TOKOLOGO LOCAL MUNICIPALITY

PROPOSED AMENDMENTS TO BUDGET RELATED POLICIES (2026/2027)

1. POLICIES

CREDIT CONTROL & DEBT COLLECTION POLICY

Current Policy:

10 Arrangements – General principle

10.7 In extreme cases any debtor may apply to the municipal manager or the financial manager to in short-term use discretion in favour of the debtor. In this regard factors such as death in the family etc. may be taken into consideration, but should the debtor not comply with the arrangement, there will be no further extensions.

Changes:

10.7 In extreme cases any debtor may apply to the Municipal Manager, Chief Financial Officer or delegated employee to approve a short-term agreement in favour of the debtor. In this regard factors such as death in the family etc. may be taken into consideration, but should the debtor not comply with the arrangement, there will be no further extensions.

Current Policy:

16. Once-off settlement of debt

The Municipal Manager or Chief Financial Officer may accept once-off settlement amounts for arrear accounts if it is in the best interest of the Council. All settlement transactions must be reported to Council.

Added/Changes:

16.2 and 16.3 were added after enquiries and requests from the public. The reasons for adding this are also explained in 16.2.

16. Once-off settlement of debt and rebate applications

16.1 To increase the cash flow of the Municipality, the Municipal Manager, Chief Financial Officer or delegated official may accept once-off settlement amounts for arrear accounts if it is in the best interest of the Council. The discount may not exceed 30% of the balance of the account. The applicant must be informed in writing that the discount offer is valued for two weeks only and that it is a once off transaction, meaning that no future settlement discount will be allowed for the same account holder and account. In cases where Government accounts are paid up to date, interest charged on arrears may be credited.

16.2 Special rebates:

A debtor can apply for a discount (rebate) in cases of financial distress / difficulty if the applicant does not qualify as an Indigent due to the income is e.g. more than the Indigent threshold. This rebate does not relates to clients as set out in 10.7 and 16.3. To reduce the overstatement of outstanding debt of Council, which include irrecoverable debt, the Chief Financial Officer, Municipal Manager or delegated employee may approve discounts if it is in the best interest of the Council. The debtor must apply in writing and provide proof of the reason for such a request e.g. proof of income and expenditure and any supporting documents relating to the application. The discount will be calculated according to affordability of the debtor after taking into account the arrears and monthly levies of the debtor. Approved applications must be reviewed at least every 6 months and the applicant is responsible to inform the Municipality if his/her financial position has improved.

The following must be taken into consideration before discounts/rebates are approved:

Discounts/rebates are intended to provide a safety net, prevent people from falling into extreme poverty, and ensure basic needs (like housing, utilities, or essential consumer credit) can be met. This is often an attempt to redistribute some financial stability. It is important to note that rebates are only for lower income debtors and not the "upper class" with high expenses.

Lower-income debtors are considered to be in severe financial distress. They are more likely to have debt for essential, non-discretionary expenses (like food, basic transportation, or utility bills) and have little or no spare income to repay what they owe. Offering a rebate or debt relief to this group helps stabilize the economy from the bottom up, preventing foreclosures, utility cut-offs, or reliance on informal, predatory lending.

Individuals in the upper class, even those with high expenses, are presumed to have a higher income and greater access to assets, savings, or alternative financial solutions (like refinancing, or professional debt consolidation) to manage their debt. Their high expenses and subsequent debt are often for discretionary or luxury items (e.g., expensive homes, multiple vehicles, investments, or travel). The debt is seen as manageable, even if burdensome, and not a threat to their core livelihood.

Rebates should typically prioritize those whose debts threaten their survival, not those whose high lifestyle is simply strained. Providing a rebate to the wealthy would be seen as an inefficient use of resources meant for social good.

16.3 Pensioner rebates:

The Municipal Manager, Chief Financial Officer, or a delegated official may approve service rebates for pensioners (aged 60 and older) who do not qualify for Indigent Support because their household income exceeds the indigent threshold. While property rate rebates are governed by Section 13.2(c) of the Property Rates Policy, these additional service rebates will be calculated according to the thresholds defined in the Indigent Policy for the relevant application year;

- From R0.01 to R 1,000.00 above Indigent threshold = 40%.
- From R 1,000.01 to R 2,000.00 above the Indigent threshold = 30%
- From R 2,000.01 to R 3,000.00 above the Indigent threshold = 20%

Approved applications must be reviewed at least at the beginning of each financial year and the applicant is responsible to inform the Municipality if the household income has improved.

Current Policy:

17. Unallocated consumption and services

When electricity and water consumption is recorded on a property during a period for which there is no registered customer against whom a bill can be raised, the relevant charges for services and interest shall be raised against the registered owner's consolidated bill.

Added/changes:

17. Unallocated consumption/services and owner accounts

a) When electricity and water consumption and other services are recorded on a property during a period for which there is no registered consumer against whom a bill can be raised, the relevant charges for services and interest may be raised against the registered owner's account, including any arrear debt linked to the property.

b) To ensure the financial stability of our community, service accounts of properties may be opened in the name of the property owner. Because the Council cannot track tenants moving in and out of the area, registration in the owner's name prevents unpaid debt from being abandoned when a tenant leaves. This include properties with multiple units or flats; however, the owner may establish independent payment arrangements with their tenants. This action will allow Tokologo Municipality to minimize loss of income and it will assist to provide essential services our residents rely on.

INDIGENT POLICY

Current Policy:

8. SCOPE OF APPLICATION

Only 1 (one) application per account holder in respect of one property shall qualify for consideration. A business, body association, club or governing body shall not qualify for consideration. The subsidy will apply to the account holders only. The subsidy will not apply in respect of account holders owning more than 1 (one) property. Tenants will also be subsidized on one property rented.

Added:

Only 1 (one) application per account holder in respect of one property shall qualify for consideration. A business, body association, club or governing body shall not qualify for consideration. The subsidy will apply to the account holders only. The subsidy will not apply in respect of account holders owning more than 1 (one) property, except where a building is constructed over more than one property. Tenants will also be subsidized on one property rented.

Current Policy:

11. APPLICATION.

11.2.2 The latest municipal account;

Added:

11. APPLICATION.

11.2.2 The latest municipal account if applicable;

Current Policy:

18.2.6 **Rental (Dwellings and Sites)**

No subsidy will be granted/applicable in respect of all dwellings or sites belonging to the municipality.

Changed to:

18.2.6 **Rental (Dwellings and Sites)**

Indigent residents occupying municipal properties or dwellings are responsible for the full rental amount. Subsidies apply exclusively to service charges and free basic units, as outlined in sections 18.2.1 and 18.2.2.

<u>TARIFF POLICY</u>

Current Policy:

3. Tariff Categories

c) Sanitation

Residential and Churches (To encourage development all vacant stands are included)
Businesses (To encourage development all vacant stands are included)
Schools & Government Businesses (To encourage development all vacant stands are included)
Municipal properties exempted

Added:

3. Tariff Categories

c) Sanitation

Residential and Churches (To encourage development all vacant stands are included)
Businesses (To encourage development all vacant stands are included)
Schools & Government Businesses (To encourage development all vacant stands are included)
Municipal properties exempted
Every stand is subject to Sanitation charges. A building constructed over more than one stand will only be billed once, unless the building is classified as a block of flats, contains multiple apartments, or houses multiple businesses.

Current Policy:

3. Tariff Categories

d) Refuse removal

Domestic
Businesses
Government & Schools
Churches (exempted)
Municipal properties exempted

Added:

d) Refuse removal

Domestic
Businesses
Government & Schools
Churches (exempted)
Municipal properties exempted
Every stand is subject to Waste removal charges, except vacant stands. A building constructed over more than one stand will only be billed once, unless the building is classified as a block of flats, contains multiple apartments, or houses multiple businesses.

PROPERTY RATES POLICY

Current Policy:

CATEGORIES OF PROPERTY

7.1 Different rates may be levied in respect of the following categories of rateable properties and such rates will be determined on an annual basis during the compilation of the annual budget:-

7.1.1 Residential properties;

7.1.2 Industrial properties;

7.1.3 Business properties;

7.1.4 Agricultural properties;

7.1.5 Public service purpose (PSP);

7.1.6 Municipal properties;

7.1.7 Public service infrastructure (PSI);

7.1.8 Public Benefit Organisations (PBO);

7.1.9 Place of worship;

7.1.10 Vacant Stands;

7.1.11 Mining;

7.1.12 Property build over more than one stand;

Changed to:

Removed:

7.1.8 Property build over more than one stand;

These properties will still be categorized according to the MPRA Act e.g. Residential, Business etc. A note will be added on the valuation roll for properties build over more than one stand.

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7.1.1 Residential properties;

7.1.2 Industrial properties;

7.1.3 Business properties;

7.1.4 Agricultural properties;

7.1.5 Public service purpose (PSP);

7.1.6 Municipal properties;

7.1.7 Public service infrastructure (PSI);

7.1.8 Public Benefit Organisations (PBO);

7.1.9 Place of worship;

7.1.10 Vacant Stands;

7.1.11 Mining.

Current Policy:

9. PROPERTIES USED FOR MULTIPLE PURPOSES

9.1 Rates on properties used for multiple purposes will be levied in accordance with the "dominant use of the property".

Changed to:

9. PROPERTIES USED FOR MULTIPLE PURPOSES

9.1 Rates for multi-purpose properties are determined by their dominant use. However, any residential property containing rental units—including buildings divided into flats—will be classified and levied as a Business. Owners are required to notify the Municipality of such usage accordingly.

11. EXEMPTIONS AND IMPERMISSIBLE RATES

11.1 The following categories of property are exempted from rates:-

(b) Residential properties

All residential properties with a market value of less than the amount as annually determined by the municipality are exempted from paying rates. The maximum reduction is determined as R15 000. The impermissible rates of R15 000 contemplated in terms of section 17(1) (h) of the Property Rates Act is included in the amount referred to above as annually determined by the municipality.

Added:

b) Residential properties

All residential properties with a market value of less than the amount as annually determined by the municipality are exempted from paying rates. The maximum reduction is determined as R15 000. The impermissible rates of R15 000 contemplated in terms of section 17(1) (h) of the Property Rates Act is included in the amount referred to above as annually determined by the municipality. This do not include Indigents, refer 13.2 (a) for Indigent rebates.

BUDGET POLICY

No proposed changes

INVESTMENT AND CASH MANAGEMENT POLICY

No proposed changes

VIREMENT POLICY

No proposed changes