portion of land delineated on a sectional title plan registered in terms of the Sectional Titles Act, 1986 (Act No 95 of 1986), and without restricting the above mentioned stipulations, the developer or body corporate of the communal property; or (ii) a portion as defined in the Sectional Titles Act, the person in whose name that portion is registered under a sectional title deed, including the legally appointed representative of such person; (i) any legal entity, including but not limited to:-

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	<p>(i) a company registered in terms of the Companies Act, 2008 (Act No 71 of 2008), a trust <i>inter vivos</i>, trust <i>mortis causa</i>, a closed corporation registered in terms of the Closed Corporations Act, 1984 (Act No 69 of 1984), and any voluntary organisation;</p> <p>(ii) any local, provincial or national government;</p> <p>(iii) any council, board or entity established in terms of any legislation applicable to the Republic of South Africa; and</p> <p>(iv) any embassy or other foreign entity.</p> <p>(ii) in the case of property owned by the Council and which has been alienated, but which has not been transferred to the person to whom it has been alienated, such person from the date of the alienation concerned; and</p> <p>(iii) in the case of property owned by or under the control or management of the Council while held under a lease or any express or tacit extension thereof or under any other contract or under a servitude or right analogous thereto, the person so holding the right to the immovable property.</p>
<b>"premises" or "property"</b>	<p>any portion of land, the external surface boundaries of which are delineated on:-</p> <p>(a) a general plan or diagram registered in terms of the Land Survey Act, 1927 (Act No 9 of 1927) or in terms of the Deeds Registry Act, 1937 (Act No 47 of 1937); or</p> <p>(b) a sectional plan registered in terms of the Sectional Titles Act, 1986 (Act No 95 of 1986);</p> <p>which is situated within the area of jurisdiction of the Municipality.</p>
<b>"Residential"</b>	<p>means improved property that is:</p> <p>(a) used predominantly (60% or more) for residential purposes, with not more than two dwelling units per property.</p> <p>(b) a unit registered in terms of the Sectional Title Act 95 of 1986, used predominantly (60% or more) for residential purposes, and includes any unit in the same Sectional Title Scheme registered in the name of the same owner which is used together with the residential unit as if it were one property, for example a garage or store room. (Any such grouping shall be regarded as one residential property for rate rebate or valuation purposes.) or</p> <p>(c) owned by a share-block company and used predominantly (60% or more) for residential purposes, or</p> <p>(d) a residence used for residential purposes situated on property used for or related to educational purposes.</p>

## 2. GENERAL OBJECTIVES:

The objectives of this Policy are to:-

- 2.1 provide a framework within which the Municipality can exercise its executive and legislative authority with regard to credit control and debt collection;
- 2.2 ensure that all monies due and payable to the Municipality are levied and collected in a financially sustainable manner;
- 2.3 provide a framework for customer care and indigent support;
- 2.4 describe credit control measures and sequence of events;
- 2.5 outline debt collection and credit control procedures and mechanisms; and
- 2.6 set realistic targets for credit control and debt collection.

## 3. PRINCIPLES

- 3.1 The administrative integrity of the Municipality must be maintained at all costs. The democratically elected councillors are responsible for the approval of the policy, while it is the responsibility of the Municipal Manager to ensure the execution of this policy.
- 3.2 All customers must complete an official application form, formally requesting the Municipality to connect them to service supply lines. Existing customers may be required to complete new application forms from time to time, as determined by the Municipal Manager.

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- 3.3 Application forms, agreements and documents relating to this Policy must be available in Afrikaans and English. Officials designated to control and manage these documents must be able to explain the contents thereof in the three languages of the Western Cape.
- 3.4 A copy of the application form, conditions of services and extracts of the Council's Customer Care, Credit Control and Debt Collection Policy and By-Laws must be handed to every customer on request at such fees as may be prescribed by Council.
- 3.5 Billing is to be accurate, timeous and understandable as far as possible.
- 3.6 The customer is entitled to reasonable access to pay points and to a variety of reliable payment methods which will include cash, [cheque,] debit or credit card, electronic fund transfer, debit order and bank order payments.
- 3.7 The customer is entitled to an efficient, effective and reasonable response to appeals, and should suffer no disadvantage during the processing of a reasonable appeal.
- 3.8 Enforcement of payment must be prompt, consistent and effective.
- 3.9 Unauthorised consumption, connection and reconnection, the tampering with or theft of meters, service supply equipment and the reticulation network and any fraudulent activity in connection with the provision of municipal services will lead to disconnections, charges, penalties, loss of rights and/or criminal prosecutions. A certificate reflecting the nature and extent of the unauthorised activity must be issued by a duly qualified person to substantiate the claim.
- 3.10 Incentives and disincentives may be used in collection procedures.
- 3.11 The collection process must be cost-effective.
- 3.12 Results will be regularly and efficiently reported and monitored.
- 3.13 Application forms may be used to, *amongst others*, categorise customers according to credit risk and to determine relevant levels of services and deposits required.
- 3.14 Targets for performance in both customer service and debt collection will be set and pursued and remedies implemented for non-performance.
- 3.15 Where practicably possible the Customer Care and Debt Collection Policies will be handled independently of each other and the organisational structure will reflect the separate functions.
- 3.16 The principle of providing services instead of payment for arrear accounts is supported.
- 3.17 Customers that meet council's indigent criteria must be identified and supported.
- 3.18 UISP customers who occupied the allocated area already, will be charged the required deposits retrospectively.

#### 4. PERFORMANCE EVALUATION

This is addressed in the SDBIP and the Municipal Performance Management System.

#### 5. REPORTING

- 5.1 The Chief Financial Officer (Director: Finance) shall report monthly to the Municipal Manager in a suitable format to enable the Municipal Manager to report to the Executive Mayor, as supervisory authority in terms of section 99 of the Act, read with section 100(c). This report shall contain particulars on:-
  - (a) Cash collection statistics, showing high-level debt recovery information (number of customers; enquires; arrangements; default arrangements; growth or reduction of arrear debt). Where possible, the statistics should ideally be divided into wards, business (commerce and industry), domestic, state, institutional and other such divisions.
  - (b) Performance on all areas against targets agreed to in paragraph 5 of this policy document.
- 5.2 If in the opinion of the Chief Financial Officer, the Municipality will not achieve cash receipt income equivalent of the income projected in the annual budget as approved by Council, the Chief Financial Officer will report this with motivation to the Municipal Manager who will, if he/she agrees with the Chief Financial Officer, immediately move for a revision of the budget according to realistically realisable income levels.
- 5.3 The Executive Mayor, as supervisory authority, shall report at intervals of 3 months to Council as contemplated in section 99(c) of the Act.

## 6. CUSTOMER CARE

### 6.1 Objective

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

### 6.2 Communication and feedback

6.2.1 The Municipality will, within its financial and administrative capacity, conduct an annual process of compiling and communicating its budget, which will include targets for credit control and debt collection. This process will include the effort to ensure that the residents and customers understand the costs involved in the service provision, the reasons for payment of service tariffs and the manner in which monies raised from the customers are utilised.

6.2.2 Council will endeavour to distribute a regular newsletter (also available on the website), which will give prominence to customer care and debt collection issues.

6.2.3 Ward councillors will give feedback at ward meetings, at which customer care and debt collection issues will be given prominence.

6.2.4 The press will be encouraged to give prominence to Council's customer care, credit control and debt collection issues, and may be invited to council or committee meetings where these are discussed.

6.2.5 The residents and users of services will be encouraged to give feedback through the established mechanisms to the Municipality regarding the quality of services and the performance of service providers.

### 6.3 Metering

6.3.1 The Municipality will endeavour, within practical and financial constraints, to provide meters to every paying customer for all measurable services.

6.3.2 All meters will be read monthly, as far as possible. If the meter is not read monthly, the consumption may be estimated in terms of Council's operational procedures.

6.3.3 If any meter is not accessible for meter reading, the customer must apply and pay to have the meter moved out to the borderline and convert the electricity meter to a pre-paid meter.

6.3.4 Customers must:-

- (a) safeguard and maintain service meters in a readable condition;
- (b) notify the Municipality when services are no longer required at a particular service delivery point;
- (c) maintain credit and pre-payment meters; and
- (d) supply the Municipality with accurate information with regard to the supply of services or applications for indigent cases.

6.3.5 Customers are entitled to request verification of meter readings at the prescribed tariff.

6.3.6 Customers are entitled to request testing of meters for accuracy within reason. If the test reveals the meter to register outside the norm as prescribed for the service in question (Electricity or Water), the meter will be replaced and the customer's account will be adjusted accordingly. The adjustment may not exceed a period of six (6) months, preceding the date on which the metering equipment was found to be inaccurate. If the outcome shows that the meter was not defective, the consumer is liable for payment for the cost of the test at the prescribed tariff as well as for other amounts outstanding.

6.3.7 Customers must give notice of at least 48 hours to the Municipality should a final reading or discontinuation of service be required. When a customer vacates a property and a final reading of the meter is not possible due to no access, an estimated consumption will be used by the Municipality and the final account rendered accordingly.

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- 6.3.8 If a service is metered but it cannot be read due to financial and/or human resource constraints or circumstances beyond the control of the Municipality or its authorised agent, and the customer is charged for an estimated consumption, the account following the reading of the metered consumption must articulate the difference between the actual consumption and the average consumption, and the resulting credit or debit adjustments.
- 6.3.9 The Municipality may apply debt collection as a percentage (at least **[60] 40%**) on the pre-payment electricity system, to ensure collection of all arrear debt on the account of the customer.

**6.4 Accounts and billing**

- 6.4.1 The Municipality will as far as possible render to its customers on the billing system an understandable and accurate statement, which will consolidate all service costs and subsidies granted in terms of this Policy for that property.
- 6.4.2 Accounts will be produced in accordance with the meter reading cycle and due dates will be linked to the statement date.
- 6.4.3 The customer's municipal account shall be credited for energy generated by the embedded generator and exported to the network in the amount/s reflected in the annual tariff relating to the import and export of electrical energy for embedded generation. Small scale embedded generator customers (SSEG) will be billed as follows:
- (a) The service charge and all energy and maximum demand charges, as applicable, will be billed on the monthly electricity account.
  - (b) A credit will be passed for export of energy monthly against the normal monthly electricity account.
  - (c) Customers will not be compensated if the monthly export reflects a credit balance. A credit balance for export will be carried forward to the following month.
  - (d) In the instance where an export credit exists on 30 June, this credit will be forfeited.
  - (e) At the time that the customer ceases to be on the small scale embedded generation tariff, any remaining credit balance for export, will not be refunded to the customer.
  - (f) The municipality shall not be obliged to grant credit to the customer for export not received onto the electrical grid due to unavailability of the grid or for any other reason.
- 6.4.4 If no official complaint in writing is received by the 15<sup>th</sup> of the month it will be considered that the account delivered is correct.
- 6.4.5 Accounts will be rendered monthly in cycles of approximately 30 days at the address last recorded with the Municipality or its authorised agent.
- 6.4.6 It is the customer's responsibility to ensure that his/her postal address and all other required details are correct.
- 6.4.7 Should an owner have an e-mail address stated on the clearance application form, during and subsequent to the transfer of the property into his or her name, said e-mail address shall take preference over a postal address provided on the said application. The email address shall be regarded as the default address for all correspondence inclusive of the monthly account send to that owner until otherwise advised in writing.
- 6.4.8
- (a) Accounts are delivered monthly. It is the customer's responsibility to enquire from the Municipality should an account not be received in order to ensure timely payment and to obtain a duplicate account when the account is not delivered during the normal billing cycle.
  - (b) Customers residing outside the borders of the Republic of South Africa will receive only electronic accounts, unless a local address is supplied.

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- 6.4.9 Settlement or due dates will be as indicated on the statement and are normally as follows:-
- (a) Monthly accounts are payable before or on the due date in accordance with the specific account billing (invoicing) cycle as indicated on the account, or the first working day thereafter should it fall on a weekend or public holiday, of the month following the month of the statement of the account.
  - (b) Large Power and Time of Use electricity customer accounts are payable on or before the 15<sup>th</sup> of each month, or the first working day thereafter should the 15<sup>th</sup> be on a week-end.
  - (c) Annual accounts are payable on or before the 30<sup>th</sup> of September of each year.
  - (d) Accounts of councillors and employees may be deducted from their salaries/allowances on a monthly basis; alternatively, they may sign a debit order for deduction of the monthly account off their bank account.
  - (e) Staff arrears will be dealt with in accordance with Schedule 2(10) of Local Government: Municipal Systems Act 32 of 2000 and in terms of any procedures, method or actions referred to in this Policy. Notwithstanding any other procedure, method or action that may be taken in terms of this Policy, the Municipality shall deduct any outstanding amount from such staff members' salary after this 3 (three) month period. Outstanding arrears will be settled out of any annual bonus due to the staff member.
  - (f) All staff joining the Municipality must, within 30 days, sign an agreement to pay arrears.
  - (g) Where the Municipality provides temporary employment to members of the community who are in arrears with payments for municipal rates and services, they will be required to enter into a written agreement to pay up to a maximum of 30% of their gross remuneration towards the arrear debt.
  - (h) In accordance with Schedule 1(12A) of the Local Government: Municipal Systems Act 32 of 2000, a Councillor of the Municipality may not be in arrears to the Municipality for rates and service charges for a period longer than 3 months. Notwithstanding any other procedure, method or action that may be taken in terms of this Policy, the Municipality shall deduct any outstanding amount from such Councillors' remuneration after this 3 (three) month period.
- 6.4.10 Where an account is not settled in full, any lesser amount tendered and accepted shall not be deemed to be in full and final settlement of such an account.
- 6.4.11 Where any payment made to the Municipality, or its authorised representative, by negotiable instrument is subsequently dishonoured by a bank, the Municipality or its authorised agent:-
- (a) may recover the average bank charges incurred relating to dishonoured negotiable instruments, together with an administration fee, against the account of the customer;
  - (b) shall regard such an event as a default on payment and services may be discontinued should a valid payment by cash, a bank-guaranteed cheque or electronic fund transfer not be made by the date provided by the authorized official;
  - (c) may insist on cash, debit order or electronic fund transfer payments for all future accounts;
  - (d) may only consider application for re-instatement of debit order/cheque after twelve months, except in instances where the Senior Manager: Revenue, or delegated official, authorises otherwise.
- 6.4.12 The Municipality must issue a duplicate account or any acceptable alternative to a customer on request, at a cost determined by Council from time to time.
- 6.4.13 The registered owner of a property being leased is at his/her own cost entitled to obtain a copy of the account of a lessor and to be informed if a lessee is in arrears with his/her service charges within 60 days.

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- 6.4.14 All contracts for service delivery with tenants will be phased out over a period of time and all new service contracts will only be with the owners of the property.
- 6.4.15 Opening of tenant accounts will only be allowed when :
- (a) the customer is an indigent household and the property is registered in the name of another person;
  - (b) the customer is a contractor for municipal projects
- 6.4.16 When tenants are in default, the service contract with the tenant will be cancelled and services transferred to the owner.
- 6.4.17 The amount which the Municipality may recover from the tenant or occupier of a property where there exists only an owners account, is limited to the amount of rent or other money due and payable, but not yet paid, by the tenant or occupier to the owner of the property
- 6.4.18 The tenant or occupier of a property must, on request from the Municipality, furnish the Municipality with a written statement specifying all payments to be made by the tenant or occupier to the owner of the property for rent or other money payable on the property during a period determined by the Municipality.
- 6.5 Payment facilities and methods**
- 6.5.1 The Municipality will operate and maintain suitable payment facilities, which facilities will be accessible to all customers.
- 6.5.2 The Municipality will, at its discretion, allocate a payment between service debts. A debtor does not have the right to indicate that the payment is for a specific portion of the account.
- 6.5.3 The Municipality may, in terms of section 103 of the Act and with the consent of a customer, approach an employer of the customer to secure a debit or stop order arrangement.
- 6.5.4 The Municipality will endeavour to appoint a variety of agents (super markets, SA Postal Service, etc.) for the receipt and transfer of payments to the Municipality. The customer will acknowledge in the customer agreement that the use of customer agents in the transmission of payments to the Municipality is at the risk of the customer – also the time lapse for transfer of the payment.
- 6.5.5 The Municipality will, in the event of notices sent to customers, as well as in the instance of services having been disconnected or restricted, only accept cash or electronic fund transfer / direct deposit into the Municipality's bank account, or payment at any one of the nominated cash receipting points or agents of the Municipality. Documented proof must be send via e-mail to the sender as stated on the Overstrand Municipality's notice document, during office hours, not later than 16:00.
- 6.6 Incentives for prompt payment (Annexure "A")**
- 6.6.1 The Council may, to encourage prompt payment and/or to reward regular payers, from time to time consider incentives for the prompt payment of accounts or payment by debit or stop order.
- 6.6.2 If introduced, the cost associated with the incentive scheme will be reflected in the operational budget as additional expenditure.
- 6.7 Feedback, enquiries, appeals and service complaints**
- 6.7.1 Within its administration and financial ability the Municipality will establish:-
- (a) Decentralised complaints/feedback offices;
  - (b) A centralised complaints database to enhance co-ordination of complaints, their speedy resolution and effective communication with customers;
  - (c) Appropriate training for officials dealing with the public to enhance communications and service delivery; and
  - (d) The introduction of a regular article in the newsletter to inform customers on the safe and economic use of services.
- 6.7.2 If a customer is convinced that his/her account is inaccurate, he/she can lodge a query, together with supporting documentation and proof, with the Municipality

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before due date for investigation of this account, and where necessary the relevant alterations.

- 6.7.3 In the interim the debtor must pay an average based on previous consumption where such history of the account is available. Where no such history is available, the debtor is to pay an estimate provided by the Municipality before payment due date until the matter is resolved.
- 6.7.4 The relevant department will investigate and endeavour to inform the debtor within 14 days of the outcome of the investigation and the measures that have been or will be taken to correct the situation.
- 6.7.5 Failure to make such agreed interim payment or payments will result in the customer forming part of the normal credit control procedures.
- 6.7.6 A customer may appeal against the finding of the Municipality in terms of sub clause (6.7.4).
- 6.7.7 An appeal and request in terms of sub clause (6.7.6) must be made and lodged with the Municipality within 21 (twenty-one) days after the customer became aware of the finding referred to in sub clause (4) and must:-
- (a) set out the reasons for the appeal;
  - (b) be accompanied by any security determined for the testing of a measuring device, if applicable.
  - (c) Appeal deposits in accordance with approved tariffs for the review of water rebate applications, will be levied to the customer's municipal account, in the instance of a dismissal of the appeal.

**6.8 Customer assistance programs**

- 6.8.1 Water leakages:
- (a) If the leakage is on the customer's side of the meter, the customer will be responsible for payment of the full account.
  - (b) Water leakage discount will not be considered in the instance of irrigation systems.
  - (c) A customer will qualify for a Water Leakage Discount upon application on the prescribed form within 90 days after the leak has been repaired, which application will only be regarded as a valid application if complete information and documentation as prescribed is received and:-
    - (i) the leak was repaired within 10 working days since its detection; or any further leakages was prevented effectively after detection, with reference to the subsequent consumption patterns;
    - (ii) the customer applied only once in a cycle of 30 months for a discount; and in the instance were a customer experience a second leak within the 30 months period as mentioned in above, the customer may apply on the prescribed form within 60 days after the leak has been repaired, which application will only be regarded as a valid application if the customer is prepared to convert to a flow restrictor meter at cost of the customer.
    - (iii) proof of repair and costs as well as the date of repair, or a sworn affidavit from any person who has repaired the leak, has been submitted, or where the leak was repaired through the client's insurance, all of the following must be submitted:
      - (1) proof of claim submitted to the insurance;
      - (2) confirmation letter from the plumber who was appointed by the insurance to repair the leak.
  - (d) Discount for consumption over the period that the leak was present will be calculated by comparing the average consumption over a corresponding period. Any consumption above the average will be charged at the rebate tariff applicable, subject to a maximum period of 3 months.
  - (e) A discount will be applicable on the excess sewer consumption charge as calculated.

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- (f) It is the responsibility of the customer to control and monitor his/her consumption.
- 6.8.2 **Rate rebates:**
- (a) The municipal council may grant rate rebates annually to certain categories of ratepayers in accordance to the Municipality's Property Rates Policy and By-Laws.
- (b) Rate rebates will be subject to certain criteria as determined by Council from time to time.
- 6.8.3 **Arrangements for payment of arrears (Annexure "B"):**
- (a) Customers whose municipal accounts become in arrears may enter into a written arrangement for settlement of the arrears with the Municipality. Such customers may be requested to complete a new application and agreement for Municipal Services.
- (b) If required, customers with arrears must agree to the conversion to a pre-payment electricity meter and a flow limiter water meter. If and when implemented, the cost of which, and the arrears total, will be paid off either by:-
- (i) adding the debt to the arrears bill and repaying it over the agreed period; or
- (ii) adding the debt as a surcharge to the pre-paid electricity cost, and repaying it with each purchase of electricity at a percentage rate (at least **[60]** 40%), until the debt is liquidated.
- (c) In the case of the customer who is not a natural person, an organ of state, a local authority, a public company or a public corporation, the major shareholder or member will be obligated to guarantee the debt of the customer.
- (d) Council reserves the right to raise the deposit/security requirement of debtors who seek arrangements and/or other stipulations it may deem necessary.
- 6.9 Subsidy for indigent households**  
Please refer Overstrand Municipality, Indigent Policy
- 6.10 Additional subsidy categories**
- 6.10.1 Subject to an equitable share contribution received from National Treasury, Council may provide, free of charge to a customer, basic services as determined from time to time.
- 6.10.2 Rebates on property rates may be granted to categories of properties or owners in accordance to Council's Property Rates Policy.
- 6.11 Customer categories**
- 6.11.1 Customers will be categorised according to specific classifications based on amongst others the type of entity, applicable tariffs and risk levels of the provision of services. Processes for credit control, debt collection and customer care may differ from category to category, as deemed appropriate from time to time by the Municipal Manager.

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**6.12 Deceased Estates**

- 6.12.1 the death certificate of the deceased person must be presented;
- 6.12.2 proof from the Registrar of Estates should be obtained that a deceased estate is not liable for any claims;
- 6.12.3 if the estate will be liable for claims, a claim should be laid against the said estate;
- 6.12.4 if no estate is registered but a death certificate was obtained, such debts should be written off with effect from the date of death;
- 6.12.5 if a subsequent new tenant/owner/authorised person qualify for indigent subsidies, the total outstanding amount should be written off;
- 6.12.6 in the instance that the new tenant/owner/authorised person will not qualify for a subsidy, the new tenant/owner/authorised person shall be responsible to pay the outstanding amount on the account from the date of death of the deceased person, up to the current date, or to arrange for a settlement agreement;
- 6.12.7 child headed families, where the parents are both deceased and only unemployed minor children stays in the dwelling, a social worker report must be obtained in order for the debt to be written off. The child headed family may apply for indigent subsidy on the account of the deceased owner;
- 6.12.8 In the case of a deceased property owner, the authorised person(s) of the family members may give permission with the submission of an affidavit to identify the responsible occupier of the property, to be responsible for the payment of the municipal account on the property. This occupier may apply for indigent subsidy. The account will stay in the name of the registered owner but will be the responsibility of the authorised occupier, regardless of the outcome of any indigent application.

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**CREDIT CONTROL POLICY****7.1 Objective**

- 7.1.1 To implement procedures which ensure the collection of debt, meeting of service targets and the prevention of escalation in arrear debt.
- 7.1.2 To facilitate financial assistance and basic services for the community's poor.
- 7.1.3 To provide incentives for prompt payment.
- 7.1.4 To limit risk levels by means of effective management tools.

**7.2 Service applications and agreements**

- 7.2.1 All customers of services will be required to sign an agreement governing the supply and cost of municipal services. On default by a tenant, the owner will be the debtor of last resort except where the Municipality is the owner of the property.
- 7.2.2 Prior to signing these agreements, customers will be entitled to access the policy documents. Also available on the official website at: [www.overstrand.gov.za](http://www.overstrand.gov.za).
- 7.2.3 On the signing of the agreement when requested thereto, customers will receive a copy of the agreement for their records.
- 7.2.4 Customers will accept responsibility in the agreement for administration costs of collection, interest and penalties in the event of delayed and/or non-payment.
- 7.2.5 The Municipality may refuse to supply services to an applicant should such applicant owe monies to the Municipality regarding a previous period when he/she was rendered services by the Municipality, until such debt has been settled in full. Should the applicant prove to the Chief Financial Officer that he/she is unable to pay, the application will be dealt with in terms of Council's Indigent Subsidy Scheme.
- 7.2.6 The Municipality will read the meters within the period stipulated in the agreement after notification of change in ownership or application for the supply of services and render an account within the normal cycle applicable to the property.
- 7.2.7 Existing customers may be required to sign new agreements in the following instances:
  - (a) Any change of service profile;
  - (b) With any instruction given or actual disconnection or restriction of services or any legal action taken;
  - (c) Any form of tampering with service networks or meters etc ( as mentioned in Section 7.5.1 below;
  - (d) As determined by the Municipal Manager from time to time.
- 7.2.8 Should a customer fail to enter into such agreement with Council or to provide the security described in clause 7.6, Council may:-
  - (a) hold the customer liable for all outstanding debt on services for the property; and/or
  - (b) restrict or discontinue the supply of Municipal services.
- 7.2.9 The Municipality shall open only one account per property for the rates, fixed levies and service charges.
- 7.2.10 All arrangements may be subject to periodic review.
- 7.2.12 Debtors who default on two occasions in respect of arrangements, will be denied the privilege of making further arrangements, and the full amount will be payable. Interest will be calculated on the first day of the new month on all arrear amounts older than the most recent monthly service account, taking any payments into consideration.
- 7.2.13 An amount of at least the monetary value of the most recent 3 months accounts must be settled before a recommendation by the Manager. Revenue can be made for further arrangements in excess of the two occasions mentioned above, to be considered by the Senior Manager. Revenue, based on current circumstances.

**7.3 Right of access to premises**

- 7.3.1 The owner and/or occupier of a property is to allow an authorised representative of the Municipality access at all reasonable hours to the property in order to read,

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- inspect, install or repair any meter or service connection for reticulation, or to disconnect, stop or restrict, or reconnect the provision of any service.
- 7.3.2 The owner is responsible to ensure that all meters installed on his/her property are easily accessible.
- 7.3.3 The owner is responsible for the cost of relocating a meter if satisfactory access is not possible.
- 7.3.4 If a person fails to comply to any requirements, the Municipality or its authorised representative may:-
- (a) by written notice require such person to restore access at his/her own expense within a specified period.
  - (b) without prior notice restore access and recover the cost from such person if it is the opinion that the situation is a matter of urgency.

**7.4****Enforcement mechanisms**

- 7.4.1 Interest may be raised as a charge on all accounts not paid by the due date in accordance with applicable legislation.
- 7.4.2 The Municipality shall restrict or discontinue the supply of services or implement any other debt collection actions necessary due to late or non-payment of accounts, relating to any customer, owner or property.
- 7.4.3 Council reserves the right to deny or restrict the sale of electricity or water to customers who are in arrears with their rates or other municipal charges.
- 7.4.4 Upon the liquidation of arrears, or the conclusion of acceptable arrangements for term payments, the service will be reconnected as soon as conveniently possible.
- 7.4.5 The administration cost of the restriction or disconnection, and the reconnection, will be determined by tariffs approved by Council, and will be payable by the customer.
- 7.4.6 If a person is indigent a pre-paid electricity meter must be installed and a flow limiter water meter may be installed free of charge.
- 7.4.7 The deposit(s) of any defaulter will be adjusted in terms of paragraph 7.2.2 and brought into line with relevant policies of Council.
- 7.4.8 Defaulters' deposits will be reviewed annually, based on the debtor's Municipal payment record, indicating no default, over the preceding 12 (twelve) months, excluding customers with current arrangements. The deposit will be adjusted to the minimum deposit required in terms of the approved Tariff Schedule.
- 7.4.9 Defaulters deposits will be reviewed immediately, where the account was settled in full and a debit order is signed to prevent late payments.
- 7.4.10 In accordance with Section 102 of the Municipal Systems Act, the Municipality may
- Consolidate any separate accounts of persons liable for payments to the municipality;
  - (b) Credit a payment of such a person against any account of that person; and
  - (c) Implement any of the debt collection and credit control measures provided for in Chapter 9 of the Act in relation to any arrears on any of the accounts of such a person.

**7.5 Theft and fraud**

- 7.5.1 Any person (natural or juristic) found to be illegally connected or reconnected to municipal services, tampering with meters, the reticulation network or any other supply equipment or committing any unauthorised act associated with the supply of municipal services, as well as theft of and damage to Council property, will be prosecuted and/or liable for costs at the prescribed tariffs as determined from time to time.
- 7.5.2 The Municipality has the right to obtain authorisation from the Magistrate for the imposition of fines for the offences as mentioned in paragraph 7.5.1 above.

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- 7.5.3 The Municipality may terminate and/or remove the electricity supply of services to a customer should such conduct as outlined above, be detected and certified.
- 7.5.4 The Municipality may install a water flow restrictor meter to a customer should such conduct as outlined above, be detected and certified.
- 7.5.5 The total bill owing, including administration cost, assessment of unauthorised consumption and discontinuation and reconnection fees, and increased deposits as determined by Council if applicable, will be due and payable before any reconnection can be sanctioned.
- 7.5.6 Council will maintain monitoring systems and teams in order to identify and monitor customers who are undertaking such illegal actions.
- 7.5.7 Council reserves the right to lay criminal charges and/or to take any other legal action against both vandals and thieves.
- 7.5.8 Any person failing to provide information or providing false information on his application for or other document pertaining to the supply of services to the Municipality may face immediate disconnection of services.

**7.6 Customer screening and securities**

- 7.6.1 Security deposits, may be required. The minimum deposit being the equivalent of amounts fixed from time to time by the Municipality.
- 7.6.2 Security deposit in respect of electricity will be adjusted annually, which will be equal to twice the average consumption during the preceding 12 months.
- 7.6.3 Applicants who are not natural persons, organs of state, local authorities, public companies or public corporations must supply details of their directors, members, partners or trustees and at least the main shareholder must in his/her personal capacity guarantee the payment of the applicant's municipal account and in the case of a trust, all the trustees in their personal capacity.
- 7.6.4 On the termination of the agreement the amount of the deposit, less any outstanding amount due to the Municipality, will be refunded to the customer.

**7.7 Contractors who tender to the Municipality**

- 7.7.3 The Supply Chain and Procurement Management Policy and Tender Conditions of the Municipality will include the following:-
  - (a) When inviting tenders for the provision of services or delivery of goods, potential contractors may submit tenders subject to a condition that consideration and evaluation thereof will necessitate that the tenderer obtain from the Municipality a certificate stating that all relevant municipal accounts owing by the tenderer and/or its directors, owners or partners have been paid or that suitable arrangements (which include the right to set off in the event of non-compliance) have been made for payment of any arrears.
  - (b) No tender will be allocated to a person/contractor until a suitable arrangement for the repayment of arrears has been made. No further debt may accrue during contract period.
  - (c) Tender Conditions will include a condition allowing the Municipality to deduct any moneys owing to the Municipality from contract payments.
  - (d) A tenderer will be required to declare all the municipal account numbers for which it is responsible and/or partially responsible.

**7.8 Pre-payment metering system**

- 7.8.3 The Municipality will use its pre-payment metering system to:-
  - (a) link the provision of electricity by the Municipality to a "pre-payment" system comprising, pre-payment of electricity units; and
  - (b) a payment in respect of arrears comprising all accrued municipal taxes and other levies, tariffs and charges in respect of services such as water, refuse removal, sanitation and sewage.

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- (c) To load an auxiliary on the "pre-payment" system in order to allocate a portion of the rendered amount to the customers arrear account for other services.
- (d) To enforce satisfactory arrangements with customers in arrears by blocking access to pre-payment electricity purchases.
- (e) Amounts tendered for the purchase of pre-payment electricity will not be refunded after the pre-payment meter voucher has been issued or in case of purchasing against an incorrect meter number.

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**8. DEBT COLLECTION****8.1 Objective**

- 8.1.1 To provide procedures and mechanisms to collect all the monies due and payable to the Municipality arising out of the supply of services and annual levies, in order to ensure financial sustainability and delivery of municipal services in the interest of the community.

**8.2 Personal contact**

- 8.2.1 Personal and Telephonic contact / Agents calling on customers:-
- (a) Council, or its agent, may make personal contact with arrear debtors to encourage their payment via electronic, SMS, telephonic or any other officially recognised communication method.
  - (b) Such contact is not a right for debtors to enjoy and disconnection of services and other collection proceedings will continue in the absence of such contact for whatever reason.
  - (c) Services as contemplated in 8.2.1(a) will be rendered at a charge as determined during the annual budget process.

**8.3 Interruption of service**

- 8.3.1 Customers who are in arrears with their municipal accounts and who have not made arrangements with the Municipality will have their supply of electricity, water and other municipal services, suspended, restricted or disconnected.
- 8.3.2 Customers who have submitted mobile phone numbers can be notified via SMS at the applicable tariff, if their accounts are not settled on or before the due date.
- 8.3.3 The disconnection or restriction of services, as mentioned in section 7.4.2, may be enforced should the account remain in arrears after the expiring of the 14 (fourteen) days' notice of restriction of services.
- 8.3.4 Council reserves the right to deny or restrict the sale of electricity or water to customers who are in arrears with their rates or other municipal charges, or who do not honour their arrangements.
- 8.3.5 Upon the liquidation of arrears, including the additional levies in terms of clauses 8.3.6 and 8.3.7, or the conclusion of acceptable arrangements for term payments, the services will be reconnected as soon as conveniently possible.
- 8.3.6 The cost of notice of restriction or disconnection and the reconnection, will be determined by tariffs approved by Council, and will be payable by the customer.
- 8.3.7 The deposit of any defaulter will be adjusted, and brought into line with relevant policies of Council (refer to Annexure "B").

**8.4 Legal process (Annexure "A") - (Use of attorneys/Use of credit bureaus)**

- 8.4.1 The Municipality may, when a debtor is in arrears, commence legal process against that debtor, which process could involve final demands, summonses, court trials, judgements, garnishee orders and, as last resort, sales in execution of property.
- 8.4.2 The Municipality will exercise strict control over this process to ensure accuracy and legality within it and will require regular reports on progress from staff responsible for the process or outside parties, be they attorneys or any other collection agents appointed by Council.
- 8.4.3 The Municipality will establish procedures and codes of conduct with such outside parties.
- 8.4.4 In the case of employed debtors, garnishee orders, are preferred to sales in execution, but both are part of the Municipality's system of debt collection procedures.
- 8.4.5 All steps in the credit control procedure will be recorded for the Municipality's records and for the information of the debtor.
- 8.4.6 All administration costs of this process will be for the account of the debtor.

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- 8.4.7 Individual debtor accounts are protected and are not the subject of public information. However, the Municipality may release debtor information to credit bureaus and the property owner in respect of his/her lessee(s). This release will be in writing or by electronic means and will be covered in the agreement with customers.
- 8.4.8 The Municipality may consider the cost effectiveness of the legal process, and will receive reports on relevant matters and report to the Executive Mayor.
- 8.4.9 Upon recommendation from the Municipal Manager, Council may consider the use of agents and innovative debt collection methods and products. Cost effectiveness, the willingness of agents to work under appropriate codes of conduct and the success of such agents and products will be part of the agreement Council might conclude with such agents or service providers.
- 8.4.10 Customers will be informed of the powers and duties of such agents and their responsibilities, including their responsibility to observe agreed codes of conduct.
- 8.4.11 Any agreement concluded with an agent or product vendor shall include a clause whereby breaches of the code of conduct by the agent or vendor will constitute termination of the contract.
- 8.4.12 If, after the due date an amount due for rates is unpaid by the owner of the property, the Municipality may recover the amount, in whole or in part, from the tenant or occupier of the property, after it has served written notice on the tenant or occupier. The Municipality may recover the outstanding amount despite any contractual obligation to the contrary on the tenant or occupier.
- 8.4.13 If, after the due date an amount due for rates is unpaid by the owner of the property, the Municipality may recover the amount, in whole or in part, from the agent of the owner, if this is more convenient for the Municipality, after it has served written notice on the agent. The agent must on request from the Municipality, provide a statement reflecting all payments made to the agent for the owner during a period determined by the Municipality.
- 8.4.14 At any stage while the debt is outstanding, all reasonable steps shall be taken to ensure that the ultimate sanction of a sale-in execution is avoided or taken as a last resort. Overstrand Municipality, however, has total commitment to a sale-in execution should the debtor fail to make use of the alternatives provided for by the Municipality from time to time. This is also applicable to all debt and includes all debt which is a charge against a property as referred to in this policy. As part of the recovery process the Chief Financial Officer may determine a reserve price to be recovered in terms of arrears, equal to the municipal property value or outstanding debt, whichever is the lowest. In the instance that sales statistics / prices of properties sold in the past 12 months, in the immediate area of the particular property prove that there is no market demand for similar properties, that the reserve price, to be recovered in terms of arrears as mentioned, may be lowered with up to 50%. The remaining outstanding debt in excess of the net proceeds of the auction will be written off, in terms of the prescriptions of this policy.
- 8.4.15 Adjustments on the accounts will only be calculated for three years. (Prescription Act, 1969 (Act 68 of 1969).

**8.5 Cost of collection**

All costs of legal processes including interest, penalties, service discontinuation costs and legal costs associated with customer care or credit control, where ever applicable, are for the account of the debtor and should reflect at least the cost of the particular action.

Collection costs on indigent clients, will be kept to a minimum by re-setting the pre-paid electricity debt collection percentage to [90] 60%.

**8.6 Clearance Certificate**

- 8.6.1 On the sale of any property in the municipal jurisdiction, Council will cause the delay of the registration of transfer until all rates, service and sundry charges and any estimated amounts for the duration of a certificate in connection with the

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property are paid, by withholding a clearance certificate. The municipality will issue such clearance certificate on receipt of an application on the prescribed form from the conveyancer.

- 8.6.2 All payments will be allocated to the registered seller's municipal accounts and all refunds will be made to such seller.
- 8.6.3 No interest shall be paid in respect of these payments.
- 8.6.4 The Municipality will only issue a clearance certificate once a completed prescribed application form from the conveyancer has been received.
- 8.6.5 Where any residential or non-residential debtor has entered into an arrangement with the Municipality in respect of the arrears on a property, the prescribed certificate as referred to in Section 118 of the Systems Act, will not be issued until such time as the full outstanding amount has been paid.

**8.7 Irrecoverable debt**

- 8.7.1 Debt will only be considered as irrecoverable if it complies with the following criteria:-
  - (a) all reasonable notifications and cost effective legal avenues have been exhausted to recover a specific outstanding amount; or
  - (b) any amount equal to or less than R1 500.00, or as determined by Council from time to time, will be considered too small, after having followed basic checks, to warrant further endeavours to collect it; or
  - (c) the cost to recover the debt does not warrant the further action; or
  - (d) the amount outstanding is the residue after payment of a dividend in the rand from an insolvent estate; or
    - (i) there is a danger of a contribution; or
    - (ii) no dividend will accrue to creditors; or
  - (e) a deceased estate has no liquid assets to cover the outstanding amount following the final distribution of the estate; or
    - (iv) where the estate has not been reported to the Master and there are no assets of value to attach; or
  - (f) it has been proven that the debt has prescribed; or
  - (g) the debtor is untraceable or cannot be identified so as to proceed with further action; or
    - (i) the debtor has emigrated leaving no assets of value to cost effectively recover Councils' claim; or
  - (h) it is not possible to prove the debt outstanding; or
  - (i) a court has ruled that the claim is not recoverable; or
  - (j) the outstanding amount is due to an irreconcilable administrative error by the Municipality.
  - (k) After the transfer of a property, outstanding debt on the previous owner account older than 2 years;
- 8.7.2 All debtors who qualify and are registered as indigent, will have their arrears written off once during ownership of the property.

**8.8 Abandonment of claims**

- 8.8.1 The Municipal Manager must ensure that all avenues are utilised to collect the Municipality's debt.
- 8.8.2 There are some circumstances, as contemplated in section 109(2) of the Act, that allow for the valid termination of debt collection procedures, such as:-
  - (a) The insolvency of the debtor, whose estate has insufficient funds.
  - (b) A balance being too small to recover, for economic reasons considering the cost of recovery.
  - (c) Where Council deems that a debtor or group of debtors are unable to pay for services rendered.
- 8.8.3 The Municipality will maintain audit trails in such an instance, and document the reasons for the abandonment of the action or claim in respect of the debt.

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CUSTOMER CARE, CREDIT CONTROL AND DEBT COLLECTION POLICY

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9. **SHORT TITLE**

This Policy shall be called the **Customer Care, Credit Control and Debt Collection Policy of the Overstrand Municipality**.

**CUSTOMER CARE AND DEBT COLLECTION – ANNEXURE "A"****10.1. INCENTIVE MEASURES**

- 10.1.1. Incentive measures may be implemented as per Council resolution.
- 10.1.2. Where a customer is prepared to pay off the capital amount on an outstanding account, older than two (2) years, in one payment, the Municipal Manager will approve the write off of all interest charged with regard to afore-mentioned period;
- 10.1.3. An agreement to pay off the debt not older than (2) years, must be signed at the time of the implementation of the incentive referred to in 10.1.2;
- 10.1.4. In the instance where a customer is prepared to pay off the total amount of an outstanding account in one payment, then the Municipal Manager will approve the write off of all interest charged to date for the the total period.

**10.2. DEBT COLLECTION**

- 10.2.1. Should annual accounts remain unsettled after 30 September of the applicable year, notice will be given to the owner/customer that the amount owed must be settled within fourteen (14) days, failure of which it will be handed over for collection, including legal proceedings.
- 10.2.2. Should monthly accounts remain unsettled after the due date, notice will be given to the owner/customer that the amount owed must be settled within fourteen (14) days, failure of which will lead to restriction/disconnection of services, including legal proceedings.
- 10.2.3. All debtors regarding houses in rental, selling and self-build schemes, without any capital debt, which are still registered in the name of the Municipality, should be notified in writing that if satisfactory arrangements for transfer of the property into his/her name are not made within one (1) month, the property concerned will be put up for sale by Council at a public auction.
- 10.2.4. Upon handing over of accounts for collection, details of employers and work addresses of the debtors should be made available to the attorneys as far as possible for the purposes of garnishee orders.
- 10.2.5. Attorneys should report to the Revenue Department on a monthly basis on the progress made and the cost aspect regarding each debtor.
- 10.2.6. Attorneys should pay monies collected over to the Municipality monthly.

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**11. ARRANGEMENTS FOR PAYMENT – ANNEXURE "B"****11.1. DEBT FOR WHICH ARRANGEMENTS CAN BE MADE**

Arrangements for the payment of outstanding debt can be made according to the procedures described hereafter.

**11.2. CONCLUSION OF AGREEMENT**

11.2.1 Regardless of the stipulations of sections 11.3.1. and 11.3.2, if a customer cannot pay his/her account with the Municipality then the Municipality may enter into an extended term of payment, only the Chief Financial Officer may consider and approve any extension on these arrangements on receipt of a written recommendation by the Senior Manager: Revenue.

11.2.2 The customer must:-

- (a) sign an acknowledgement of debt;
- (b) sign a consent to judgement;
- (c) in the case of a company, trust or closed corporation, supply the guarantee as prescribed in clause 6.8.3(c) of the Policy.
- (d) submit proof of income on the prescribed form;
- (e) pay the current portion of the account in cash;
- (f) customer deposits may be adjusted to the higher of the sum of twice the average consumption during the preceding 12 months or the minimum deposit required in terms of the approved Tariff Schedule
- (g) acknowledge liability of all costs incurred; and

**11.3. ARRANGEMENTS THAT CAN BE ENTERED INTO:****11.3.1. Residential Customers:**

- (a) 1st default within a 12-month period:
  - (i) 10% of the outstanding amount plus cost of the credit control actions together with the current account is payable immediately.
  - (ii) The balance is payable over a maximum period of twelve months.
  - (iii) First offence in 2 years – no deposit increase will be applicable and if already charged, will be reversed on application.
  - (iv) Customer deposits may be adjusted to the higher of the sum of twice the average consumption during the preceding 12 months or the minimum deposit required in terms of the approved Tariff Schedule.
- (b) 2<sup>nd</sup> default within a 12-month period:
  - (i) An amount of at least the monetary value of the most recent 3 months accounts must be settled before a recommendation by the Manager: Revenue can be made for further arrangements to be considered by the Senior Manager: Revenue, based on current circumstances of the customer.
- (c) 3<sup>rd</sup> default within a 12-month period:
  - (i) Metered services will be discontinued or restricted and the account will be handed over for legal proceedings.
- (d) An amount of at least 20% of the arrears, plus the current account [the monetary value of the most recent 3 months accounts must] be settled before a recommendation by the Snr Manager: Revenue can be made for further consideration of arrangements in excess of the [three] two occasions mentioned above, to be considered by the Chief Financial Offer, based on current circumstances of the customer.

**11.3.2. Non-residential Customers:**

- (a) 1st default within a 12-month period:-

- (i) 50% of the outstanding amount plus cost of the credit control actions.
  - (ii) The balance is payable over a maximum period of three months.
  - (iii) First offence in 2 years – no deposit increase will be applicable and if already charged, will be reversed on application.
  - (iv) Customer deposits will be adjusted to the higher of the sum of three times average consumption during the preceding 12 months or the minimum deposit required in terms of the approved Tariff Schedule.
- (a) 2<sup>nd</sup> default within a 12-month period:-
- (i) Full outstanding amount plus cost of credit control actions.
  - (ii) No arrangements will be allowed.
  - (iii) Customer deposits will be adjusted to the higher of the sum of four times average consumption during the preceding 12 months or the minimum deposit required in terms of the approved Tariff Schedule.
- 11.3.3. Government Departments – Customer Accounts:**
- (a) 1<sup>st</sup> default within a 12-month period:-
- (i) 3 weeks' notice – no arrangements
  - (ii) First offence in 2 years – no deposit increase will be applicable and if already charged, will be reversed on application.
  - (iii) Customer deposits will be adjusted to the sum of three time's average consumption during the preceding 12 months.
- (b) 2<sup>nd</sup> default within a 12-month period:-
- (i) 2 weeks' notice – no arrangements.
  - (ii) Customer deposits will be adjusted to the sum of four time's average consumption during the preceding 12 months.
- 11.3.4. Government Departments – Rates & Taxes:**
- (a) 1<sup>st</sup> default within a 12-month period:-
- (i) Final demand and legal action in terms of "The Institution of Legal Action against Certain Organs of State Act, 2002 (Act No 40 of 2002)".
- 11.3.5. Administration:**
- Where a person has been placed under administration the following procedures will be followed:-
- (a) The debt as at the date of the administration court order will be placed on hold, and collected in terms of the court order by the administrator's dividend.
  - (b) The administrator is to open a new account on behalf of the debtor. No account is to be opened or operated in the debtor's name as the debtor is not entitled to accumulate debt.
  - (c) Until such time as this new account is opened, the debtor is to be placed on limited services levels. The customer will be compelled to install a pre-paid electricity meter and flow limiter water meter, should one not already be in place. The Municipality will be entitled to recover the cost of the basic services by means of purchases made on the pre-paid meter.
  - (d) Should there be any default on the current account, the supply of services is to be limited or terminated, and the administrator handed over for the collection of this debt.
- 11.3.6. Indigent:**
- All customers (including any other occupants), qualifying as indigent and who accumulated any arrear debt after any relief has been granted, will repay that debt as follows:-
- By instalments over 24 months, in addition to monthly service charges, with immediate payment of the cost of the credit control action taken.

There are no limitations on debtors at any time to pay amounts in excess of arrangements towards outstanding debt, than prescribed above.

## 12. IMPLEMENTATION AND REVIEW PROCESS

This policy will come into effect on **1 July 2022** and will be reviewed at least annually or when required by way of a Council resolution.

<b>POLICY SECTION:</b>	<b>SENIOR MANAGER: REVENUE</b>
<b>CURRENT UPDATE:</b>	29 JUNE 2022
<b>PREVIOUS REVIEW</b>	31 MAY 2022
<b>PREVIOUS REVIEW:</b>	24 AUG 2021
<b>PREVIOUS REVIEW:</b>	26 MAY 2021
<b>PREVIOUS REVIEW:</b>	30 SEPT 2020
<b>PREVIOUS REVIEW:</b>	27 MAY 2020
<b>PREVIOUS REVIEW:</b>	29 MAY 2019
<b>PREVIOUS REVIEW:</b>	30 MAY 2018
<b>PREVIOUS REVIEW:</b>	31 MAY 2017
<b>PREVIOUS REVIEW</b>	25 MAY 2016
<b>PREVIOUS REVIEW</b>	28 MAY 2015
<b>PREVIOUS REVIEW</b>	28 MAY 2014
<b>PREVIOUS REVIEW</b>	25 SEPT 2013
<b>PREVIOUS REVIEW</b>	29 MAY 2013
<b>PREVIOUS REVIEW</b>	30 MAY 2012
<b>PREVIOUS REVIEW</b>	04 MAY 2011
<b>PREVIOUS REVIEW</b>	26 MAY 2010
<b>PREVIOUS REVIEW</b>	27 MAY 2009
<b>PREVIOUS REVIEW:</b>	30 MAY 2007
<b>APPROVAL BY COUNCIL:</b>	30 JUN 2006

# OVERSTRAND MUNICIPALITY



## TRAVEL & SUBSISTENCE POLICY

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## **1 PURPOSE**

The purpose of this policy is to set out general rules for the payment of subsistence and travelling allowances or costs for the attendance of approved events **outside the municipal area of Overstrand.**

## **2 OBJECTIVES OF THE POLICY**

The objectives of this policy are to:

- 2.1 Ensure that municipal employees and Councillors adhere to procedures when arranging for travel, lodging, meals and other expenses;
- 2.2 Ensure that municipal employees and Councillors are reimbursed for reasonable expenses incurred for travel, conferences, meetings and meals as a result of conducting authorized municipal business;
- 2.3 Ensure that payments made by the municipality are for the actual and necessary expenses incurred for municipal business in **adherence with National Treasury's prescribed Cost Containment Measures**; and
- 2.4 Ensure that municipal employees and Councillors will receive reimbursements in a timely manner.

## **3 LEGISLATIVE FRAMEWORK**

This policy is developed and guided by the following:

- 3.1 South African Revenue Services (SARS) Interpretation Notices & other Notices;
- 3.2 Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA);
- 3.3 South African Local Government Association (SALGA);
- 3.4 Remuneration of Public Office Bearers Act, 1998 (Act No. 20 of 1998);
- 3.5 Income Tax Act, 1962 (Act No. 58 of 1962);
- 3.6 Overstrand Municipality Cost Containment Policy;
- 3.7 RSA Department of National Treasury: National Travel Policy; and
- 3.8 RSA Department of National Treasury: Cost Containment Measures related to Travel and Subsistence.

This Policy must be read in conjunction with any of the Municipality's approved related policies, practices and standard operating procedures addressing specific issues essential for a full understanding of this Policy and which are not dealt with adequately herein.

## **4 SCOPE OF APPLICATION**

This Policy is applicable to –

- 4.1 all Councillors of the Overstrand Municipality, and
- 4.2 all officials of the Overstrand Municipality,

travelling on official business and as such are formal travellers of the Overstrand Municipality.

**IMPORTANT** - No payments will be made to applicants for employment interviews in terms of the scope of this policy.

## 5 DEFINITIONS

For the purpose of this policy, except where clearly indicated otherwise, the words and expressions set out below have the following meaning:-

<i>"Accommodation"</i>	The rental of lodging facilities while away from the traveller's place of residence while on authorized official duty.
<i>"Accounting Officer" / "Municipal Manager"</i>	The person appointed by the Council as Municipal Manager in terms of section 82 of the Municipal Structures Act, 1998 (Act 117 of 1998) and as defined in the Municipal Finance Management Act, 2003 (Act 56 of 2003), including any person acting in that position or to whom authority is delegated.
<i>"Air Travel"</i>	Travel by airline on official duty.
<i>"Car Rental"</i>	The rental of a vehicle for a short period of time by a traveller for official purposes.
<i>"Chief Financial Officer"</i>	The person appointed in terms of section 80(2)(a) of the MFMA and includes any person acting in that position or to whom authority is delegated.
<i>"Council"</i>	The Overstrand municipal council, as referred to in section 157 of the Constitution of the Republic of South Africa, 1996; and section 18 (3) of the Municipal Structures Act, 1998 (Act 117 of 1998).
<i>"Councillor"</i>	A member of the Overstrand Municipal Council.
<i>"Day"</i>	A completed period of twenty-four hours away from normal place of domicile and employment of official business of the Municipality.
<i>"Director"</i>	An official appointed by the Council in terms of section 56 of the Municipal Systems Act, 2000 (Act 32 of 2000) to head a Directorate of the municipality and shall include any person acting in that position.
<i>"Domestic Travel"</i>	Travel within the boundaries of the Republic of South Africa.
<i>"Essential User Transportation Allowance"</i>	Transportation allowance paid in accordance with the Essential User Transport Allowance Scheme to employees participating in the scheme.
<i>"Executive Management Team"</i>	Officials appointed in terms of Section 82 of the Local Government Structures Act, 1998 (Act 117 of 1998) (Structures Act) and section 56 of the Local Government Municipal Systems Act, 2000 (Act 32 of 2000).
<i>"Executive Mayor"</i>	The Executive Mayor of the Overstrand Municipality elected in terms of section 55 of Municipal Structures Act, 1998 (Act 117 of 1998) and shall include any person acting in that position.
<i>"Fixed Transportation Allowance"</i>	Transportation allowance linked directly to the managerial post level of the incumbent, also referred to as the "Old Perk Scheme".
<i>"Host"</i>	The person or institution who has extended an invitation to the

	Municipality to delegate a Councillor and / or an Official to attend an event which is regarded as official business.
<i>"Incidentals"</i>	Any minor expenses normally associated with business travel.
<i>"International Travel"</i>	Travel to a location beyond the territorial boundaries of the Republic of South Africa.
<i>"Municipality"</i>	Overstrand Municipality, established in terms of sections 12 and 14 of the Structures Act.
<i>"Official"</i>	A person employed by the Municipality.
<i>"Official Business"</i>	For the purposes of this policy refers to the attendance by Councillors and / or Officials of congresses, conferences, seminars, training, meetings, workshops, roadshows, etc. related to the duties and functions of the Municipality, subject thereto that such attendance has been duly authorised in terms of the delegated authority.
<i>"Place of Work"</i>	The place where the principal duties of the Councillor or Official are performed.
<i>"Sponsored Trip"</i>	A trip where the total cost, or a portion thereof is sponsored by another organisation or third party other than the Municipality. (For the purposes of this policy such proportion of the total cost of the trip must be included in the application forms).
<i>"Subsistence allowance"</i>	An amount of money paid by the Municipality to a traveller for expenditure incurred in respect of personal subsistence and incidental costs (for example refreshments, snacks, drinks and newspapers but excludes any personal recreation such as visits to a cinema, theatre, nightclubs or sight-seeing).
<i>"Travel Allowance"</i>	An amount paid to a traveller for the use of his or her own private motor vehicle in respect of travelling expenses for business purpose.
<i>"Traveller"</i>	Any Councillor or Official travelling away from his or her normal place of domicile and employment on official business of the Overstrand Municipality.

## 6 AUTHORISATION

- 6.1 For purposes of implementing this policy:
- 6.1.1 **Only the Municipal Manager** may authorize any travel to be undertaken by **[political office bearers]** the Executive Mayor and Directors, provided the expenses to be incurred are on the approved budget of the municipality.
  - 6.1.2 **Only the Executive Mayor** may authorize any travel to be undertaken by **[Holders of]** public office bearers and the Municipal Manager, provided the expenses to be incurred are on the approved budget of the municipality.
  - 6.1.3 **Only Directors** may authorize any travel to be undertaken by employees in the respective Directorate, provided the expenses to be incurred are on the approved budget of the municipality.
- 6.2 Authorization as per paragraph 6.1 must be obtained **prior** to an occasion by any traveller who travels on the business of the municipality.
- 6.3 An invitation to attend a workshop, meeting or related event is not an automatic authorization to attend such workshop or event. The required authorization must still be obtained from the Municipal Manager or Executive Mayor or Director as the case may be.
- 6.4 No Councillor and / or Official of the Overstrand Municipality may go on any official business travel without the prior authorization as provided for in paragraph 6.1 above.

## 7 GENERAL

- 7.1 Municipal delegates or travellers to any conference, workshop or meeting must ensure that they arrive on time and attend until the conclusion of such event. If any traveller fails to do so, the Executive Mayor, the Municipal Manager or Director, as the case may be, may recover all allowances and disbursements paid to enable such delegate or traveller to attend such event, provided that such delegate or traveller is afforded the opportunity to submit reasons for not being able to be present from the commencement to conclusion of such event.
- 7.2 The contents of this policy will not be regarded as conditions of employment but as a reimbursement for travelling and subsistence expenditure incurred or deemed to be incurred for the attendance of events for official purposes.
- 7.3 Travellers should plan official travel in advance. They should obtain approval and make a booking / reservation at least seven (7) working days prior to departure for domestic travel and fourteen (14) working days prior to international travel.
- 7.4 Accommodation, flights and vehicle rental arrangements will be based on the most cost effective option in relation to the proximity of the venue, traffic, availability and other cost factors.
- 7.5 All efforts should be made to minimize the costs for the municipality i.e. by travelling together in one vehicle, minimizing overnight stay where possible, etc:

- 7.5.1 Delegations to the same event, conference, consultation or meeting may only exceed three (3) employees or persons appointed on grounds of policy considerations if approved in advance by the **Municipal Manager**.
- 7.5.2 Where multiple travellers attend approved events, inclusive of meetings, they must make arrangements for up to four (4) people to travel together in one vehicle.
- 7.5.3 Any deviation from paragraph 7.5.2 must be approved in writing by the Director / Municipal Manager / Executive Mayor as the case may be, prior to the date of departure, based on valid reasons as motivated in a submission.
- 7.5.4 The most cost-effective mode of transport should be used at all times, domestically and internationally.
- 7.6 In the event that the traveller must attend an early morning meeting, in a distant location within South Africa, consideration could be given to allow the travelling to take place a day before the event, subject to the approval of such travel by the [Accounting Officer] **Municipal Manager** in terms of the delegated authority to do so.
- 7.7 In the event of direct payments made by officials for traveling and accommodation, refunds will only be made on condition that the expense was pre-approved in accordance with the stipulations of this policy and that all aspects of this policy have been complied with.
- 7.8 A claim for subsistence and travelling cannot be made at the municipality as well as another institution for attending the same event. Such action shall lead to disciplinary action.
- 7.9 Any claim must be submitted on the official claim form with the necessary vouchers where specific expenses are claimed.
- 7.10 Sufficient documentation must be attached to the application for the trip e.g., official invitation, agenda or programme, itinerary, details of sponsor and amount, etc.
- 7.11 Any claim containing false information will lead to disciplinary steps being instituted and payments thus made may be recovered from any money payable by the municipality to the person who submitted the claim.
- 7.12 In the event of a traveller combining personal travelling either prior to or after a business trip, it must not lead to additional expenditure for the Municipality or impair the work performance of the traveller. NO costs incurred during the personal part of the trip will be for the account of the Municipality.
- 7.13 The Municipality distances itself from any private reservations made by the traveller. The arrangement is solely between the traveller and the relevant service provider. Thus, the processing of related payments through the Municipality's official payment system will not be allowed.
- 7.14 The traveller must safeguard Municipal information and assets while travelling and must avoid compromising that security.
- 7.15 The traveller should maintain personal travel documents such as a passport. The cost for obtaining such travel documents is for the traveller's own account.

## 8 **EXCLUSIONS**

The following expenses shall explicitly not be covered by the Municipality:

- 8.1 Any expenses covered by a host extending an invitation;
- 8.2 Alcoholic beverages;
- 8.3 Expenses of a personal nature, such as private telephone calls and personal recreation

such as visits to a cinema, theatre, nightclub or sight-seeing, etc;

- 8.4 In instances where costs are incurred in entertaining external business associates, contacts, clients or potential investors:
- 8.4.1 Where the Official receives an entertainment allowance, the costs must be claimed against such entertainment allowance; and
- 8.4.2 All expenses shall fall outside the scope of this policy, unless specific written pre-approval as to the nature and estimated cost of the expenditure to be incurred, together with a reason(s) why such costs needs to be incurred, was obtained from the Municipal Manager for any such expenditure, prior to submission of the claim.

## **9 AIR TRAVEL – Domestic and International**

- 9.1 The Municipality must, as far as possible, make use of the improved upfront discounted flights which the National Treasury has negotiated on behalf of all three spheres of government, unless lower air travel rates can be negotiated.
- 9.2 For domestic trips both major and low-cost airlines may be utilized. All travellers should use discounted economy class (best fare on the day) where possible. In the event where discounted economy class tickets are not available, special authorization as provided for in paragraph 6.1 must be obtained to book full economy tickets.
- 9.3 Business class tickets may be considered for domestic and international trips under the following scenarios, including amongst others:
- 9.3.1 Travellers with special needs based on medical grounds (e.g. deep vein thrombosis, varicose veins, recent surgery and pregnancy). In these instances, a medical certificate noting the medical need and the applicable period of time must be provided. If it is a long-term condition, an updated doctor's certificate should be presented on an annual basis to confirm that the condition still exists;
- 9.3.2 Where economy class tickets are not available, travellers are not allowed to book business class tickets unless otherwise approved in terms of paragraph 6.1, where it has been confirmed that the permitted airline class was full and no other applicable flights are available;
- 9.3.3 Disabled persons can be accommodated in business class upon receipt of approval provided for in paragraph 6.1.
- 9.4 For domestic trips preference will be given to airlines which operate direct flights between Cape Town and the end destination.
- 9.5 For international trips all major airlines may be utilized where the most economical airline is chosen on quotation basis.
- 9.6 For international trips the comparison of more expensive direct flights from Cape Town versus cheaper indirect flights should always be performed. When choosing a flight, consideration should also be given to the traveller's ability to function optimally when arriving at their destination, especially when travelling across time zones.
- 9.7 For special trips requiring the use of helicopters or chartered aircrafts, special authorization by the Executive Mayor or Municipal Manager or their delegated nominees is required
- 9.8 Amendments to Air tickets:

- 9.8.1 Travellers should limit the number of amendments to air tickets as far as possible;
- 9.8.2 The costs associated with amendments is subject to the rules of the particular ticket and can include penalty fees;
- 9.8.3 The costs incurred as a result of amendments requested by the traveller for his / her convenience or lack of planning will be for the traveller's personal account;
- 9.8.4 The costs of amendments as a result of revised business requirements or any other circumstances outside the traveller's control will be incurred by the relevant line department.

#### 9.9 Baggage Allowance:

- 9.9.1 The traveller must acquaint him- or herself with the baggage policy of the airline that he / she will be travelling on. The baggage policy provide information on the prescribed baggage allowance and the cost for baggage in instances where the airline charges separately for baggage;
- 9.9.2 Based on the class of travel, the airline will prescribe the specific number of pieces of luggage that will be allowed as well as the weight and size per piece;
- 9.9.3 The reimbursement for any excess baggage is subject to the traveller obtaining approval for exceeding the baggage allowance due to valid business reasons, prior to the trip.

### 10 ACCOMMODATION AND MEALS – Domestic and International

When travelling to a destination outside the boundaries of the Overstrand Municipality in circumstances requiring absence from the office for longer than 24 hours, the following may be utilised and claimed (the time of departure from residence or office up until the time of arrival back at residence or office shall be used for purposes of calculating the length of absence):

#### 10.1 Accommodation

- 10.1.1 The National Treasury, on behalf of all three spheres of government, has negotiated improved upfront discounted accommodation rates. Therefore municipalities have been requested to utilize these agreements to assist in their respective cost containment measures, unless other service providers that offer lower rates can be utilized.
- 10.1.2 Travellers who travel on the business of the municipality, where the business unavoidably entails one or more nights to be spent away from home, may stay in a hotel, motel, guesthouse or bed and breakfast establishment:
  - a) Where the distance to and from the venue in total, exceeds 500 kilometers;
  - b) Any deviation from paragraph (a) must be motivated in writing by the employee, **recommended by the relevant Director**, and must be approved in writing by the Municipal Manager, prior to any reservations being made, and prior to the date of departure, based on valid reasons.
- 10.1.3 The actual cost of accommodation will be borne by the municipality, subject to a maximum of 4-star rating for the accommodation itself in respect of domestic travel. Where such accommodation is available, the rate for a single room will be payable.
- 10.1.4 If no such accommodation is available, higher rating accommodation can be used subject to the prior written approval of the **Municipal Manager or the Executive Mayor, as applicable**.
- 10.1.5 If a traveller stays with a relative or friend, no accommodation expense may be

claimed, but the traveller may claim a subsistence allowance per day as per par. 12.1.2(a) of this policy.

10.1.6 The location of the accommodation should not be more than 20 km from the venue of the event, unless prior written approval is obtained from the Municipal Manager or Executive Mayor.

10.1.7 Where advance payments have to be made to the establishment based on “pro-forma” invoices in order to secure the reservation, it is the responsibility of the traveling official(s) / councillor(s) to obtain the valid Tax Invoice from the establishment on or before departure and to submit it to the Creditor Section within 7 working days of returning from the event.

## 10.2 Meal Expenses – Domestic Trips

10.2.1 Travellers will not be entitled to be reimbursed for (a) meals(s) and / or incidental expenses within the area of jurisdiction of the Overstrand Municipality.

10.2.2 Where the cost of meals have not been included in the cost of overnight accommodation, receipts for the meals for domestic trips paid for by the traveller must be kept and attached to the claim form. The maximum amount allowable per meal is:

- a) Breakfast = R80-00;
- b) Lunch = R120-00 (if not provided / included at the event);
- c) Dinner = R150-00.

## 10.3 Meal Expenses – International Trips

10.3.1 These meals will be covered in terms of the SARS rates applicable to the country being visited.

## 10.4 No-Shows and Cancellations

10.4.1 It is the responsibility of the traveller to notify the accommodation establishment of any cancellations of reserved accommodation as soon as he / she becomes aware of the fact.

10.4.2 Each accommodation establishment has different conditions / rules in terms of cancellations. Last-minute cancellations may result in the payment of a cancellation fee. The traveller must familiarize him- / herself with the cancellation policy of the specific establishment.

10.4.3 The traveller should inform the accommodation establishment if he / she expects to be arriving later than the expected arrival time to ensure that the reservation is not cancelled or a cancellation fee is charged.

10.4.4 If the traveller does not check in at the accommodation establishment without any prior notification any no-show cost charged is regarded as fruitless and wasteful expenditure.

10.4.5 The traveller could be responsible for any fruitless expenditure incurred due to a now-show or late cancellation where it was in his / her ability to cancel the booking on time.

## 11 USE OF VEHICLES

### 11.1 Hired Vehicles

11.1.1 Shall be applied for, quantified and paid for by the Municipality.

11.1.2 May only be obtained when the employee and / or Councillor is on official

municipal business where air travel was involved and other modes of transport are not available, too costly or impractical.

- 11.1.3 Requires prior approval from the Responsible Official for employees and the Executive Mayor / Speaker for Councillors.
- 11.1.4 May not be used for private purposes or for travel from the municipal offices.
- 11.1.5 Any fines, penalties and administration fees payable as a result of the contravention of any traffic rules and regulations while driving a hired vehicle will be for the traveller's personal account and must be settled within thirty (30) days of receipt of the fine or penalty.
- 11.1.6 Only travellers with a valid South African driver's license may hire vehicles; where the traveller who hires a vehicle, is not in possession of such license, he or she may be held personally liable for all damages and may be subject to disciplinary action by Council; the responsibility and related costs of obtaining an international driving permit, where required, rests with the traveller.
- 11.1.7 Only "A" or "B" category vehicles may be rented, unless it is more cost-effective to hire a more expensive vehicle, for example, when the number of representatives involved could justify the hire of a micro-bus, for groups of 5 (five) or more travellers. The latter to be approved in advance by the Executive Mayor or Municipal Manager, according to the provisions as provided for in paragraph 6.1.
- 11.1.8 For physically handicapped travellers who are only able to drive a particular type of vehicle and those in possession of a driver's license restricted to automatic vehicles, the most suitable vehicle may be obtained.
- 11.1.9 Chauffeur driven vehicles may not be used. Employees and / or Councillors who are unable to drive must utilize either a shuttle service or another mode of public transport.
- 11.1.10 The traveller should book a rental vehicle for the period that is actually required for officials business only as the car rental companies charge a full daily rate for a 24-hour cycle or part thereof.
- 11.1.11 For car rental inspections the traveller should verify and complete the quality check card prior to leaving the car rental premises, both on collection and return of the rental vehicle. The traveller must ensure that all scratches, chips, dents, windscreen and cracks are marked on the card and signed off by the car rental attendant. Failure to complete the quality check card could result in the traveller being held personally responsible for any damages.
- 11.1.12 The traveller must take every reasonable precaution to safeguard a rental or fleet vehicle against damage, theft or irregular use while driving it and when it is parked.
- 11.1.13 The traveller must ensure that the rental vehicle is returned within the specified rental period as it can be regarded as stolen if the vehicle is not returned in time without any notification to the car rental company. The traveller will be held responsible for the additional charges for the late return of the vehicle, unless approved in terms of the provisions provided for in paragraph 6.1 upon submitting sound reason(s) by the traveller.
- 11.1.14 If the traveller needs to extend the rental period for official business purposes, the traveller must obtain the required approval in terms of the provisions provided for in paragraph 6.1 and inform the car rental company accordingly.
- 11.1.15 If the traveller extends his / her stay for personal reasons, the charges will be for the traveller's personal account. The car rental company must be informed of the arrangement and the car must be returned. The traveller must enter into a

separate rental agreement for the period of private travel for personal usage.

## 11.2 Private Vehicles

- 11.2.1 The boundaries of the Overstrand Municipality shall be used to determine payment for travel outside such boundaries by means of private transport for officials who are in receipt of a fixed transportation allowance, or where such an allowance has been factored into the total cost of employment package of the official concerned. In such cases, only the applicable cost per kilometer will be paid as updated from time to time. Should the destination of the trip be outside the boundaries of the Municipality, the distance for the cost per kilometer will be measured from place of residence or place of work, whichever is the nearest to the place of the approved event.
- 11.2.2 Employees in receipt of a fixed transportation allowance, travelling on official municipal business within the boundaries of the Overstrand Municipality but outside a radius of 15 km from their normal place of work, will be reimbursed for such travelling at the prevailing AA-Running Cost km tariff, calculated from their normal place of work or residence, which-ever is the nearest to the place of the approved destination.
- 11.2.3 Those employees who are not in receipt of a travel allowance shall be reimbursed according to the latest prescribed SARS km tariff (currently R3.82/km), calculated from their place of work or residence, which-ever is the nearest to the place of the approved destination.
- 11.2.4 Those employees who are in receipt of an Essential User Transportation Allowance shall be reimbursed in accordance with the applicable Scheme. The travelling distance shall be calculated from their place of work or residence, which-ever is the nearest to the place of the approved destination.
- 11.2.5 Councillors using private transport outside the boundaries of the Overstrand Municipality will be reimbursed according to the guidelines issued by the relevant National Department as updated from time to time.
- 11.2.6 A traveller who uses private transport rather than air travel shall be paid the lower of the following two options:
- a) Cash equivalent of the avoided air ticket cost, which would have been paid in the event of air travel being the most economical and practical means of transport plus the cost of a hired vehicle to get to the traveller's destination; or
  - b) Actual cost per kilometer as determined according to the rate applicable to the traveller, on condition that such person may not claim subsistence costs for a longer period than would have been applicable in the case of air travel.
- 11.2.7 A claim submitted by a councillor or a municipal official, when travelling outside the municipal area of the Overstrand with private transport on official municipal affairs, will be considered for re-imburement, subject to the following conditions:
- a) that the trip is for an approved official event;
  - b) that no other municipal transport was available to officials not in receipt of a transportation allowance at the time of the travel, as confirmed with the Executive Mayor, relevant Director or Municipal Manager;
  - c) that the use of private transport is pre-approved by the Mayor, relevant Director or Municipal Manager.

## 12 SUBSISTENCE ALLOWANCE – Domestic and International

### 12.1 Domestic Travel

12.1.1 A traveller may claim a daily subsistence allowance as provided for in this policy with the understanding that all authorized personal expenses are covered by the subsistence allowance. No further expenses, with the exception of certain business expenses (see paragraph 13 below), may be claimed.

12.1.2 A daily subsistence allowance will only be applicable where-

- a) official business unavoidably entails **one or more nights to be spent away from home**, a subsistence allowance as amended by SARS from time to time (currently R493 per day) will apply in respect of domestic travel; or
- b) where the traveller will be on official business for a **period exceeding 8 hours, without being away from home for one or more nights**, an allowance as amended by SARS from time to time (currently R152 per day) will apply in respect of domestic travel;
- c) No daily subsistence allowance will be payable to representatives that will be attending courses, training or meetings where lunch will be provided, but without being away from home for one or more nights.

12.1.3 A traveller of the municipality must obtain approval for his or her subsistence allowance, as provided for in this policy, before embarking on any official trip.

12.1.4 No subsistence allowance will be paid, and no traveller will be entitled to a subsistence allowance, if the trip or travel is not related to the official business of the municipality. All travel on business of the municipality must be approved as such before a traveller is entitled to a subsistence allowance.

### 12.2 International Travel

12.2.1 When traveling in countries other than in South Africa on specially authorised Municipal business, the expenses actually incurred for accommodation and official transport will be payable.

12.2.2 The daily subsistence allowance is to cover all meals, transport for private use and other incidental costs, this subsistence allowance for international travel will be in accordance with SARS Foreign Travel 1.1 List of Daily Maximum amount per Country, as amended by SARS from time to time, available on the SARS website under Legal Counsel / Secondary Legislation / Income Tax Notices as per the relevant year.

12.2.3 No additional claim in respect of such costs will therefore be paid, except for entertainment by full-time Councillors or the Executive Management Team, of official guests, clients, potential clients, investors or potential investors which is to be dealt with as "entertainment allowance" claims.

## 13 MISCELLANEOUS EXPENSES – Domestic and International

13.1 Items that may be considered for approval, subject to proof of payment being provided, where expenditure is incurred within the boundaries of the Republic of South Africa during a period of absence is as follows:-

13.1.1 Parking fees while travelling;

13.1.2 Toll fees;

13.1.3 Bus / Taxi fares.

13.2 Items that may be considered for approval, where expenditure is incurred outside the boundaries of the Republic of South Africa during a period of absence are as follows:-

13.2.1 Reasonable Laundry costs;

13.2.2 Parking / Bus fares;

13.2.3 Transport costs to and from official meetings;

13.2.4 Visas (for the shortest available period);

13.2.5 Inoculations;

13.2.6 Specialized tours / entries to events related to the travelling;

13.2.7 Copying and printing of relevant documentation.

#### **14 SPONSORED TRIPS – Domestic and International**

14.1 A trip shall be regarded as sponsored when the full / partial cost of the trip is borne by an institution other than the Overstrand Municipality. Such sponsored proportion of the total cost of the trip must be declared in the application for the trip.

14.2 Travelling and Subsistence payable by the Overstrand Municipality will be calculated as the difference between the amounts claimable per this policy less the monetary value of the sponsored amounts.

#### **15 TRAVEL INSURANCE**

15.1 Travellers, where the necessary travel and special leave forms have been duly authorised by the delegated official, will be insured by the municipality in terms of its current approved policies, practices and standard operating procedures. The insurance shall cover, inter alia, the following:

15.1.1 medical expenses and assistance services;

15.1.2 personal accident, including death and disability, as well as repatriation and evacuation;

15.1.3 luggage;

15.1.4 travel documents; and

15.1.5 personal liability.

15.2 Insurance cover is only for the period that the traveller is away from home or place of work on a trip relating to municipal business.

15.3 Private vehicles and contents thereof will not be covered under this Policy.

15.4 Hired vehicles are automatically covered for both Super Waiver Damage and Theft by the vehicle rental company.

#### **16 GIFTS AND PROMOTIONAL GOODS**

16.1 Where appropriate, the traveller may offer gifts to their hosts.

16.2 The gifts in question shall be provided by the municipality, through the appropriate department, in conjunction with the Department of Communication.

16.3 Suitable promotional and marketing products shall be supplied, on request, by the appropriate department of the Municipality in conjunction with the Department of Communication.

- 16.4 Gifts received by officials are subject to the guidelines as set out on the Gift Policy for Officials.
- 16.5 Gifts received by Councillors should be declared to the Speaker.

## 17 DEVIATION

Any deviation from this policy for whatsoever reason must be authorized by the Municipal Manager.

## 18 TRAVEL AND SUBSISTENCE ALLOWANCE CLAIM FORM

- 18.1 The official Travel and Subsistence Allowance claim form, as prescribed by the Chief Financial Officer must be used with regard to Travel and Subsistence Allowance applications (NOTE: The relevant Director must authorize the trip in the provided space **PRIOR** to undertaking the trip and approve the payment of the expenses incurred in the provided space **AFTER** the trip).
- 18.2 All travel and subsistence claims will only be reimbursed after the trip has been undertaken, unless prior approval is obtained from the Municipal Manager to, in highly exceptional circumstances, make a provisional payment in advance.

## 19 IMPLEMENTATION AND REVIEW PROCESS

This policy will come into effect on **1 July 2022**

This policy will be reviewed at least annually or when required by way of a Council resolution.

## 20 SHORT TITLE

This policy shall be called the Travel and Subsistence Policy of the Overstrand Municipality.

POLICY SECTION:	SENIOR MANAGER: EXPENDITURE AND ASSET MANAGEMENT
CURRENT UPDATE	29 JUNE 2022
PREVIOUS REVIEW	31 MAY 2022
PREVIOUS REVIEW	26 MAY 2021
PREVIOUS REVIEW	27 MAY 2020
PREVIOUS REVIEW	29 MAY 2019
PREVIOUS REVIEW	30 MAY 2018
PREVIOUS REVIEW	31 MAY 2017
PREVIOUS REVIEW	25 MAY 2016
PREVIOUS REVIEW	28 MAY 2015
PREVIOUS REVIEW	28 MAY 2014
PREVIOUS REVIEW	29 MAY 2013
PREVIOUS REVIEW	30 MAY 2012
PREVIOUS REVIEW	04 MAY 2011
APPROVAL BY COUNCIL	26 MAY 2010
APPROVAL BY EXECUTIVE MAYOR:	10 DEC 2004