

**VIREMENT
POLICY**

BITOU MUNICIPALITY



DRAFT VIREMENT POLICY

AUTHORED BY: THE BUDGET OFFICE

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SECTION A: DEFINITIONS

1. **"Accounting officer"** The municipal manager of a municipality is the accounting officer of the municipality in terms of section 60 of the MFMA.
2. **"Approved budget"** means an annual budget approved by a municipal Council.
3. **"Budget-related policy"** means a policy of a municipality affecting or affected by the annual budget of the municipality.
4. **"Chief Financial Officer"** means a person designated in terms of the MFMA who performs such budgeting, and other duties as may in terms of section 79 of the MFMA be delegated by the accounting officer to the chief financial officer.
5. **"Capital Budget"** This is the estimated amount for capital items in a given fiscal period. Capital items are fixed assets such as facilities and equipment, the cost of which is normally written off over a number of fiscal periods.
6. **"Council"** means the council of a municipality referred to in section 18 of the municipal Structures Act.
7. **"Financial year"** means a 12-month year ending on 30 June.
8. **"Line Item"** means an appropriation that is itemized on a separate line in a budget adopted with the idea of greater control over expenditure.
9. **"Operating Budget"** The Town's financial plan, which outlines proposed expenditures for the coming financial year and estimates the revenues, used to finance them.
10. **"Ring Fenced"** an exclusive combination of line items grouped for specific purposes for instance salaries and wages.
11. **"Service Delivery and Budget Implementation Plan"** means a detailed plan approved by the mayor of a municipality in terms of section 53(1) (c) (ii) of the MFMA for implementing the municipality's delivery of municipal services and its annual budget.
12. **"Virement"** is the process of transferring an approved budget allocation from one operating line item or capital project to another, with the approval of the relevant Manager. To enable budget managers to amend budgets in the light of experience or to reflect anticipated changes.
13. **"Vote"** means one of the main segments into which a budget of a municipality is divided for the appropriation of funds for the different departments or functional areas of the municipality, and which specifies the total amount that is appropriated for the purposes of the department or functional area concerned.

provides for lettable residential accommodation on a regular and continuous basis in addition to its permitted use and includes guesthouses, "bed & Breakfast" and "Self-catering" establishments;

"**Accommodation establishment**" means a Guesthouse or Bed a Breakfast.

- (a) a "**Guest House**" means a dwelling house which is used for the purpose of letting individual rooms for residential accommodation, with or without meals, and which exceeds the restrictions of a bed and breakfast establishment, (includes Self Catering units)
- (b) "**Bed and Breakfast**" establishment means a dwelling house or second dwelling unit in which the occupant of the dwelling house supplies lodging and meals for remuneration to transient guests who have permanent residence elsewhere.

"**agricultural purpose**", in relation to the use of a property, excludes the use of a property for the purpose of eco-tourism or for the trading in or hunting of game;

"**annually**" means once every financial year;

"**bona-fide farmers**" means a genuine or real farmer whose dominant income is generated from farming;

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

"**business**" means the activity of buying, selling or trade in goods or services and includes any office or other accommodation on the same erf, the use of which is incidental to such business, with the exclusion of the business of mining, agriculture, farming, or inter alia, any other business consisting of cultivation of soils, the gathering in of crops or the rearing of livestock or consisting of the propagation and harvesting of fish or other aquatic organisms.

"**category**" –

- (a) in relation to property, means a category of property determined in terms of section 8 (2) of the Act.
- (b) in relation to owners of property, means a category of owners determined in terms of section 15 (2) of the Act.

"**district management area**" means a part of a district municipality, which in terms of section 8 of the Municipal Structures Act has no local municipality and is governed by that municipality alone;

"**district municipality**" means a municipality that has municipal executive and legislative authority in an area that includes more than one municipality, and which is described in section 155(1) of the Constitution as a category C municipality;

"**eco-tourism property**" means agricultural property use for the purpose of eco-tourism.

"**Nature Reserves, Eco-tourism properties, Conservation Areas, Open Space Zone III,**" means land that is proclaimed in terms of the National Environmental Management, Protected Areas Act, 2003, Act 57 of 2003, or the National Environmental Management: Biodiversity Act, 2004, Act 10 of 2004.

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

"exemption" in relation to the payment of a rate, means an exemption granted in terms of section 15 of the Act;

"financial year" means the period starting from 1 July in a year to 30 June of the next year;

"game farming" means agricultural property on which the trading in - or the hunting of game take place;

"household income" means the income accruing to all members of the household permanently residing at the address. It includes income of spouses;

"income tax act" means the Income Tax Act, 1962 (Act 58 of 1962);

"indigent person" means a person whose household income does not exceed the minimum household income as predetermined by the council;

"land reform beneficiary" in relation to a property, means a person who-

(a) acquired the property through-

- (i) the Provincial Land and Assistance Act, 1993 (Act 128/1993);
- (ii) the Restitution of Land Rights Act, 1994 (act 22/1994);

(b) holds the property subject to the Communal Property Associations Act, 1996 (Act 28 of 1996); or

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

"land tenure right" means an old order right or a new order right as defined in section 1 of the Communal Land Rights Act, 2004 (Act no. 11 of 2004)

"local community", in relation to a municipality—

(a) means that body of persons comprising—

- (i) the residents of the municipality;
- (ii) the ratepayers of the municipality;
- (iii) any civic organisations and non-governmental, private sector or labour organisations or bodies which are involved in local affairs within the municipality; and
- (iv) visitors and other people residing outside the municipality who, because of their presence in the municipality, make use of services or facilities provided by the municipality;

(b) includes, more specifically, the poor and other disadvantaged sections of such body of persons.

"local municipality" means a municipality that shares municipal executive and legislative authority in its area with a district municipality within whose area it falls, and which is described in section 55(1) of the Constitution as a category B municipality;

"market value", in relation to a property, means the value of the property determined in accordance with section 46 of the Act;

"MEC for Local Government" means the member of the Executive Council of a province who is responsible for local government in that province;

"mining" means any operation or activity for 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;

"minister" means the Cabinet member responsible for local government;

"multiple purposes", in relation to a property, means the use of a property for more than one purpose and cannot be assigned to a single category.

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

"Municipal Finance Management Act" means the Local Government: Municipal Finance Management Act, 2003 (Act 56 /2003);

"municipality"—

(a) as a corporate entity, means a municipality described in section 2 of the Municipal Systems Act; and

(b) as a geographical area, means a municipal area demarcated in terms of the Local Government: Municipal Demarcation Act, 1998 (Act No. 27 of 1998);

"municipal manager" means a person appointed in terms of section 82 of the Municipal Structures Act;

"municipal properties" means those properties of which the municipality is the owner;

"Municipal Systems Act" means the Local Government: municipal Systems Act, 2000 (Act 32 /2000);

"newly rateable property" means any rateable property on which property rates were not levied before the end of the financial year (2004) preceding the date on which this Act took effect.(2 July 2005) excluding a property which was incorrectly omitted from a valuation roll and for that reason was not rated before that date;

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

"owner"—

(a) in relation to property referred to in paragraph (a) of the definition of "property", means— a person in whose name ownership of the property is registered;

(b) in relation to a right referred to in paragraph (b) of the definition of "property", means a person in whose name the right is registered; or

(c) in relation to a land tenure right referred to in paragraph (c) of the definition of "property", means a person in whose name the right is registered or to whom it was granted in terms of legislation, provided that a person mentioned below may for the purposes of this Act be regarded by a municipality as the owner of a property in the following cases:

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

"permitted use", in relation to a property, means the limited purposes for which the property may be used in terms of –

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

"person" includes an organ of the state;

"prime rate" means the prime rate of the bank where the primary account of the municipality is kept plus 1%.

"private open space" means any land in private ownership used primarily as a private site for play, rest or recreation without financial gain.

"property" means—

- (a) immovable property registered in the name of a person, including, in the case of a sectional title scheme, a sectional title unit registered in the name of a person;
- (b) a right registered against immovable property in the name of a person, excluding a mortgage bond registered against the property;
- (c) a land tenure right registered in the name of a person or granted to a person in terms of legislation;

"property register" means a register of properties referred to in section 23 of the Act;

"protected area" means an area that is or has to be listed in the register referred to in section 10 of the National Environmental Management: Protected Areas Act, 2003;

"public benefits organisation" means an organisation conducting specified public benefit activities as defined in the act and registered in terms of the Income Tax Act for tax reductions because of those activities.

"publicly controlled" means owned by or otherwise under the control of an organ of the state, including-

- (a) a public entity listed in the Public Finance Management Act, (Act 1/1999)
- (b) a municipality; or
- (c) a municipal entity as defined in the Municipal Systems Act

"public service infrastructure" means publicly controlled infrastructure as defined in terms of chapter 1 of the Local Government: Municipal Property Rates Act (Act 6/2004)

"Occupational Practice"

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

"rateable property" means property on which a municipality may in terms of section 2 of the Act levy a rate, excluding property fully excluded from the levying of rates in terms of section 17 of the Act;

"rebate", in relation to a rate payable on a property, means a discount on the amount of the rate payable on the property;

"Reduction", in relation to a rate payable on a property, means the lowering of the amount for which the property was valued (and the rating of the property at that lower amount);

"Residential property" means property included in a valuation roll in terms of section 48(2)(b) of the Act (read with section 8) as residential inclusive of a suite of rooms which forms a living unit that is exclusively used for human habitation purposes, or a multiple number of such units on a property, excluding accommodation establishments, bed & breakfast, hotel, guest house, commune, boarding and undertaking, hostel, place of instruction and sectional title units.

"Residential property" means a property included in the valuation roll in terms of section 48(2) of the Act (read with section 8) as residential inclusive of a suite of rooms which forms a living unit that is used for habitation purposes, or a multiple number of such units on a property, including establishments with 3 or less bedrooms, used for the purpose of letting individual rooms for residential accommodation, excluding of accommodation establishments with 4 or more bedrooms, hotels, boarding and undertaking, hostel, place of instruction and sectional title units.

"Rural Lifestyle" means non-urban domestic properties primarily used for residential purposes.

"Sectional titles Act" means the Sectional Titles Act, 1986 (Act 95/1986)

"Sectional title unit" means a unit defined in section 1 of the Sectional Titles Act.

"Specified public benefit activity" means an activity listed in item 1 (welfare and humanitarian), item 2 (health care) and item 4 (education and development) of Part 1 of the Ninth Schedule to the Income Tax Act.

"State-owned properties" means properties owned by the State, which are not included in the definition of public service infrastructure in the Act. These state-owned properties is 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.

"The Act" means the Local Government Municipal Property Rates Act, 2004 (No. 6 of 2004).

"Vacant land" means a land where no immovable improvements have been erected.

~~— in this policy, a word or expression derived from a word or expression defined in subsection (1) has a corresponding meaning unless the context indicates that another meaning is intended.~~

"Vacant land" means land where no immovable improvements have been erected. Vacant land can be classified as follows:

- (a) Residential vacant, means a property included a valuation roll in terms of section 45(2) of the Act (read with section 3) as vacant.*
- (b) Business vacant means a property included a valuation roll in terms of section 46(2) of the Act (read with section 3) as business vacant.*
- (c) c) Industrial vacant, means a property included a valuation roll in terms of section 48(2) of the Act (read with section 3) as industrial vacant.*

3. PURPOSE OF THE POLICY

The purposes of the policy are to:

- (1) Comply with the provisions section 3 of the Act.
- (2) Determine criteria to be applied for-
 - a) the levying of differential rates for different categories of properties;
 - b) exemptions;
 - c) grants and rebates; and
 - d) rate increases.
- (3) Determine or provide criteria for the determination of -
 - a) categories of properties for the purpose of levying different rates; and
 - b) categories of owners of properties for the purpose for the granting of exemptions, rebates and reductions.
- (4) Determine how the municipality's powers must be exercised in relation to multi-purpose properties.
- (5) Identify and provide reasons for :
 - a) exemptions, rebates and reductions;
 - b) exclusions; and
 - c) rates on properties that must be phased in.
- (6) Take into account the effect of rates on the poor.

- (7) Take into account the effect of rates on organisations conducting specified public benefit activities and registered in terms of the Income Tax Act for tax exemptions because of those activities, in the case of property owned and used by such organisations for those activities.
- (8) Take into account the effect of rates on public service infrastructure.
- (9) Determine measures to promote local economic and social development.
- (10) Identify all rateable property that is not rated.

4. POLICY PRINCIPLES

The rates policy will be based on the following principles:

- (a) Equity
- (b) Affordability
- (c) Sustainability
- (d) Cost efficiency

The council shall as part of each annual operating budget component impose a rate in the rand on the market value of all rateable property as recorded in the municipality's valuation roll or supplementary valuation roll. Rateable property shall include any rights registered against such property, with the exception of a mortgage bond.

The council pledges itself to limit each annual increase as far as possible to the increase in the consumer price index over the period preceding the financial year to which the increase relates.

The council shall, in imposing the rate for each financial year, take proper cognisance of the aggregate burden of rates and service charges on representative property owners, in the various categories of property ownership, and of the extent to which this burden is or remains competitive with the comparable burden in other municipalities within the local economic region.

The council shall further, in imposing the rate for each financial year, strive to ensure that the aggregate budgeted revenues from property rates, less revenues forgone and less any contributions to the provision for bad debts, equal at least 25% (twenty five percent) of the municipality's aggregate budgeted net revenues for the financial year concerned. By doing so, the municipality will ensure that its revenue base and the collect ability of its revenues remain sound.

Other policy principles:

- (1) All ratepayers, in a specific category, as determined by council from time to time, will be treated equitably.

- (2) Rates will be raised in proportion to the market value of the property as determined by the municipal valuer through a valuation process.
- (3) The rates tariff will be based on the value of all rateable properties and the amount required by the municipality to balance the operating budget after taking in account profits generated on trading and economic services and the amounts required to finance exemptions, rebates and grants in-aid of rates as approved by council from time to time.
- (4) Trading and economic services will be ring fenced and tariffs and service charges calculated in such a manner that the income generated covers the cost of the services or generates a profit.
- (5) Property rates will be used to finance community and subsidised services and not to subsidise trading and economic services.
- (6) Profits on trading and economic services can be used to subsidise community and subsidised services.
- (7) The provision for working capital for community and subsidised services must be equal to the non-payment of rates during the previous financial year and must not include any working capital provision relating to trading and economic services.
- (8) The income base of the municipality will be protected at all costs, by limiting exemptions, reductions and rebates.
- (9) The policy will annually, during the budget process be reviewed

5. SCOPE OF THE POLICY

This policy document guides the annual setting (or revision) of property rates. It does not make specific property rates proposals. Details pertaining to the applications of the various property rates are published in the *Provincial Gazette* and the municipality schedule of tariffs, which must be read in Conjunction with this policy.

6. APPLICATION OF THE POLICY

In imposing the rate in the rand for each annual operating budget component, the municipality shall grant exemptions, rates and reductions to the categories of properties and categories of owners as allowed for in this policy document.

7. CLASSIFICATION OF SERVICES AND EXPENDITURE

(1) The Chief Financial Officer shall, subject to the guidelines provided by the National Treasury and Mayoral Committee of the Council, make provision for

- (a) Trading services:
 - (i) Water
 - (ii) Electricity
- (b) Economic services:
 - (i) Refuse removal

(ii) Sewerage disposal

(c) **Community services**

- i) Air pollution.
- ii) Fire fighting services.
- iii) Local tourism.
- iv) Municipal planning.
- v) Municipal public works, only in respect of the needs of municipalities in the discharge of their responsibilities and to administer functions specially assigned to them under the Constitution or any other law.
- vi) Storm water management system in built-up areas.
- vii) Trading regulations.
- viii) Fixed billboards and the display of advertisements in public places.
- ix) Cemeteries.
- x) Control of public nuisances.
- xi) Control of undertakings that sell liquor to the public.
- xii) Township development.
- xiii) Facilities for accommodation, care and burial of animals.
- xiv) Fencing and fences.
- xv) Licensing of dogs.
- xvi) Licensing and control of undertakings that sell food to the public.
- xvii) Local amenities.
- xviii) Local sport facilities.
- xix) Municipal parks and recreation.
- xx) Municipal roads.
- xxi) Noise pollution.
- xxii) Pounds.
- xxiii) Public places.
- xxiv) Street trading/street lighting.
- xxv) Traffic and parking.
- xxvi) Building control.
- xxvii) Licensing of motor vehicles and transport permits.
- xxviii) Nature reserves.

(d) **Subsidised services:**

- (i) Health and ambulance.
- (ii) Libraries and museums.
- (iii) Proclaimed roads.

- (2) Trading and economic services must be ring fenced and financed from service charges while community and subsidised services will be financed from rates, rates related income and regulatory fees. Surpluses on the trading and economic services may be transferred to subsidise the community and subsidised services.

Categorisation of expenditure

- (3) Expenditure will be classified in the following categories:
- (i) Employee-related costs-wages and salaries
 - (ii) Employee-related costs-social contributions
 - (iii) Remuneration Councilors
 - (iv) Bad and doubtful debt contribution
 - (v) Collection costs
 - (vi) Depreciation
 - (vii) General expenditure
 - (viii) Repairs and maintenance
 - (ix) Interest expense
 - (x) Bulk purchases
 - (xi) Contracted services
 - (xii) Grants & Subsidies-projects
 - (xiii) Total expenditure
 - (xiv) Income
 - (xv) Surplus/Deficit

Cost Centres

- (4) Cost centres will be created to which the costs associated with providing the service can be allocated-
- a) by Department,
 - b) by Section/service; and
 - c) by Division/service.
- (6) The subjective classification of expenditure each with a unique vote will be applied to all cost centres.

B. CATEGORIES OF PROPERTIES

- B.1 Criteria for determining categories of properties for the purpose of levying different rates and for the purpose of granting exemptions will be according to the -
- (a) use of the property
 - (b) permitted use of the property, or
 - (c) geographical area in which the property is situated.
- B.2 Categories of property for the municipality may include-
- (a) residential properties;

- (b) business and commercial properties;
- (c) industrial properties;
- (d) public service infrastructure;
- (e) public benefit organisations;
- (f) agricultural properties;
- (g) state-owned properties;
- (h) municipal properties;
- (i) multiple use properties;
- (j) vacant land.
- (k) accommodation establishments
- (l) eco-tourism properties
- (m) game farming properties

Properties will be categorised as follows:-

With reference to Section 8 in the Rates Policy it is recommended that the properties will be categorized as follows:

8.2(e) Farm properties used for – (iv) residential purposes (to include; Rural Lifestyle)

8.2(g) Small holdings used for- (ii) residential purposes (to include; Rural Lifestyle)

- (a) Residential properties
 - (i) Single Residential vacant
 - (ii) Single Residential Built – up
 - (iii) Single Residential Departure use
 - (iv) General Residential vacant
 - (v) General Residential Built-up
 - (vi) General Residential Departure use
 - (vii) Sectional Title Schemes
- (b) (i) Institutional
- (c) (i) Restricted Industrial properties.
- (ii) Industrial properties
- (iii) Nuisance Industrial properties
- (iv) Unrestricted properties
- (v) Industrial
- (d) (i) Central Business and commercial properties.
- (ii) Peri -urban Business and commercial properties
- (iii) Business
- (e) Farm properties used for-

- (i) agricultural purposes;
 - (ii) business and commercial purposes;
 - (iii) industrial
 - (iv) residential purposes;
 - (v) eco-tourism
 - (vi) game farming & hunting or
 - (vii) other than (i) to (v).
- (f) Farm properties not used for any purpose.
- (g) Small holdings used for-
- (i) agricultural purposes;
 - (ii) residential purposes;
 - (iii) industrial purposes;
 - (iv) business and commercial purposes;
 - (v) eco-tourism
 - (vi) game farming & hunting or
 - (vii) other than (i) to (v).
- (h) State-owned properties
- (i) State properties that provide local services
 - (ii) state properties that provide regional/municipal district-wide / metro-wide services.
- (ii) State properties that provide provincial/national services
- (i) Municipal properties;
 - (ii) Public Open Space
- (i) Town Planning Scheme Border/Urban Edge
- (ii) Indefinite
 - (iii) Subdivision area
 - (iv) Local Government Border
- (j) Public service infrastructure.
- (k) Privately owned towns/developments and open spaces serviced by the owner.
- (l) Formal and informal settlements on stands not subdivided into formal residential stands
- (m) Communal land as defined in the Communal Land Rights Act.
- (n) State trust land
- (o) Properties-
- (i) acquired through Provision of Land and assistance Act, 1993 (No. 126 of 1993) or the Restitution of Land Rights Act, 1994 (No. 22 of 1994); or
 - (ii) subject to the Communal Property Associations Act, 1996 (No. 28 of 1996).
- (p) Protected areas.

- (q) National monuments
- (r) Properties owned by public benefit organisations (Part 1 of the Ninth Schedule of the Income Tax Act (58 of 1962)
- (s) Properties used for multiple purposes.
- (t) (i) Resort

9. MULTIPLE PURPOSE PROPERTIES

Properties used for multiple purposes will be categorized as follows for rating purposes:

- (i) The entire property can be categorized in terms of the permitted use of the property
- (ii) The entire property can be categorized in terms of the dominant (main or primary) use; or
- (iii) The entire property must be categorized in terms of the actual use (this categorization does not make the unauthorized land use legal)
- (iv) by apportioning the market value of a property to the different purposes for which the property is used as determined in item 8 (categories of properties) above.

If the market value of the property can be apportioned, each portion must be categorized according to its individual use as determined in item 8 above. If the market value of the property cannot be apportioned to its various use purposes, then such a property must be categorized as either (i) or (ii) above and;

- (v) applying the relevant cent amount in the rand to the corresponding apportioned market value.

10. CATEGORIES OF OWNERS

Criteria for determining categories of owners of properties, for the purpose of granting exemptions, rebates and reductions will be according to the-

- (a) indigent status of the owner of a property
- (b) sources of income or/and monthly household income of the owner of a property
- (c) owners of property situated within an area affected by-
 - (i) a disaster within the meaning of the Disaster Management Act, 20002 (Act no 57 of 2002); or
 - (ii) any other serious adverse social or economic conditions;
- (d) owners of residential properties with a market value below a determined threshold; or
- (e) owners of agricultural properties who are *bona fide* farmers.

11. LEVYING OF RATES

(1) Liability for rates by property owners:

Rates levied by a municipality on a property must be paid by the owner of the property, subject to section 9 of the Municipal Systems Act.

Joint owners are jointly and severally liable for the amount due for rates on that property.

In a case of agricultural property owned by more than one owner in undivided shares where the holding of such undivided shares was allowed before the commencement of the subdivision of the Agricultural Land Act (Act 70 of 1970) the municipality may consider the following options for determining the liability for rates:

- (i) If the joint owners are all available, the issue of who is liable for rates will be dealt with in the context of whether they have entered into an agreement or not regarding payment of rates liabilities.

Where the joint owners have a written agreement that a specific joint owner is liable for all the rates, the municipality will hold such a joint owner liable in respect of all the rates. A certified copy of the agreement must be submitted to the municipality.

Where there is no agreement, the municipality will hold anyone of the joint owners responsible for the whole property or hold any joint owner only liable for his undivided share.

- (ii) If the joint owners are not traceable with the exception of one joint owner and such joint owner is occupying or using the entire property or a significant larger portion the municipality will hold that joint owner liable for the total rates bill.

- (iii) If the traceable joint owner is only using or occupying a small portion of the entire property, the municipality will hold that joint owner only responsible for his own undivided share in that property.

(2) Method and time of payment

The municipality will recover the rate levied in periodic instalments of equal amounts in twelve months. The instalment is payable on or before the 15th day of every month, following the month in which it has been levied. Interest will be charged at 1% above the prime interest rate for any late payments received.

(3) Annual Payment Arrangements

By prior arrangement with the municipality the rate may be paid in a single amount before 30 September of the year it is levied in, however, application must be submitted before 31 May prior to the financial year of implementation of the arrangement. The Director, Financial Services will consider any applications after this date.

(4) (i) Recovery of arrear rates from owner

As soon as the annual rates becomes overdue or the monthly rates have been raised for the remaining months in the financial year, an overdue notice must be issued on the owner at the address selected by the owner.

If there is no response from the owner, a further overdue notice should be served at the property with a rider that the services to the property will be terminated within a reasonable period, the minimum being 30 days, should the rates not be paid or satisfactory arrangements made.

This notice should enquire whether the occupier is paying rent and other monies to an agent of the owner and the state that the municipality can, legally, attach the net payment. (I.e. gross receipts by the agent less commission due to the agent on those gross receipts) due to the owner by the agent to settle the arrears. Should the tenant refuse to co-operate, the services should be disconnected and the other debt management actions implemented.

(4) (ii) Recovery of arrear rates from tenants, occupiers and agents

If an amount due for rates levied in respect of a property is unpaid after the day determined, the municipality may recover the amount in whole or in part from a tenant or occupier of the property. The amount the municipality might recover from the tenant or occupier of the property is limited to the amount of the rent or other money due and payable by the tenant or occupier to the owner of the property. Any amount the municipality recovers from the tenant or occupier of the property may be set off, by the tenant or occupier, against any money owed by the tenant or occupier to the owner.

The municipality may recover the amount due for rates from an agent of the owner after it has given written notice to that agent or person. The amount the municipality may recover from the agent or other person is limited to the amount of that rent received by the agent or person, less the commission due to that agent or person, (subject to the Estate Agents Act, 1976 (Act No. 112 of 1976). The agent or other person must, on request by the municipality, furnish the municipality with a written statement specifying all payments for rent on the property received by that agent or person during a period determined by the municipality.

If the managing agent is identified through the tenant's assistance, a copy of the notice, which was served on the tenant, must be served on the agent stating that failure to co-operate would lead to action being taken against the agent as well as the termination of the services at the supply address.

Should the payments by the agent not be able to redeem the arrears within the next 12 months, the monies must be attached and the next step in the debts management plan of the municipality implemented. The municipality may however decide to extend the 12 month period to such longer period that they deem fit based on the merit.

(5) deferral of payment of rates liabilities

The municipality will consider each and every application for deferral of rates, taking into account the merits and demerits of each and the financial implications thereof in so far as the cash-flow of the municipality is concerned.

(6) Supplementary Valuation Debits

In the event that a property has been transferred to a new owner and an Supplementary Valuation took place, the previous owner as well as the new owner will jointly and separately be held responsible for the settling the supplementary rates account.

(7) Ownership

Properties, which vest in the Municipality during developments, i.e. open spaces and roads should be transferred at the cost of the developer to the Municipality.

Until such time, rates levied will be for the account of the developer.

(8) Clearance Certificate

Rates Clearance Certificates will be valid until 30 June of a financial year, if monies paid in full until such a date. However, should attorneys request to extend the certificate for 120 days beyond this date, and this extension of time surpasses the date of 30 June the full new year's rates or estimated rates become payable in full.

(9) Levying of rates on property in sectional title scheme

A rate on property, which is subject to a sectional title scheme, will be levied on the individual sectional title units in the scheme.

12. DIFFERENTIAL RATES

Criteria for differential rating on different categories of properties

The following has been taken into consideration for the purpose of differential rating:

- The nature of the property, including its sensitivity to rating e.g. agricultural properties used for farming purposes.
- Vacant land may be rated higher (in terms of cent amount in a rand) as the municipality is encouraging owners of vacant land to develop it and that owners should not use the vacant land for speculation purpose.
- Promotion of social and economic development of the municipality.

Differential rating among the various property categories will be done by way of setting different Cent amount in the Rand for each property category, rather than by way of reductions and rebates. This method is much easier for rate payers to understand and promotes the principle of transparency.

(1) Differential rates will be based on the extent to which community services contemplated in Section 7(1) (c) and subsidised services in 7(1) (d) of this policy are provided by the municipality in respect of categories of properties contemplated in Section 8 of the policy.

(2) The Director: Financial Services will annually calculate the costs of these services and determine through a public participation process to which extent these services are used by the various categories of ratepayers. Inputs from representatives from the various categories of ratepayers must be considered and agreed upon.

- (3) Different categories of properties may pay different rates in the rand based on the market value of their properties.

13. IMPERMISSIBLE RATES

A municipality may not levy the following rates in terms of sections 16 (1) and 17 (1) of the Act:

- (i) Rates that would prejudice national economic policies.
- (ii) Rates that would prejudice economic activities across boundaries
- (iii) Rates that would prejudice national mobility of goods, services, capital or labour
- (iv) On the first 30% of market value of public service infrastructure
- (v) On any part of the seashore as defined in the Seashore Act
- (vi) On any part of the territorial waters of the Republic in terms of the Marine Zones Act (15/1994)
- (vii) On any island of which the state is the owner including the Prince Edward Islands
- (viii) On a special nature reserve, national park or nature reserve within the meaning of the National Environmental Management: Protected Areas Act, 2003 (Act no 57 of 2003), or of a national botanical garden within the meaning of the National Environment Management: Biodiversity Act of 2004 (Act no 10 of 2004) which are not developed or used for commercial, business or residential agricultural purposes.
- (ix) On a mineral right within the definition of property
- (x) On a property belonging to a land reform beneficiary or his or her heirs, provided that this exclusion lapses ten years from the date on which such beneficiary's title was registered in the office of the Registrar of deeds
- (xi) On the first R15, 000 of the market value of a property assigned in the valuation roll or supplementary valuation roll to a category determined as residential property or multiple used property provided that one or more component is used for residential purposes.
- (xii) On property registered in the name of and used primarily as a place of public worship by a religious community, including an official residence registered in the name of that community, which is occupied by an office-bearer of that community who is, officiates at services at that place of worship.

(The exclusion lapses if not used for the purposes as indicated above)

14. EXEMPTIONS, REBATES AND REDUCTIONS

14(a) In imposing the rate in the Rand for each annual operating budget component, the council shall grant the following exemptions, rebates and reductions to the **categories of properties and categories of owners** indicated, but the council reserves the right to amend these exemptions, rebates and reductions if the circumstances of a particular annual budget so dictates.

14.(b) In determining whether a property forms part of a particular category indicated, the municipality shall have regard to the actual use to which the relevant property is put. In the case of vacant land not specifically included in any of the categories indicated, the permitted use (zoning) of the property shall determine into which category it falls.

Municipal properties shall include properties owned by municipal entities.

NOTE: In terms of Section 17(1)(h) of the Property Rates Act, the first R15 000 of the market value of all residential properties and of all properties used for multiple purposes, provided one or more components of such properties are used for residential purposes, is exempt from the payment of rates. This amount is R15 000.

With reference to Section 14, Exemptions, Rebates and Reductions in the Rate Policy, it is recommended that the following be amended:

14 (c)

(a) Owners of agricultural properties who are bona fide farmers

(b) Owners of game farms

(c) Owners of eco-tourism farms

14.(c) The council grants exemptions, reductions and rebates in recognition of the following factors:

- The inability of residential property owners to pass on the burden of rates, as opposed to the ability of the owners of business, commercial, industrial and certain other properties to recover such rates as part of the expenses associated with the goods or services, which they produce;
- The need to accommodate indigents, less affluent pensioners and people depending on social grants for their livelihood;
- Owners temporarily without income;
- The services provided to the community by public service organisations;
- The value of agricultural activities to the local economy coupled with the limited municipal services extended to such activities, but also taking into account the municipal services provided to municipal residents who are employed in such activities;
- The need to preserve the cultural heritage of the local community.

- The need to encourage the expansion of public service infrastructure.
- The indispensable contribution which property developers (especially in regard to commercial and industrial property development) make towards local economic development and the continuing needs to encourage such development.
- Owners of property situated within an area affected by a disaster within the meaning of the Disaster Management Act or any other serious social or economic conditions
- Owners of residential properties with a market value lower than an amount determined by the municipality
- Owners of agricultural properties who are *bona fide* farmers
- The requirements of the Property Rates Act no. 6 of 2004.
-

The municipal manager shall ensure that the revenues forgone in respect of the foregoing rebates etc. are appropriately disclosed in each annual operating budget component, in the annual financial statements and annual report as stipulated in section 15(3) &(4) of the act and that such rebates are also clearly indicated on the rates accounts submitted to each property owner.

14 (d) To include:

Applications for Agricultural properties must reach the municipality by 30 September preceding the start of the new municipal financial year for which relief is sought. The last tax assessment proofing that the owner is taxed by SARS as a bona fide farmer must be attached to the application.

14.(d) All applications must be addressed in writing on the prescribed application form to the municipality;

A SARS tax exemption certificate / sufficient proof of status / income of household / affidavits for proof of reasons / identity documents must be attached to all applications;

Applicants must occupy the property and not be the owner of more than one property;

Where the owner is for acceptable reasons due to no fault of his/her own unable to occupy the property, the spouse or minor children may satisfy the occupancy requirements;

The municipal manager or his/her nominee must approve all applications;

Applications must reach the municipality before the end of October preceding the start of the new municipal financial year for which relief is sought, and;

The municipality retains the right to refuse exemptions if the details supplied in the application form were incomplete, incorrect or false.

14.1 EXEMPTIONS

14.1 The following Categories to be excluded from Exemptions:

(ix) Indigent owners (included under 14(c) Exemptions, Reductions and Rebates)

(x) Owners dependent on pension or social grants for their livelihood (included under 14(c) Exemptions, Reductions and Rebates)

(Xii) On the first 30% of Public Service Infrastructures (included under 13(iv), Impermissible Rates.

To include: 14.1.1

Applications for Public Benefit organizations must reach the municipality before end October preceding the start of the new municipal financial year in which relief is sought. 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. The municipal manager or his nominee must approve all applications.

Categories of properties & owners

- (i) municipal properties
- (ii) municipal public infrastructure
- (iii) informal settlements
- (iv) museums
- (v) national monuments
- (vi) property lower in value than the amount determined by the municipality
- (vii) a right registered against immovable property
- (viii) public benefit organisations uses their property for specific public benefit activities and listed in part 1 of the 9th schedule of the Income Tax Act
- (ix) indigent owners
- (X) owners dependent on pension or social grants for their livelihood including those owners within the same income group.
- (Xi) Cemeteries & Crematoriums
- (Xii) 30% of Public Service Infrastructure

14.2 REBATES

Categories of properties & owners

(1) Rebates for the following categories of owners will be considered:

(a) Rebates in respect of income categories:

The following owners may be granted a rebate on or a reduction in the rates payable on their property if they meet the following criteria-

- Registered owner of the property that resides on the property;
- Income must not exceed an amount annually set by the Council

(b) Public benefit organisations:

(i) Welfare and humanitarian

Rateable property registered in the name of an institution or organisation, which, in the opinion of the council, performs welfare and humanitarian work as contemplated in the ninth Schedule of the Income Tax Act, 1962 (Act 58 of 1962).

Rateable property, registered in the name of a trustee or trustees or any organisation, which is maintained for the welfare of war veterans.

(ii) Cultural:

Rateable property registered in the name of Boy Scouts, Girl Guides,

Sea Scouts, Voortrekkers or any other organisation which in the opinion of the council is similar or any rateable property let by a council to any of the said organisations.

The promotions, establishment, protection, preservation or maintenance of areas, collectors or buildings of historical or cultural interest, national monuments, proclaimed national heritage sites, museums, including art galleries, archives and libraries.

(iii) Sport:

Sports grounds used for the purpose of amateur and any social activities, which are connected with such sport.

(iv) Conservation, environment and animal welfare

Properties that is in the name of an organisation or institution, that is engaging in the conservation, rehabilitation or protection of the natural environment, including flora and fauna.

Rateable property registered in the name of an institution or organisation, which has as its exclusive objective the protection of tame or wild animals or birds.

(v) Education and development:

Rateable property registered in the name of an educational institution established, declared or registered by or under any law.

(vi) Health care:

Rateable property registered in the name of an institution or organisation which has as its exclusive objective is health care or counselling of terminally ill persons or persons with a severe physical or mental disability and persons affected with HIV/AIDS.

(c) Agricultural (Experimental Farms):

Rateable property, registered in the name of an agricultural society affiliated to or recognised by the South African Agricultural Union, which is used for the purposes of such a society.

(d) Municipal property and usage:

A pro-rata rebate will be granted where the municipality is engaged in land sales transactions which have taken place after the financial year has started.

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.

(e) Municipal interim valuation:

When a municipal interim valuation is effected during a financial year a pro-rata rebate will be given from the beginning of the financial year until the interim valuation became effective as per Section 78 (2) b of the Act

- (f) Rateable property registered in the name of the Council, if such property is used in supplying electricity, water, or sewerage service
- (g) State hospitals, state clinics and institutions for mentally ill persons, which are not operated for gain;
- (h) Rateable property registered in the name of an institution or organisation which, in the opinion of the Council, performs charitable work;
 - (i) Owners of agricultural properties who are *bona fide* farmers
 - (j) Owners of agricultural properties use for eco-tourism
 - (k) Owners of agricultural properties use for game farming and hunting.

When considering grants on property used for agricultural purposes the council must take into account the following factors:

- The extent of municipal services provided to such property
- The contribution of agriculture to the local economy
- The assistance of agriculture to meet the service delivery- and development obligations of the municipality and
- The contribution to the social and economic welfare of the farm workers.

These proposals also apply to the mining sector.

The following rebate may be applicable to *bona fide* farmers.

The rate ratio that the Minister for Provincial and Local Government in concurrence with the Minister of Finance from time to time may determine and publish in the *Government Gazette*

Grants-in-lieu-of-rates will be granted subject to:

- (a) A certificate issued by the registered auditor of the organisation or institution stating that the activities performed is not for gain.
- (b) A certified income and expenditure statement and balance sheet that indicate the inability to pay for rates.
- (c) An assessment by the Chief Financial Officer, which indicates that the organization or institution qualifies in terms of council's policy.
- (d) Council's approval on annually providing credible proof of the ratepayers circumstances/needs to the municipality

Applications for the rebate must be submitted before the end of October preceding the new financial year for which relief is sought.

MUNICIPALITY TO DECIDE ACCORDING TO THEIR CIRCUMSTANCES/NEEDS WHAT PERCENTAGE REBATE TO GRANT

14.3 REDUCTIONS

Categories of property

- (1) A reduction in the municipal valuation as contemplated in section 15(1)(b) of the Act will be granted where the value of a property is affected by fire damage, demolition or floods or any area declared as a disaster area in terms of the Disaster Management Act
The reduction will be in relation to the certificate issued for this purpose by the municipal valuer
- (2) any other serious adverse social or economic condition;
- (3) Management of rates shocks;

The municipality may limit rates shocks to property owners due to the increase in the market value of their properties as a result of the compilation and implementation of the new valuation roll by phasing-in the new market value as reflected in the valuation roll over the four year life cycle of the valuation role or by reducing the rate in the Rand levied on the new valuation roll drastically

The table below explains the phasing-in method:

Valuation Cycle	Value on a roll without phasing-in (in Rand)	Rates payable assuming 1Cent/Rand	Value on a roll after phasing-in (in Rand), Assuming 25% phasing in.	Rates payable assuming 1Cent/Rand
Last Year of cycle	60 000	600	60 000	600
1 st Year in new cycle	70 000	700	62 500	625
2 nd Year in new cycle	70 000	700	65 000	650
3 rd Year in new cycle	70 000	700	67 500	675
4 th (last) Year in cycle	70 000	700	70 000	700

15. COMPULSORY PHASING-IN OF CERTAIN RATES

Rates levied on newly rateable properties must be phased in over a period of three years, the MEC for local government may extend, on written request by the municipality, this period to a maximum of six financial years.

When extending a phasing-in period, the MEC must determine the minimum phasing-in discount on the rate payable during each financial year in the extended period.

16. COSTS OF EXEMPTIONS, REBATES, REDUCTIONS, PHASING IN OF RATES AND GRANTS-IN-LIEU OF RATES

- (1) During the budget process the Director: Financial Services must inform council of all the costs associated with the suggested exemptions, rebates, reductions, phasing in of rates and grants-in-lieu of rates.
- (2) Provisions must be made in the operating budget –
 - (a) for the full potential income associated with property rates; and
 - (b) for the full costs associated with exemptions, rebates, reductions, phasing in of rates and grants-in-lieu of rates.

- (a) Projections regarding revenue foregone for a financial year in relation to exemptions, rebates, reductions, exclusions, phasing – in etc. must be reflected in the council's annual budget for that year.
- (d) A list of all exemptions, rebates, reductions, exclusions, phasing in etc. must be tabled before council.

17. SPECIAL RATING AREA

The municipality may by council resolution determine an area within its boundaries as a special rating area for the purpose of raising funds for improving or upgrading that area; and differentiate between categories of property when levying an additional rate.

Before determining a special rating area the municipality must consult the local community on the proposed boundaries of the area, the proposed improvement or upgrading of the area and obtain the consent of the majority of the ratepayers in that proposed special rating area.

The municipality must determine the boundaries and indicate how the area is to be improved or upgraded by the funds derived from the additional rate. Establish a separate accounting and record-keeping system regarding the revenue generated by the special rate and the improvement or upgrading of the area.

The municipality may establish a committee composed of persons representing the community to act as a consultative and advisory forum. Representivity, including gender must be taken into account when such a committee is established.

18. RATE INCREASES

- (1) The municipality shall consider increasing rates annually during the budget process taking into account the following criteria:
 - (i) Priorities of the municipality reflected in its Integrated Development Plan (IDP)
 - (ii) The revenue needs of the municipality
 - (iii) The need for management of rates shocks
 - (iv) Affordability of rates to ratepayers
- (2) Rates increases will be used to finance the increase in operating costs of community and subsidised services.
- (3) Relating to community and subsidised services:-
 - (a) The following annual adjustments will be made:-
 - (i) All salary and wage increases as agreed at the National Bargaining Council.
 - (ii) An inflation adjustment for general expenditure, repairs, maintenance, and contributions to funds.
 - (iii) Additional depreciation costs or interest and redemption on loans associated with the assets created during the previous financial year.

- (4) Extraordinary expenditure not foreseen during the previous budget period and approved by the council during a budget review process will be financed by an increase in property rates.
- (5) All increases in the property rates will be communicated to the local community in terms of the council's policy on community participation.
- (6) The Minister may, with the concurrence of the Minister of Finance and by notice in the Gazette, set an upper limit on the percentage by which rates on property categories or a rate on a specific category of properties may be increased; or the total revenue derived from rates on all property categories or a rate on a specific category of properties may be increased.

19. DISREGARDED ITEMS FOR VALUATION PURPOSES

The following must not be taken into account in determining the market value of a property:

- (i) Any building or other immovable structure under the surface of the property which is the subject matter of any mining authorization or mining right defined in the Mineral and Petroleum Resources Development Act, 2002 (Act no 28 of 2002)
- (ii) the value of any equipment or machinery which, in relation to the property concerned, is immovable property, excluding:
 - (a) a lift
 - (b) an escalator
 - (c) an air-conditioning plant
 - (d) fire extinguishing apparatus
 - (e) a water pump installation for a swimming pool or for irrigation or domestic purposes; and
 - (f) any other equipment or machinery that may be prescribed; and
- (iii) an unregistered lease in respect of the property
- (iv) in respect of property used for agricultural purposes the value of any annual crops or growing timber on the property that have yet not been harvested at the date of valuation.

20. LOCAL, SOCIAL AND ECONOMIC DEVELOPMENTS

The municipality may grant rebates to organisations that promotes local, social and economic development in its area of jurisdiction based on the criteria determined in its local, social and economic development policy. The following criteria will apply:

- (a) job creation in the municipal area;
- (b) social upliftment of the local community; and poverty alleviation to the indigents
- (c) improve local economic growth
- (d) Promote service delivery

21. REGISTER OF PROPERTIES

The Chief Financial Officer must draw up and maintain a register of properties as contemplated in section 23 of the Act.

22. NOTIFICATION OF RATES

- (1) The council will give notice of all rates approved at the annual budget meeting at least 30 days prior to the date that the rates become effective. Accounts delivered after the 30 days notice will be based on the new rates.
- (2) A notice stating council's resolution, date on which the new rates shall become operational will be published in the media and the *Provincial Gazette* and displayed by the municipality at places installed for that purpose.

23. CORRECTION OF ERRORS AND OMISSIONS

Where the rates levied on a particular property have been incorrectly determined, whether by 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 current valuation roll. In addition, where the error occurred because of false information provided by the property owner or because 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.

24. FREQUENCY OF VALUATIONS

The municipality shall prepare a new valuation roll every 4 (four) years and a supplementary valuation roll annually.

25. GENERAL VALUATION AND PREPARATION OF VALUATION ROLLS

A municipality intending to levy a rate on property must cause a general valuation to be made of all properties in the municipality, and must prepare a valuation roll of all properties in terms of such valuation.

All ratable properties in a municipal area must be valued during such general valuation, including all properties fully or partially excluded from rates in terms of Section 17 of the present Act. However, if the municipality does not intend to levy rates on its own property, on public service infrastructure owned by a municipal entity, on rights in properties, and on properties in respect of which it is impossible or unreasonably difficult to establish a market value because of legally insecure tenure resulting from past racial discrimination, the municipality is not obliged to value such properties as part of the valuation process.

A municipality may also apply to the Minister for exemption from the obligation to value properties excluded from rates in terms of Section 17 if the municipality can demonstrate that the valuation of such properties is too onerous for it, given its financial and administrative capacity.

Properties which have not been valued, because of any of the foregoing considerations, must nevertheless be included in the valuation roll.

26. DATE OF VALUATION

For the purposes of a general valuation a municipality must determine a date that may be not more than 12 months before the start of the financial year in which the valuation roll is to be first implemented.

The general valuation must reflect the market values of properties in accordance with market conditions which apply as at the date of the valuation, and in accordance with any other applicable provisions of the present Act.

27. COMMENCEMENT AND PERIOD OF VALIDITY OF VALUATION ROLLS

A valuation roll takes effect from the start of the financial year following completion of the public inspection period required by the present Act, and remains valid for that financial year or for one or more subsequent financial years, as the municipality may decide, but in total not for more than four financial years.

Section 32(2) provides for the extension of the period of validity of the valuation roll by the MEC for Local Government, but only up to a period of five financial years, and only in specified circumstances.

28. GENERAL BASIS OF VALUATION

The market value of a property is the amount the property would have realised if sold on the date of valuation in the open market by a willing seller to a willing buyer.

29. VALUATION OF PROPERTY IN SECTIONAL TITLE SCHEMES

When valuing a property which is subject to a sectional title scheme, the valuer must determine the market value of each sectional title unit in the scheme.

30. GENERAL

A municipality must regularly, but at least once a year, update its valuation roll by causing a supplementary valuation roll to be prepared, or the valuation roll itself to be amended.

31. ENFORCEMENT / IMPLEMENTATION

This policy has been approved by the Municipality in terms of resolution C/2/ /04/09 dated 6 April 2009 and comes into effect from 1 July 2009

32. LEGAL REQUIREMENTS

A paraphrase and in some instances an abridgement of the key requirements of the Local Government Property Rates Act no. 6 of 2004 is attached as an Addendum "A" to this policy.

33. SHORT TITLE

This policy is the **Property Rates Policy** for the **Bitou Local Municipality**

ADDENDUM "A"

LEGAL REQUIREMENTS:

CAUTIONARY NOTE

This paraphrase is not meant to cover the complete contents of the Property Rates Act, but is focused rather on those requirements, which are immediately relevant to a municipality's rates policy. Thus, the section dealing with transitional arrangements has been omitted, and so have most of the provisions dealing with the valuation process.

SECTION 2: POWER TO LEVY RATES

A metropolitan or local municipality may levy a rate on property in its municipal area. A municipality must exercise its power to levy a rate on property subject to Section 22B and any

other applicable provisions of the Constitution, the provisions of the present Act, the regulations pertaining thereto and the rates policy it must adopt in terms of this Act.

SECTION 3: ADOPTION AND CONTENTS OF RATES POLICY

Logical order of processes for implementation of the Act.

- (a) Rates policy development and adoption including categorization of properties for
- (b) the purpose of compiling the valuation roll.
- (c) Completion of the valuation roll in order to determine the market value of properties so as to inform the determination of a reasonable amount in a Rand to be determined in respect of the various categories of ratable property taking into account the budget.
- (d) Tabling of the municipal budget accompanied by an adopted rates policy in terms of section 3 (2) of the Act.
- (2) Section 3 (3) (e) of the Act must be complied with by providing a general description of that which may be foregone by the municipality without quantifying it in Rand & Cent

The council of a municipality must adopt a policy consistent with the present Act on the levying of rates on ratable property in the municipality.

Such a rates policy will take effect on the effective date of the first valuation roll prepared by the municipality in terms of the present Act, and such policy must accompany the municipality's budget for the financial year concerned when that budget is tabled in the council in terms of the requirements of the Municipal Finance Management Act.

A rates policy must:

- treat persons liable for rates equitably;
- determine the criteria to be applied by the municipality if it:
levies different rates for different categories of property;
 - exempts a specific category of owners of properties, or the owners of a specific category of properties, from payment of a rate on their properties;
 - grants to a specific category of owners of properties, or to the owners of a specific category of properties, a rebate on or a reduction in the rate payable in respect of their properties; or
 - increases rates;
- determine or provide criteria for the determination of categories of properties for the purposes of levying different rates, and categories of owners of properties, or categories of properties, for the purpose of granting exemptions, rebates and reductions;
- determine how the municipality's powers in terms of Section 9 must be exercised in relation to properties used for multiple purposes;

- identify and quantify in terms of cost to the municipality and any benefit to the local community, exemptions, rebates and reductions, exclusions, and rates on properties that must be phased in in terms of Section 21;
- take into account the effect of rates on the poor and include appropriate measures to alleviate the rates burden on them;
- take into account the effect of rates on organisations conducting specified public benefit activities and registered in terms of the Income Tax Act for tax reductions because of those activities, in the case of property owned and used by such organisations for those activities;
- take into account the effect of rates on public service infrastructure;
- allow the municipality to promote local, social and economic development; and
- identify, on a basis as may be prescribed, all rateable properties in the municipality that are not rated in terms of Section 7.

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

- the extent of services provided by the municipality in respect of such properties;
- the contribution of agriculture to the local economy;
- the extent of which agriculture assists in meeting the service delivery and development obligations of the municipality; and
- the contribution of agriculture to the social and economic welfare of farm workers.

Any exemptions, rebates or reductions granted and provided for in the rates policy adopted by a municipality must comply and be implemented in accordance with a national framework that may be prescribed after consultation with organized local government.

No municipality may grant relief in respect of the payment of rates to:

- a category of owners of properties, or to the owners of a category of properties, other than by way of an exemption, rebate or reduction as provided for in its rates policy and granted in terms of Section 15 of the present Act; or
- the owners of properties on an individual basis.

SECTION 4: COMMUNITY PARTICIPATION

Before a municipality adopts its rates policy, the municipality must follow the process of community participation envisaged in Chapter 4 of the Municipal Systems Act, and comply with the following requirements, as set out below.

The municipal manager of the municipality must:

- conspicuously display the draft rates policy for a period of at least 30 days at the municipality's head and satellite offices and libraries; and, if the municipality has an official website or a website available to it, on that website as well; and

- publish in the media a notice stating that a draft rates policy has been prepared for submission to the council, and that such policy is available at the various municipal offices for public inspection, and (where applicable) is also available on the relevant website, and inviting the local community to submit comments and representations to the municipality within a period specified in the notice, but which period shall not be less than 30 days.

The council must take all comments and representations made to it into account when it considers the draft rates policy.

SECTION 5: ANNUAL REVIEW OF RATES POLICY

The council must annually review, and – if needed – amend its rates policy. Any amendments to the rates policy must accompany the municipality's annual budget when it is tabled in the council in terms of the Municipal Finance Management Act.

When the council decides to amend the rates policy, community participation must be allowed for as part of the municipality's annual budget process.

SECTION 6: BY-LAWS TO GIVE EFFECT TO RATES POLICY

A municipality must adopt by-laws to give effect to the implementation of its rates policy, and such by-laws may differentiate between different categories of properties, and different categories of owners of properties liable for the payment of rates.

SECTION 7: RATES TO BE LEVIED ON ALL RATEABLE PROPERTY

When levying rates a municipality must levy such rates on all rateable property in its area, but it is nevertheless not obliged to levy rates on:

- properties of which the municipality itself is the owner;
- public service infrastructure owned by a municipal entity;
- rights registered against immovable property in the name of a person;
- properties in respect of which it is impossible or unreasonably difficult to establish a market value because of legally insecure tenure attributable to past racially discriminatory laws or practices.

The requirement to levy rates on all rateable properties does not prevent a municipality from granting exemptions or rebates on, or reductions in rates levied.

SECTION 8: DIFFERENTIAL RATES

A municipality may in terms of the criteria set out in its rates policy levy different rates for different categories of rateable property, and these categories may be determined according to the

- use of the property;
- permitted use of the property; or

- o Bitou will ensure that an exit interview process is in place which includes the assessment of the perceptions of the business ethics and conduct standards within the organisation. This will assist in identifying areas for improvement.

3.1.4 Ethics Committee

- i. Bitou Municipality will establish a Ethics Committee. The committee will be tasked in dealing with all fraud related allegations.
- ii. The committee will have its terms of reference and these terms will be binding to all members.
- iii. This committee will be responsible for evaluating fraud allegation and initiating investigations where necessary
- iv. This committee will consist of **at least** the following officials:
 - o Chairperson of the Audit Committee
 - o The Chief Audit Executive
 - o The Municipal Manager
 - o Chief Legal Adviser
 - o Supply Chain Manager
 - o Manager: PMS and Compliance
 - o Human Resource Manager
- v. The members of this committee will abide by the principles of the Protected Disclosures Act of 2000.
- vi. The terms of reference of this committee will include the following in relation to the Plan:
 - a. Securing buy-in from all stakeholders;
 - b. Information sharing;
 - c. On-going identification of weaknesses in systems and solutions;
 - d. Creating awareness and ensuring adequate training and education to promote the Plan; and
 - e. Assessing progress and on-going maintenance and review

3.1.5 Investigation

- i. Dealing with suspected fraud and corruption

In the event that fraud or corruption is detected or suspected, investigations will be initiated, and if warranted, disciplinary proceedings, prosecution or action aimed at the recovery of losses will be initiated.

ii. Investigations

Any reports of incidents of fraud and / or corruption will be confirmed by an independent investigation. Anonymous reports may warrant a preliminary investigation before any decision to implement an independent investigation is taken.

Investigations will be undertaken by appropriately qualified and experienced persons who are independent of the department / section where investigations are required. This may be a senior manager within the institution itself, an external consultant or a law enforcement agency. All investigations performed and evidence obtained will be in accordance with acceptable practices and legal requirements. Independence and objectivity of investigations are paramount.

Any investigation initiated must be concluded by the issue of a report by the person/s appointed to conduct such investigations. Such reports will only be disseminated to those persons required to have access thereto in order to implement whatever action is deemed appropriate as a result of the investigation.

Investigations may involve one or more of the following activities:

- Interviewing of relevant witnesses, internal and external, including obtaining statements where appropriate;
- Reviewing and collating documentary evidence;
- Forensic examination of computer systems;
- Examination of telephone records;
- Enquiries from banks and other financial institutions (subject to the granting of appropriate approval/Court orders);
- Enquiries with other third parties;
- Data search and seizure;
- Expert witness and specialist testimony;
- Tracing funds / assets / goods;
- Liaison with the police or other law enforcement or regulatory agencies;
- Interviewing persons suspected of involvement in fraud and corruption; and

- Report preparation.

Any investigation into improper conduct within the institution will be subject to an appropriate level of supervision by a responsible committee, having regard to the seriousness of the matter under investigation.

iii. Disciplinary proceedings

The ultimate outcome of disciplinary proceedings may involve a person/s receiving written warnings or the termination of their services. All disciplinary proceedings will take place in accordance with the procedures as set out in the disciplinary procedures.

Should investigations uncover evidence of fraud or corruption in respect of an allegation or series of allegations, the institution will review the facts at hand to determine whether the matter is one that ought to be reported to the relevant law enforcement agency for investigation and possible prosecution. Such reports must be submitted to the South African Police Service in accordance with the requirements of all applicable acts. The institution will give its full co-operation to any such law enforcement agency including the provision of reports compiled in respect of investigations conducted.

3.1.6 Internal control review after discovery of fraud

- i In each instance where fraud is detected, Line Management will reassess the adequacy of the current internal control environment (particularly those controls directly impacting on the fraud incident) to consider the need for improvements.
- ii The responsibility for ensuring that the internal control environment is reassessed and for ensuring that the recommendations arising out of this assessment are implemented will lie with Line Management of the department / section concerned.
- iii Bitou will be consistent and efficient in its application of the disciplinary measures. Additional measures, which will be considered include:
 - Communication of specific disciplinary standards and forbidden conduct;
 - Introducing a system where the application of disciplinary measures is applied consistently;

- Steps for on-going training of managers in the application of disciplinary measures;
- Where managers are found to be inconsistent and/or inefficient in the application of discipline, Bitou will consider firm action; and
- Publication (within the permissible legal framework) of the outcomes and sanctions of disciplinary actions, including lessons learned. The successful achievement of these initiatives, together with their communication is expected to have a deterrent effect.

3.1.7 Municipal Public accounts Committee

This is the committee of council appointed in terms of section 79 of the Municipal Systems Act. It consists of councillors. Its responsibilities included interrogating fruitless and wasteful expenditure, unforeseen and unavoidable expenditure, irregular expenditure, annual report and more.

This committee can also initiate investigations on alleged corruption. It will also receive the reports on investigation initiated by the Ethics Committee.

3.1.8 Financial Systems and Control

- i. Appropriate finance policies and procedures are also necessary to ensure appropriate internal control over finance management and to limit fraud and corruption risks. The effectiveness of the existing finance policies and procedures will also be tested during the course of internal audits and shortcomings are addressed.
- ii. The Council of Bitou must approve an annual budget for Bitou before the start of the financial year. Bitou may only incur expenditure in terms of an approved budget and within limits of the amounts appropriated for the different votes in an approved budget.
- iii. The Municipal Manager of Bitou is regarded as the accounting officer for Bitou. Therefore the Municipal Manager should ensure that the financial systems and controls that are in place in Bitou address the following:
 - Effective, efficient and economic use of resources;
 - Proper record keeping of the financial affairs of Bitou;
 - Effective, efficient and transparent systems of financial and risk management and internal control;
 - Effective, efficient and transparent systems of internal audit;

- Prevention of irregular or fruitless and wasteful expenditure; and
 - Institution of disciplinary or, when appropriate, criminal proceedings against employees who have committed an act of financial misconduct or other offence, including fraud and corruption.
- iv Further, the Municipal Manager must ensure that an effective system of expenditure control is in place. According to the MFMA, the accounting officer of Bitou must report to the South African Police Service all cases of alleged theft and fraud that occurred in Bitou.
- v Top management, senior management and other officials of Bitou must assist the Municipal Manager in coordinating the financial systems and controls within Bitou.
- vi The finance policies, procedures and other prescripts of Bitou prescribe various controls, which, if effectively implemented, would limit fraud and corruption within Bitou. These controls may be categorised as follows, it being recognised that the categories contain overlapping elements:
- (a) Prevention controls, which is further subdivided into:
- i. Authorisation Controls which require that all transactions must be authorised or approved by an appropriate responsible person and that the limits for these authorisations are specified in the delegations of authority of Bitou.
 - ii. Physical Controls which are concerned mainly with the custody of assets and involve procedures and security measures designed to ensure that access to assets is limited to authorised personnel.
- (b) Detection controls, which is further subdivided into:
- i. Arithmetic and accounting controls, which are basic controls within the recording function which ensure that transactions to be recorded and processed have been authorised, are complete, are correctly recorded, and accurately processed. Such controls include checking arithmetical accuracy of records, the maintenance and checking of totals, reconciliation, control accounts, and accounting for documents.

- ii. Physical controls, which relate to the security of records and are similar to preventive controls in that they are also designed to limit access.
 - iii. Supervision, which relates to supervision by responsible officials of day-to-day transactions and the recording thereof.
 - iv. Management information which relates to the review of management accounts and budgetary controls. These controls are normally exercised by management outside the day-to-day routine of the system.
- (c) Segregation of duties
- i. One of the primary means of control is the separation of those responsibilities or duties that would, if combined, enable one individual to record and process a complete transaction, thereby providing him/her with the opportunity to manipulate the transaction irregularly and commit fraud and corruption.
 - ii. Segregation of duties reduces the risk of intentional manipulation or error and increases the element of checking.
 - iii. Functions that should be separated include those of authorisation, execution, custody, recording, and, in the case of computer-based accounting systems, systems development and daily operations.
 - iv. Placed in context with fraud and corruption prevention, segregation of duties lies in separating either the authorisation or the custodial function from the checking function.
- viii. Despite the existence of policies and procedures to address internal control, deficiencies such as ineffective application of policies and procedures resulting from lack of training, expertise, knowledge and capacity has the potential to lead to increased incidence of fraud and corruption.
- viii. Bitou will continue to initiate steps to address the problem of lack of training, expertise and knowledge in systems, policies and procedures to improve internal control. Areas of weakness will be identified during audits and risk assessments.
- ix. Furthermore, Bitou will also continue to re-emphasise to all supervisors that consistent compliance by all employees with internal control is one of the fundamental controls in place to prevent fraud and corruption.

Managers will be encouraged to recognise that internal control shortcomings identified during the course of audits are, in many instances, purely symptoms and that they should strive to identify and address the causes of these internal control weaknesses, in addition to addressing the control weaknesses.

- x Where managers do not comply with basic internal controls, e.g. non-adherence to the delegation of authority limits, firm action(s) will be considered.

3.1.9 Supply Chain Management

- i. The MFMA requires every municipality to have a Supply Chain Management policy that is fair, equitable, transparent, competitive and cost effective.
- ii. Further, the MFMA stipulates that the Supply Chain Management policy of Bitou must at least address the following aspects:
 - The barring of persons from participating in tendering or other bidding processes that have:
 - (a) been convicted of fraud or corruption during the past five years;
 - (b) wilfully neglected, reneged on or failed to comply with government contract during the past five years; and
 - (c) whose tax matters are not cleared by SARS
- iii. The Municipal Manager of Bitou must implement the Supply Chain Management policy and take all responsible steps to ensure that proper mechanism and separation of duties in the Supply Chain Management system are in place to minimise the risk of fraud, corruption, favouritism and unfair and irregular practices.
- iv. At a minimum, the Supply Chain Management policy of Bitou should contain the following anti-fraud and anti-corruption provisions:
 - The range of supply chain management processes that Bitou may use, e.g. tenders, quotations, etc.;
 - When a particular process must be used;
 - Procedures for each type of process;
 - Open and transparent pre-qualification processes for tenders and other bids;
 - Competitive bidding processes;
 - Bid documentation, advertising of and invitations for contracts;

- Procedures for:
 - the opening, registering and recording of bids in the presence of interested parties;
 - the evaluation of bids;
 - negotiating the final terms of the contracts; and
 - the approval of bids;
- Screening processes and security clearances for prospective contractors on tenders or other bids above a prescribed value;
- Compulsory disclosure of conflicts of interests;
- The barring of persons from participating in tendering or other bidding processes who have:
 - been convicted of fraud or corruption during the past five years;
 - wilfully neglected, reneged on or failed to comply with a government contract during the past five years; and
 - tax matters that are not cleared with SARS;
- Any additional measures for:
 - combating fraud, corruption, favouritism and unfair and irregular practices in Bitou's supply chain management; and
 - Promoting ethics of officials and other role players involved in Bitou's supply chain management.

3.1.10 Housing Subsidy

- i. A housing subsidy is a grant by Government offered to qualifying beneficiaries for housing purposes. The grant is not paid in cash to the beneficiaries. The grant is paid to a seller or may be used to construct a house, which is then transferred to a beneficiary.
- ii. Applications for a housing subsidy must satisfy the following criteria that are in line with Bitou's housing policy and national and provincial criteria.

3.1.11 Housing Allocation

- i. Bitou facilitates the allocation of houses built by means of funding from Provincial and National Government. Furthermore, Bitou facilitates communication with communities through the different structures, e.g. ward committees etc. Beneficiaries on the waiting list for housing may be captured by Bitou. A fundamental risk in the allocation of houses is that housing may be irregularly allocated to beneficiaries, e.g. beneficiaries may be moved up the waiting list in exchange for undue benefit.
- ii. Bitou will develop a housing policy that, at a minimum, will address the risk of fraud and corruption.

3.1.12 Risk Management and Assessment

- i. In order to identify and address risks facing Bitou, a risk assessment will be performed on an annual basis. This process will be complimented by the specific identification of existing controls to mitigate risks identified. Additional actions to further mitigate these risks will culminate in a risk management plan.
- ii. Presentations to employees of Bitou will be conducted in order to ensure that they have a more detailed understanding of the fraud and corruption risks facing Bitou and the areas wherein these risks exist, thus enhancing the prospect of detecting irregularities earlier.

3.1.13 Fraud Detection Reviews

Bitou will perform specific detection reviews in areas, which are at high risk of unethical conduct, fraud and corruption on a regular basis. This will include g of presentations to employees, including managers, to ensure that they have detailed understanding of the risks associated with these areas, thus also enhancing the prospect of detecting irregularities earlier. The high risk areas include:

- Recruitment and selection of staff;
- Procurement, e.g. emergency procurement, sole suppliers, etc.;
- Housing, e.g. allocation, administration of housing waiting lists, etc.; and
- Financial Systems and Control, e.g. payment of suppliers, receipt and banking.

3.1.14 Internal and External Audit

- I. The MFMA stipulates that a Municipality must maintain a system of internal audit under the control and direction of an audit committee. Furthermore, the internal audit function of Bitou is required to report on matters relating to:
 - Internal Control;
 - Accounting procedures and practices;
 - Risk and risk management;
 - Loss control; and
 - Compliance with applicable legislation.

- ii. Bitou recognises the fact that the positive support by all its managers for Internal Audit and its functions, speedy response to, and the addressing of queries raised by Internal Audit is vital to the success of the Strategy. Managers should not be slow in addressing internal control and shortcomings raised by Internal Audit.
- iii. Awareness strategies will also be developed to enhance managers' understanding of the role of Internal Audit.
- iv. Bitou Municipality is also the subject of annual external audits. These audits include the following tasks:
 - Examining evidence supporting the amounts and disclosures in the financial statements;
 - Assessing the accounting principles used and significant estimates made by management; and
 - Evaluating the overall financial statement presentation.

3.1.15 Physical and Information Security

3.1.15.1 Physical Security

- i. Bitou's main physical security threat arises in the area of control over its physical assets, facilities and employees. Security personnel and access systems are deployed to mitigate this threat. However, control over security personnel and access systems should continuously be reviewed for adequacy.
- ii. Bitou will also consider conducting a regular detailed review of the physical security arrangements at its offices and other sites and improve weaknesses identified. Specific focus areas will be physical security over infrastructure, assets and staff.
- iii. Furthermore, Bitou will continue to pursue steps to ensure adequate security over its people, confidential information and information systems.

3.1.15.2 Information Security

- i. Bitou will ensure that all employees are sensitised on a regular basis to the fraud and corruption risks associated with information security and the utilisation of computer resources, in particular – access control, and ensure that systems are developed to limit the risk of manipulation of computerised data.

- ii. Communiqués will be provided to all employees on the management of intellectual property and confidential information to limit the risk of manipulation of information.
- iii. Regular communiqués will be forwarded to employees pointing out security policies, with a particular emphasis on e-mail and Internet usage and the implications (e.g. disciplinary action) of abusing these and other computer related facilities. Where employees are found to have infringed on prevailing policy in this regard, disciplinary action will be taken.
- iv. Regular reviews of information and computer security will also be considered. Weaknesses identified during these reviews will be addressed.

3.2 Focus on other Stakeholders

- i. Bitou has several other stakeholders with whom it interacts. These are indicated below:
 - Trading partners, e.g. suppliers, contractors, consultants;
 - Employee representative organisations;
 - DPLG;
 - SALGA; and
 - The general public.
- ii. All stakeholders with whom Bitou interacts are expected to abide by the principles contained in the Strategy. Although Bitou has limited legal rights to enforce these principles on external stakeholders, it can exercise moral persuasion to gain compliance to the principles contained in the Strategy or choose not to enter into relationships with stakeholders who do not comply.
- i. It is a common perception that employees face the greatest challenge to their integrity in the form of enticement to accept bribes from unethical suppliers, contractors and consultants. Furthermore, these trading partners are also often viewed as untrustworthy in delivery of goods and/or services.
- ii. Approaches to address the risk of fraud and corruption relating to trading partners are the following:
 - Appropriate terms and conditions in invitations to propose for services relating to the standards of business ethics expected by Bitou;

- Appropriate pre-award screening of credentials supplied by contractors;
- Provisions for the compulsory declaration of actual and/or potential conflicts of interest both by suppliers and employees of Bitou dealing with these suppliers;
- Appropriate contract terms and conditions indicating the conduct expected by Bitou;
- On-going communication of these standards;
- Sound project management;
- Monitoring and evaluation of breaches;
- Taking sound action in the event of breaches such as:
 - Prosecution;
 - Loss recovery; and
 - Placing of appropriate prohibitions on future contracts and cancellation of existing contracts.

1. Members of the general public will also be made aware of Bitou's commitment to fraud prevention and encouraged, through awareness programmes, to report irregularities affecting Bitou.

3.3 Awareness

This component of the Strategy comprises two areas, namely education and communication.

3.3.1 Education

Formal awareness presentations will be conducted for employees of Bitou in planned workshops. The on-going creating of awareness amongst all employees is, however, the responsibility of all managers. Approaches to create awareness amongst employees will address the following issues:

- Employee awareness and the application of professional ethics in their work environment;
- Employee awareness of the current systems, policies and procedures relating fraud and corruption and their rights should they blow the whistle;
- Encouraging employees to blow the whistle on fraud and corruption within their work environments; and
- Encouraging employees to understand specific fraud and corruption related risks to which Bitou may be exposed, thus enhancing the prospect of detecting irregularities earlier.

3.3.2 Communication

- i. The objective of communication is to further create awareness amongst employees, the public and other stakeholders, of the Strategy in order to facilitate a culture where all stakeholders strive to contribute towards making it a success. This will increase the prospect of fraud and corruption being reported and improve Bitou's prevention and detection ability.
- ii. Communication approaches that will be considered by Bitou are the following:
 - An official launch for the Plan aimed at all stakeholders;
 - Posters, newsletters and pamphlets to advertise the Codes of Conduct for staff members and Councillors, aimed at employees, the public and other stakeholders;
 - A suggestion box for employees and other stakeholders to make submissions which could enhance the further development of the Strategy;
 - Ensuring that ethics promotion is a fixed agenda item in meetings;
 - Signing of declarations of commitment by all employees to the Plan;
 - Endorsements of other correspondence directed at providers of goods and/or services with pro-ethics and anti-fraud and anti-corruption messages; and
 - Screensavers on computers with appropriate pro-ethics and anti-fraud and corruption messages; and
 - Publishing the Strategy and successes in its implementation in the Annual Report of Bitou.

3.4 Implementation and Monitoring

The Strategy will be reviewed on an annual basis, whilst progress with the implementation of the various components will be reviewed on a quarterly basis. In the latter regard, specific priorities stemming from the Strategy, actions to be taken, responsible persons and feedback dates relating to progress made will also be set.

3.4.1 Monitoring

Bitou will ensure that a fraud and corruption information system is developed and will include:

- (a) Recording all allegations;

- (b) Tracking progress with the management of allegations;
- (c) Facilitate the early identification of systemic weaknesses and recurring risks, and inform managers and employees of systemic weaknesses/risks; and
- (d) Provide feedback to employees and other whistle blowers on the management of allegations.

3.4.2 Implementation structure

Ethics Committee will facilitate the implementation of this strategy.