

**LEKWA TEEMANE LOCAL  
MUNICIPALITY  
“NW396”**



**DRAFT**

**RATES POLICY**

**FORMULATED IN TERMS OF SECTION: 3  
OF THE MUNICIPAL PROPERTY RATES  
ACT, NO. 6 OF 2004**

## **DRAFT RATESS POLICY**

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## RATES POLICY

### 1. LEGISLATIVE CONTEXT

- 1.1 This policy is mandated by Section 3 of the Municipal Property Rates Act, 2004 (No. 6 of 2004), which specifically provides that a municipality must adopt a Rates Policy.
- 1.2 In terms of Section 229 of the Constitution of the Republic of South Africa, 1996 (No.108 of 1996), a municipality may impose rates on property.
- 1.3 In terms of the Municipal Property Rates Act, 2004 (No. 6 of 2004) a municipality in accordance with-
  - a. Section 2(1), may levy a rate on property in its area; and
  - b. Section 2(3), must exercise its power to levy a rate on property subject to-
    - i. Section 229 and any other applicable provisions of the Constitution;
    - ii. the provisions of the Property Rates Act; and
    - iii. the rates policy.
- 1.4 In terms of Section 4 (1) (c) of the Municipal Systems Act, 2000 (No. 32 of 2000), the municipality has the right to finance the affairs of the municipality by imposing, *inter alia*, rates on property.
- 1.5 In terms of Section 62(1)(f)(ii) of the Municipal Finance Management Act, 2003 (No. 56 of 2003) the municipal manager must ensure that the municipality has and implements a rates policy.
- 1.6 This policy must be read together with, and is subject to the stipulations of the Local Government: Municipal Property Rates Act, 2004 (No. 6 of 2004).

### 2. DEFINITIONS

- 2.1 **Act** means the Municipal Property Rates Act, 2004 (No. 6 of 2004).
- 2.2 **“agent”**, in relation to the owner of a property, means a person appointed by the owner of the property-
  - (a) To receive rental or other payments in respect of the property on behalf of the owner, or

(b) To make payments in respect of the property on behalf of the owner.

**“agricultural property”** means property used for agricultural purposes;

**“annually”** means once every financial year;

**“appeal board”** means a valuation appeal board established in terms of section 56 of the Act;

**“assistant municipal valuer”** means a person designated as an assistant municipal valuer in terms of 35(1) or (2) of the Act.

**“category” –**

(a) In relation to property , means a category of properties determined in terms of section 8 of the Act; and

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

**“data collector”** means a person designated as a data –collector in terms of section 36 of the Act;

**“date of valuation”** means the date determined by a municipality in terms of section 31(1) of the Act;

**“district management area”** means a part of a district municipality which in terms of section 6 of the Municipal Structures Act has no local municipality and is governed by the 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 category C municipality.

**“effective date”-**

(a) In relation to valuation roll, means the date on which the valuation roll takes effect in terms of section 32(1) of the Act; or

(b) In relation to a supplementary valuation roll, means the date on which a supplementary valuation roll takes effect in terms of section 78(2)(b) of the Act;

**“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 rate , means an exemption granted by a municipality in terms of section 15 of the Act;

**“financial year”** means the period starting from 01 July in a year to 30 June the next year;

**“Income Tax Act”** means the Income Tax Act , 1962(Act No. 58 of 1962);

**“land reform beneficiary”** , in relation to property, means a person who-

- (a) Acquired the property through-
  - (i) The Provision of Land and Assistance ACT, 1993 (Act No.126 of 1993); or
  - (ii) The Restitution of Land rights Act, 1994(Act No.22 of 1994)
- (b) Holds the property subject to the Communal Property Associations ACT, 1996(Act No.28 of 1996); or
- (c) Holds or acquires the property in terms of such other land tenure reform legislation as may pursuant to section 25(6) and (7) of the Constitution be enacted after this Act has taken effect;

**“land tenure right”** means an old order right or a new order right as defined in section 1 of the Communal Land Rights Act, 2004;

**“local community”** , in relation to a municipality-

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

**“local municipality”** means a municipality that shares municipal executive and legislative authority in its area with a district municipality within whose area it falls, and which is described in section 155(1) of the Constitution as a category B municipality;

**“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;

**“Minister”** means the Cabinet member responsible for local government;

**“Metropolitan municipality”** means a municipal that has exclusive executive and legislative authority in its area, and which is described in section 155(1) of the Constitution as category A municipality;

**“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 No.56 of 2003)

2.2 **Municipality** means the municipal council for the municipal area of .....

2.3 **“Privately developed estates”** means single properties, situated in an area not ordinarily being serviced by the municipality, divided through sub division or township establishment into (ten or more) full title stands and/ or sectional units and where all services inclusive of water, electricity, sewerage and refuse removal and roads development are installed at the full cost of the developer and maintained and rendered by the residents of such estate.

2.4 **“Public service infrastructure”** means publicity controlled infrastructure of the following kinds;

2.4.1 National, provincial or other public roads on which goods, services or labour move across a municipality boundary.

2.4.2 Water or sewer pipes, ducts or other conduits, dams, water supply reservoirs, water treatment plants or water pumps form part of water or sewer scheme serving the public.

2.4.3 Power stations, power substations or power lines forming part of an electricity scheme serving the public.

2.4.4 Gas or liquid fuel plants or refineries or pipelines for gas or liquid fuels, forming part of a scheme for transporting such fuels.

2.4.5 Railway lines forming part of a national railway system.

2.4.6 Communication towers, masts, exchanges or lines forming part of a communications system serving the public;

2.4.7 Runways or aprons at national or provincial airports;

2.4.8 Any other publicly controlled infrastructure as may be prescribed; or

2.4.9 Rights of way, easements or servitudes in connection with infrastructure mentioned in paragraphs (a) to (i);

2.4 **“Residential property”** means improved property that:

(a) is used predominantly (60% or more) for residential purposes;

- does not have more than two units per property; and

- includes any adjoining property registered in the name of the same owner and used together with such residential property as if it were one property

Any such grouping shall be regarded as one residential property for rate rebate or valuation reduction purposes.

- (b) is a unit registered in terms of the Sectional Title Act and used predominantly for residential purposes.
- (c) Is owned by a share-block company and used solely for residential purposes.
- (d) Is a residence used for residential purposes situated on property used for or related to educational purposes?

**And specifically exclude vacant land irrespective of its zoning or intended use.**

**“Rate”** means municipal rates 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 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 granted on the amount of the rate payable on a property;

**“reduction”**, in relation to a rate payable on a property, means the lowering in terms of sections 15 of the amount for which the property was valued and the rating of the property at that lower amount;

2.5 **All other terms** are used within the context of the definitions contained in the Municipal Property Rates Act, 2004 (No. 6 of 2004).

### 3. POLICY PRINCIPLES

- 3.1 Rates are levied in accordance with the Act as an amount in the rand based on the market value of all rateable property contained in the municipality's valuation roll and supplementary valuation roll.
- 3.2 As allowed for in the Act, the municipality has chosen to differentiate between various categories of property and categories of owners of property. Some categories of property and categories of owners are granted relief from rates. The municipality however does not grant relief in respect of payments for rates to any category of owners or properties, or to owners of properties on an individual basis, other than by way of an exemption, rebate or reduction provided for in this policy.
- 3.3 There would be no phasing in of rates based on the new valuation roll, except as prescribed by legislation and in accordance with clause 19 of this policy.
- 3.4 The rates policy for the municipality is based on the following principles:

#### 3.4.1 Equity

The municipality will treat all ratepayers with similar properties the Affordability

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

#### 3.4.2 Sustainability

Rating of property will be implemented in a way that:

- i. it supports sustainable local government by providing a stable and buoyant revenue source within the discretionary control of the municipality; and
- ii. Supports local and social economic development with consideration and compliance with the LED strategy of the municipality.

#### 3.4.3 Cost efficiency

Rates will be based on the value of all rateable properties and the amount required by the municipality to balance the operating budget after taking into account profits generated on trading services (water, electricity) and economic services (refuse removal, sewerage removal) and the amounts required to

finance exemptions, rebates, reductions and phasing-in of rates as approved by the municipality from time to time.

#### **4. SCOPE OF THE POLICY**

This policy guides the annual setting (or revision) of property rates. Details pertaining to the applications of the various property rates are published in the Provincial Gazette and the municipality's schedule of tariffs, which must be read in conjunction with this policy.

#### **5. APPLICATION OF THE POLICY**

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

#### **6. PRINCIPLES APPLICABLE TO FINANCING OF SERVICES**

6.1 The municipal manager or his/her nominee must, subject to the guidelines provided by the National Treasury and Mayor or Portfolio Committee of the municipality, make provision for the following classification of services:-

##### 6.1.1 Trading services

- I. Water
- ii. Electricity

##### 6.1.2 Economic services

- i. Refuse removal.
- ii. Sewerage disposal.

##### 6.1.3 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 or authorised to them under the Constitution or any other law.

- vi. Stormwater 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

#### 6.1.4 Subsidised services

- i. Proclaimed roads.

6.2 Trading and economic services must be ring fenced and financed from service charges while community and subsidised services will be financed from profits on trading and economic services, regulatory fees, rates and rates related income.

6.3 **Expenditure** will be classified in the following **categories**:

- (a) Salaries, wages and allowances
- (b) Bulk purchases
- (c) General expenditure
- (d) Repairs and maintenance
- (e) Capital charges (interest, redemption and depreciation)
- (f) Contribution to fixed assets
- (g) Contribution to funds-
  - i. Bad debts.
  - ii. working capital; and
  - iii. Statutory funds.
- (h) Contribution to reserves.
- (i) Gross expenditure. (a to h)
- (j) Less charge-out. (Inter departmental charge-outs)
- (k) Net expenditure. (i–j)
- (l) Income.
- (m) Surplus/Deficit – (Difference between (k) and (l))

6.4 **Cost centres** will be created to which the costs associated with providing the service can be allocated-

- (a) by Department;
- (b) by Section/services; and
- (c) by Division/services.

6.5 The subjective classification of expenditure each with a unique vote must be applied to all cost centres.

## **7. CATEGORIES OF PROPERTY**

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

7.1.1 Residential properties;

7.1.2 Industrial properties;

7.1.3 Business/office properties;

7.1.4 Business/commercial properties;

7.1.5 Farm properties (including small holdings) used for:-

- Agricultural purposes only;
- Commercial purposes;
- Industrial purposes;
- Residential purposes:
  - Ordinary residential properties used for residential purpose only,
  - Ordinary residential properties used for residential and business purpose with the consent of the municipality,
  - Ordinary residential properties used for residential and business purpose without the consent of the municipality,
  - Low cost housing used for residential purpose only,
  - Low cost housing used for residential as well as business purpose,
- Recreational purposes such as sport farms and/or resorts or game farms;
- Mining purposes;
- A combination of above purposes;

7.1.6 Farm properties not used for any purpose;

7.1.7 State owned properties;

7.1.8 Municipal properties;

7.1.9 Public service infrastructure referred to in the Act;

7.1.10 Privately owned towns serviced by the owner;

7.1.11 Informal settlements;

7.1.12 State trust land;

7.1.13 Communal land as defined in section 1 of the Communal Land Rights Act of 2004;

7.1.14 Properties-

- acquired through the Provision of the Land and Assistance Act, 1993(Act 126 of 1993), or the Restitution of Land Rights Act, 1994 (Act 22 of 1994); or
- Properties subject to the Communal Property Associations Act, 1996 (Act 28 of 1996);

7.1.15 Protected areas;

7.1.16 Properties on which national monuments are proclaimed;

7.1.17 Properties owned by Public Benefit Societies;

7.1.18 Properties used for multiple purposes;

7.1.19 Privately developed estates.

7.2 In determining the category of a property referred to in 7.1 the municipality shall take into consideration the following criteria or a combination thereof:-

- The formal zoning of the property;
- Township establishment approvals;
- The lawful use of the property;
- Permitted use of the property; and
- The geographical area in which the property is situated.

7.3 In order to create certainty and to ensure consistency the criteria mentioned in 7.2 shall be applied as indicated below in order of priority and no deviation is permissible:

7.3.1 Properties shall first of all be categorized in accordance with their formal zoning. Town planning schemes, town

establishment schemes and town planning regulations may be used to determine the formal zoning.

7.3.2 If, for whatever reason, the status or zoning of a property cannot be determined in terms of 7.3.1 the lawful use shall then be determined in order to appropriately categorize such property. All relevant information, including circumstantial evidence, may be taken into consideration in an attempt to determine for what purpose the property is being used. A physical inspection may be done to acquire the necessary information.

7.3.3 If the lawful use and the permitted use differ the latter shall prevail. This normally occurs when the zoning or status of the land is enhanced and naturally its value as well.

7.3.4 The geographical area in which a property is situated may be used to assist in the categorization of a property when the provisions of 7.3.1 can not be applied. However, the geographical area as a criterion should not be used in isolation.

7.4 Properties used for multiple purposes shall be categorised and rated as provided for in section 9 of the Act and as more fully described in clause 9.

## **8. CATEGORIES OF OWNERS**

8.1 For the purpose of granting exemptions, reductions and rebates in terms of clause 11, 12 and 13 respectively the following categories of owners of properties are determined:

(a) Those owners who qualify and who are registered as indigents in terms of the adopted indigent policy of the municipality;

(b) Those owners who do not qualify as indigents in terms of the adopted indigent policy of the municipality but whose total monthly

income is less than the amount annually determined by the municipality in its budget;

- (c) Owners of property situated within an area affected by-
  - i. a disaster within the meaning of the Disaster Management Act, 2002 (Act No. 57 of 2002); or
  - ii. serious adverse social or economic conditions.
- (d) Owners of residential properties with a market value below the amount as determined annually by the municipality in its budget; and
- (e) Owners of agricultural properties who are *bona fide* farmers.

## **9. PROPERTIES USED FOR MULTIPLE PURPOSES**

9.1 Rates on properties used for multiple purposes will be levied as follows:

- (a) In accordance with the “permitted use of the property”, if the permitted use of the property is regulated;
- (b) In accordance with the “dominant use of the property” if (a) cannot be applied; or
- (c) In accordance with the “different uses” by apportioning the market value of a property to the different purposes for which the property is used if both (a) and (b) above cannot be applied.

## **10. DIFFERENTIAL RATING**

10.1 Criteria for differential rating on different categories of properties will be according to-

- (a) The nature of the property including its sensitivity to rating e.g. agricultural properties used for agricultural purposes.
- (b) The promotion of social and economic development of the municipality.

10.2 Differential rating among the various property categories will be done by way of the set rate for each property category

and/or

10.3 by way of reductions and rebates.

## 11. EXEMPTIONS

11.1 The following categories of property are exempted from rates:

(a) Municipal properties

Municipal properties are exempted from paying rates as it will increase the rates burden or service charges to property owners or consumers.

**except**

jpp.

11.1.2 Residential properties

- All low cost residential properties used for residential purposes only are fully exempted if the owner qualifies as an indigent person in terms of the municipalities Indigent Policy.
- All residential properties with a market value of less than the amount as annually determined by the municipality are exempted from paying rates. The impermissible rates contemplated in terms of section 17(1) (h) of the Property Rates Act is included in the amount referred to above as annually determined by the municipality. This is an important part of the council's indigent policy and is aimed primarily at alleviating poverty.

11.1.3 Cemeteries and crematoria

Registered in the names of private persons and operated not for gain.

11.1.4 Public Benefit Organisations

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

i. Health care institutions

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

ii. Welfare institutions

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

iii. Educational institutions

Property belonging to educational institutions declared or registered by law.

iv. Independent schools

Property used by registered independent schools for educational purposes only.

v. Charitable institutions

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

vi. Sporting bodies

Property used by an organisation whose main purpose is to use the property for sporting purposes on a non-professional and non-profitable basis.

vii. Cultural institutions

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

viii. Museums, libraries, art galleries and botanical gardens

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

ix. Youth development organisations

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

x. Animal welfare

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

11.1.5 Public Service Infrastructure

Is exempted from paying rates as they provide essential services to the community

11.2 Exemptions will be subject to the following conditions:

11.2.1 all applications must be addressed in writing to the municipality in the prescribed manner or application form;

11.2.2 a SARS tax exemption certificate must be attached to all applications;

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

11.2.4 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

11.2.5 the municipality reserves the right to refuse exemptions if the details supplied in the application form are incomplete, incorrect or false.

**12. REDUCTIONS**

12.1 Reductions as contemplated in section 15 of the Act will be considered on an *ad-hoc* basis in the event of the following:

12.1.1 Partial or total destruction of a property.

12.1.2 Disasters as defined in the Disaster Management Act, 2002 (Act 57 of 2002).

12.2 The following conditions shall be applicable in respect of 12.1:-

12.2.1 The owner referred to in 12.1.1 shall apply in writing for a reduction and the onus will rest on such applicant to prove to the satisfaction of the municipality that his property has been totally or partially destroyed. He/ she will also have to indicate to what

extent the property can still be used and the impact on the value of the property.

12.2.2 Property owners will only qualify for a rebate if affected by a disaster as referred to in the Disaster Management Act, 2002 (Act No. 57 of 2002).

12.2.3 A maximum reduction of 50% will be allowed in respect of both 12.1.1 and 12.1.2.

12.2.4 An ad-hoc reduction will not be given for a period in excess of 6 months, unless the municipality gives further extension on application.

### **13. REBATES**

#### **13.1. Categories of property**

##### **13.1.1 Business, commercial and industrial properties**

13.1.1.1 The municipality may grant rebates to rateable enterprises that promote local, social and economic development in its area of jurisdiction, based on 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
- c. creation of infrastructure for the benefit of the local community.

13.1.1.2 A maximum rebate as annually determined by the municipality may be granted on application as prescribed to:

- a. a business plan submitted in respect of the company indicating how the local, social and economic development objectives of the municipality are going to be met;
- b. a continuation plan issued by the directors and certified by auditors of the company stating that the objectives have been met in the first year after establishment and how the business entity plans to continue to meet the objectives;
- c. an assessment by the municipal manager or his/her nominee indicating that the company qualifies; and
- d. approval of the application by a municipal council resolution.

13.1.1.3 In determining the annual rebate the municipality shall take into consideration all relevant and applicable circumstances.

13.1.2 State properties

Receive a rebate as determined in schedule A.

**Note:** *State owned property no longer qualifies for any rates rebate by virtue of ownership .However , the exemptions, rebates and reductions relating to the usage of properties as specified in this Property Rates Policy apply to State- owned property.*

13.1.3 Residential properties

The municipality may grant a rebate as annually determined in schedule A, which applies to improved residential property that is:

- 13.1.3.1 used predominantly for residential purposes, with not more than two dwelling units per property,
- 13.1.3.2 Registered in terms of the Sectional Title Act,
- 13.1.3.3 Owned by a share-block company, or
- 13.1.3.4 a rateable residence on property used for or related to educational purposes

13.1.4 Privately developed estates

The municipality may grants an additional rebate of 30%, which applies to privately developed estates qualifying as defined in paragraph 2.4 of this policy provided that an application to that effect is received not later than 30 September of each year.

13.1.4 Agricultural property rebate

- 13.1.4.1 Agricultural properties may be granted a rebate subject to the owner providing the municipality with required information in an affidavit received not later than 30 September each year.
- 13.1.4.2 Qualifying requirements are that the owner should provide proof that he is registered as a *bona fide* farmer with SARS,  
or
- 13.4.4.3 where the owner is not taxed as a farmer, proof is required that income from farming activities exceeds 40% of the household income.

13.4.4.4 Rebates may be granted on the following as outline in Schedule A:

a. The extent of municipal services provided to agricultural properties

- b.
- i. if there are no municipal roads next to the property.
  - ii. if there is no municipal sewerage to the property.
  - iii. if there is no municipal electricity to the property.
  - iv. if water is not supplied by the municipality
  - v. if there is no refuse removal that is provided by the municipality.

b. The contribution of agriculture to the local economy

A rebate may be granted as determined in Schedule A to agricultural property that contributes substantially to job creation, and the salaries/wages of farm workers are reasonable, e.g. if they meet minimum standards set by government or if they are in line with the sector's average.

c. Rebates may be granted as determined in Schedule A after submission of proof by the owner, to the extent to which agriculture assists in meeting service delivery and development obligations of the municipality and contribution to the social and economic welfare of farm workers:

- i. if the owner is providing permanent residential property to the farm workers and such property is registered in the name of these farm workers,
- ii. if such residential properties are provided with potable water.
- iii. if the farmer has electrifies such residential properties of his farm workers.
- iv. if the farmer is availing his land/buildings to be used for cemetery, education and recreational purposes of the farm workers and their dependants and the nearby community in general, etc.

**NOTE: 1. MUNICIPALITY TO DECIDES ACCORDING TO THEIR SPECIFIC CIRCUMSTANCES/NEEDS WHAT PERCENTAGE REBATES TO GRANT TO AGRICULTURAL**

**PROPERTIES. THIS WILL BE DISCUSSED DURING THE COMMUNITY PARTICIPATION PROCESS WHEN RATES POLICY IS WORKSHOPPED WITH COMMUNITIES/AGRICULTURE OWNERS**

**2. THE ONUS IS ON THE FARMER TO APPLY FOR THESE REBATES ON A YEARLY BASIS AND TO PROVIDE THE NECESSARY PROOF WITH APPLICATION. MUNICIPALITY CAN DO SPOT-CHECKS TO ENSURE COMPLIANCE.**

#### 13.1.5 Conservation Land

No rebates are granted to privately owned properties whether designated or used for conservation purposes subject to the provision of Section 17(1)(e) of the Act.

#### 13.1.6 Historical or heritage properties

No rebates are granted other than residential rebates if appropriate.

#### 13.1.7 Public Service Infrastructure

A rebate of 30% as mandated by the Act [Section 17(1)(a)] will be granted for Public Service Infrastructure as they provide essential services to the community

### 13.2 Categories of owners

#### 13.2.1 Retired and Disabled Persons Rate Rebate

13.2.1.1 Retired and Disabled Persons qualify for special rebates according to monthly household income. To qualify for the rebate a property owner must:

- a. occupies the property as his/her normal residence;
- b. be at least 60 years of age or in receipt of a disability pension from the Department of Social Development or other approved pension funds;
- c. be in receipt of a total monthly income from all sources (including income of spouses of owner) as per schedule A;
- d. not be the owner of more than one property.
- e. provided that where the owner is unable to occupy the property due to no fault of his/her own, the spouse or minor children may satisfy the occupancy requirement.

- 13.2.1.2 Property owners must apply on a prescribed application form for a rebate as determined by the municipality.
- 13.2.1.3 Applications must be accompanied by-
- a. a certified copy of the bar coded identity document, passport, driver's license, birth certificate or any other proof of the owner's age which is acceptable to the municipality;
  - b. sufficient proof of income of the owner and his/her spouse;
  - c. an affidavit from the owner;
  - d. if the owner is a disabled person proof of a disability pension payable by the state must be supplied; and
  - e. if the owner has retired at an earlier stage for medical reasons proof thereof must be submitted.
  - f. be in receipt of a total monthly income from all sources (including income of spouses of owner) as determined in schedule A;
- 13.2.1.4 these applications must reach the municipality before the end of September preceding the start of the new municipal financial year for which relief is sought.
- 13.2.1.5 the municipality reserves the right to refuse rebates if the details supplied in the application form are incomplete, incorrect or false.
- 13.2.1.6 The extent of the rebate shall annually be determined by the municipality and it shall be included in the annual budget.

### 13.3 Properties with a market value below a prescribed valuation level

These properties may be levied at a flat rate instead of a rate determined on the market value.

## 14. **COMPULSORY PHASING IN OF RATES**

### Newly Rateable Properties

Rates levy on newly rateable property will be phased in over a period of three financial years,

The phasing-in discount will be determined as follow:

- (a) In the first year, 75% discount on the rates for the year applicable on the property,
- (b) in the second year, 50% discount on the rates for the year applicable on the property,
- (c) in the third year, 25% discount on the rates for the year applicable on the property,

#### Newly Rateable property owned and used by Public Benefit Organisations

Rates levied on newly rateable property owned and used by organisations conducting specified public benefit activities and registered in terms of the Income Tax Act for those activities will be phased in over a period of four financial years,

The phasing-in discount will be determined as follow:

- (a) In the first year no rates will be levied on the property concerned,
- (b) In the second year, 75% discount on the rates for the year applicable on the property,
- (c) in the third year, 50% discount on the rates for the year applicable on the property,
- (d) in the fourth year, 25% discount on the rates for the year applicable on the property,

#### Rates on Property belonging to a land reform beneficiary or his/her heirs

The exclusion on property belonging to a land reform beneficiary or his/her heirs from levying of rates will lapses ten years from the date on which such beneficiary's title was registered in the office of the Registrar of Deeds,

After the exclusion period has lapsed, rates payable on the properties concerned will be phased-in over a period of three financial years,

The phasing-in discount will be determined as follow:

- (a) In the first year, 75% discount on the rates for the year applicable on the property,
- (b) in the second year, 50% discount on the rates for the year applicable on the property,
- (e) in the third year, 25% discount on the rates for the year applicable on the property,

**NOTE: THE MUNICIPALITY MAY ON APPROVAL FROM THE MEC FOR LOCAL GOVERNMENT EXTEND THE PHASING-IN PERIOD TO A MAXIMUM OF SIX FINANCIAL YEARS. THE MEC MUST DETERMINE THE MINIMUM PHASING-IN DISCOUNT ON THE RATE PAYABLE DURING EACH FINANCIAL YEAR IN THE EXTENDED PERIOD.**

## **15. SPECIAL RATING AREAS**

- 15.1 The municipality will, whenever deemed necessary, by means of a formal Council resolution determine special rating areas in consultation with the relevant communities as provided for in section 22 of the Act.
- 15.2 The following matters shall be attended to in consultation with the committee referred to in clause 20.3 whenever special rating is being considered:
  - 15.2.1 Proposed boundaries of the special rating area;
  - 15.2.2 Statistical data of the area concerned giving a comprehensive picture of the number of erven with its zoning, services being rendered and detail of services such as capacity, number of vacant erven and services that are not rendered;
  - 15.2.3 Proposed improvements clearly indicating the estimated costs of each individual improvement;
  - 15.2.4 Proposed financing of the improvements or projects;
  - 15.2.5 Priority of projects if more than one;
  - 15.2.6 Social economic factors of the relevant community;
  - 15.2.7 Different categories of property;
  - 15.2.8 The amount of the proposed special rating;
  - 15.2.9 Details regarding the implementation of the special rating;
  - 15.2.10 The additional income that will be generated by means of this special rating.
- 15.3 A committee consisting of 6 members of the community of who 3 shall be women will be established to advise and consult the municipality in regard to the proposed special rating referred to above. This committee will be elected by the inhabitants of the area concerned who are 18 years of age or older. No person under the age of 18 may be elected to serve on the committee. The election of the committee will happen under the guidance of the Municipal Manager. The committee will serve in an advisory capacity only and will have no decisive powers.
- 15.4 The required consent of the relevant community shall be obtained in writing or by means of a formal voting process under the chairmanship of the Municipal Manager. A majority shall be regarded as 50% plus one of the households affected. Each relevant household, i.e. every receiver of a monthly municipal account, will have 1 vote only.

- 15.5 In determining the special additional rates the municipality shall differentiate between different categories as referred to in paragraph 4.
- 15.6 The additional rates levied shall be utilised for the purpose of improving or upgrading of the specific area only and not for any other purposes whatsoever.
- 15.7 The municipality shall establish separate accounting and other record-keeping systems, compliant with GAMAP/GRAP, for the identified area and the households concerned shall be kept informed of progress with projects and financial implications on an annual basis.

**16. COST TO THE MUNICIPALITY DUE TO EXEMPTIONS, REDUCTIONS, REBATES, EXCLUSIONS, PHASING IN AND THE BENEFIT THEREOF TO THE LOCAL COMMUNITY**

- 16.1 The Municipal Manager shall ensure that the revenue foregone in respect of the foregoing rebates, exemptions, reductions and phasing-in are appropriately disclosed in each annual operating budget, annual financial statements and annual report and that such rebates, exemptions, reductions and phasing-in are clearly indicated on the rates account submitted to each property owner.
- 16.2 The costs associated with exemptions, reductions, rebates, exclusions and phasing in of rates as reflected in schedule B
- 16.3 The benefit to the community of granting relief measures may be-
  - i. the promotion of local economic development including attracting business investment, for example small business establishment;
  - ii. creation of employment for municipal residents;
  - iii. promotion of service delivery, for example by farmers;
  - iv. poverty alleviation to the indigents;
  - v. social development and moral development, for example, by religious institutions, sports institutions, schools and other non governmental organisations which promote health and other benefit to the community; and
  - vi. Improved local economic growth.

**17. RATES INCREASES**

- 17.1 The municipality may consider increasing rates annually during the budget process in terms of the guidelines issued by National Treasury from time to time.
- 17.2 Rate increases will be used to finance the increase in operating costs of community and subsidised services.

- 17.3 Relating to community and subsidised services the following annual adjustments will be made:
- i. All salary and wage increases as agreed at the South African Local Government Bargaining Council as well as increases of Section 56 and 57 managers
  - ii. An inflation adjustment for general expenditure, repairs and maintenance and contributions to statutory funds, and
  - iii. Additional depreciation costs or interest and redemption on loans associated with the assets created during the previous financial year.
- 17.4 Extraordinary expenditure related to community services 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.
- 17.5 Affordability of rates to ratepayers.
- 17.6 All increases in property rates will be communicated to the local community in terms of the municipality's policy on community participation.

## **18. NOTIFICATION OF RATES**

- 18.1 The municipality 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.
- 18.2 A notice stating the extent of the municipality's resolution and the date on which the new rates become operational will be displayed by the municipality for a period of at least 30 days at places provided for that purpose as well as in the Provincial gazette as required in terms of Section 14(2) of the Act.

## **19. PAYMENT OF RATES**

- 19.1 Ratepayers may choose between paying rates annually in one instalment on or before 30 September or in twelve equal instalments on or before the seventh day of the month following on the month in which it becomes payable.
- 19.2 If the owner of property that is rateable, notifies the municipal manager or his/her nominee in writing not later than 31 May in any financial year, or such later date in such financial year as may be determined by the municipal manager or his/her nominee that he/she wishes to pay all rates in respect of such property in instalments, such owner shall be entitled to pay all rates in the subsequent financial year and each subsequent financial year in twelve instalments until such notice is withdrawn by him/her in a similar manner.

- 19.3 Interest on arrears of rates, whether payable on or before 30 September or in equal monthly instalments, shall be calculated in accordance with the interest rate as determined by the Minister for Provincial and Local Government.
- 19.4 If a property owner, who is responsible for the payment of property rates in terms of this policy, fails to pay such rates in the prescribed manner, it will be recovered from him/her in accordance with the provisions of the Credit Control, Debt Collection and indigent policy of the Municipality.
- 19.5 Arrears of rates shall be recovered from tenants, occupiers and agents of the owner, in terms of section 28 and 29 of the Act as follows:
- 19.5.1 If an amount, due for rates levied on a property, is not paid by the owner by the due date as shown on the account and no reaction is forthcoming from the owner after two written reminders have been issued, the municipality shall recover the amount in full or partially as follows:
- (a) From the agent who is lawfully responsible to collect commission or rental in respect of the property concerned;
  - (b) From a tenant or occupier of the property, only after an attempt was made to collect it from an agent refer to in 17.5.2 but such attempt was unsuccessful or no such agent exists or only a part of the outstanding amount could successfully be recovered.
- 19.5.2 The amount recoverable is limited to the amount as stipulated in the Act and it may only be recovered after written notice has been served on the party concerned (tenant, occupier or agent) of the rates due and payable, but not yet paid by owner of the property.
- 19.5.3 The notice referred to in 17.5.4 shall give the party concerned at least 14 calendar days to pay the outstanding rates.

## **20 PAYMENT OF RATES ON PROPERTY IN SECTIONAL TITLE SCHEME**

- 20.1 A rate on a property, which is subject to a sectional title scheme, will be levied on the individual sectional title units in the scheme and not on the property as a whole
- 20.2 The rate levied on a sectional title unit will be payable by the owner of the unit. The municipality will not recover the rate on such sectional title unit, or any part of such rates, from the body

corporate controlling the sectional title unit, **except** when the body corporate itself is the owner of any specific sectional title unit.

## **21 ACCOUNTS TO BE FURNISHED**

21.1 The municipality will furnish each person liable for the payment of rates with a written account, which will specify:

- (i) the amount due for rates payable,
- (ii) the date on or before which the amount is payable,
- (iii) how the amount was calculated,
- (iv) the market value of the property, and
- (v) rebates, exemptions, reductions or phasing-in, if applicable.

21.2 A person liable for payment of rates remains liable for such payment, whether or not such person has received a written account from the municipality. If the person concerned has not received a written account, he/she must make the necessary enquiries with the municipality.

21.3 In the case of joint ownership the municipality shall consistently, in order to minimise costs and unnecessary administration, recover rates from one of the joint owners only provided that it takes place with the consent of the owners concerned.

## **22 CORRECTION OF ERRORS AND OMISSIONS**

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

22.2 In addition, where the error occurred because of false information provided by the property owner or as a result of a contravention of the permitted use of the property concerned, interest on the unpaid portion of the adjusted rates payable shall be levied at the maximum rate permitted by prevailing legislation.

## 23 FREQUENCY OF VALUATION

The municipality shall prepare a new valuation roll every 4 (four) years, with the option to extend the validity of the valuation roll to 5 (five) years with the approval of the MEC for Local Government and Housing in the province.

Supplementary valuations will be done on a continued basis to ensure that the valuation roll is properly maintained.

## 24 COMMUNITY PARTICIPATION

Before the municipality adopts the rates policy, the municipal manager will follow the process of community participation envisaged in chapter 4 of the Municipal Systems Act and comply with the following requirements:

The municipal manager will:

- 24.1 Conspicuously display the draft rates policy for a period of at least 30 days (municipality to include period decided on) at the municipality's head and satellite offices and libraries (and on the website)
- 24.2 Advertise in the media a notice stating that the draft rates policy has been prepared for submission to council and that such policy is available at the various municipal offices and on the website for public inspection. (Property owners and interest persons may obtain a copy of the draft policy from the municipal offices during office hours at a fee of R \_\_\_\_\_ per copy.) Property owners and interest persons are invited to submit written comments or representations to the municipality within the specified period in the notice.
- 24.3 Council will consider all comments and/or representations received when considering the finalisation of the rates policy.

## 25 REGISTER OF PROPERTIES

The municipality will compile and maintain a register in respect of all properties situated within the jurisdiction of the municipality. The register will be divided into Part A and Part B.

Part A of the register will consist of the current valuation roll of the municipality and will include all supplementary valuations done from time to time.

Part B of the register will specify which properties on the valuation roll or any supplementary valuation roll are subject to:

- i. Exemption from rates in terms of section 15 of the Property Rates Act,
- ii. Rebate or reduction in terms of section 15,
- iii. Phasing-in of rates in terms of section 21, and
- iv. Exclusions as referred to in section 17.

The register will be open for inspection by the public at the municipal main offices during office hours **or on the website of the municipality.**

The municipality will update Part A of the register every **6 months** during the supplementary valuation process.

Part B of the register will be updated .....

**26 BY-LAWS TO GIVE EFFECT TO THE RATES POLICY**

The municipality will adopt By-laws to give effect to the implementation of the 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.

**27 REGULAR REVIEW PROCESSES**

The rates policy must be reviewed on an annual basis to ensure that it complies with the Municipality's strategic objectives as contained in the IDP and with legislation.

**28 SHORT TITLE**

This policy is the Property Rates Policy of the ...Lekwa Teemane Local. Municipality.

**29 ENFORCEMENT/IMPLEMENTATION**

This policy has been approved by the Municipality in terms of resolution .....dated ..... and comes into effect from 1 July .....

**SCHEDULE A  
SCHEDULE OF REBATES**

Category/Description	Proposed rebate	Council's adopted rebate

State Properties	20%	
Residential Properties	20%	
Public schools		
Private schools		
Public Service Infrastructure	30%	
<b><u>Rebates on Agricultural Land</u></b>		
➤ No municipal roads next to property	7,5%	
➤ No municipal sewerage to the property	7,5%	
➤ No municipal electricity to the property	7,5%	
➤ No water supply to the property by the municipality	15%	
➤ No refuse removal provided by the municipality	7,5%	
➤ Contribution to job creation	5%	
<b><u>Contribution to social and economic welfare of farm workers:</u></b>		
➤ Permanent residential property provided to the farm workers	5%	
➤ Residential property provide with potable water	5%	
➤ Residential property provide with potable water	5%	
➤ Residential property provide with electricity	5%	
➤ Availing land/buildings for education and recreational purposes for farm workers		
<b><u>Retired and disabled person on residential properties only :</u></b>		
➤ Owner with income less than R 2 500 per month	40%	
➤ Owner with income between R 2 501 and R 3 500	20%	
➤ Owner with income between R 3 501 and R 5 000	10%	

**Note: In stead of changing the whole document every year, the municipality can only change this schedule after negotiations with community and role players has been finalised and is ready for adoption by council during the approval of the annual budget of the municipality**

## SCHEDULE B

### The costs associated with exemptions, reductions, rebates, exclusions and phasing in of rates

		R	c
i.	<u>Exemptions</u>		
	Municipal properties		.....
	Residential properties		.....
	Cemeteries and crematoriums		.....
	Public service infrastructure		.....
	Public benefit organisations		.....
ii.	<u>Reductions</u>		
	Properties affected by disaster		.....
	Properties affected by serious adverse Social or economic conditions		.....
iii.	<u>Rebates</u>		
	Enterprises that promote local, social and economic development		.....
	State properties		.....
	Residential properties		.....
	Retired and disabled persons		.....
iv.	<u>Phasing in</u>		
	Newly rateable property		.....
	Land reform beneficiaries		.....
v.	<u>Exclusions</u>		
	Public service infrastructure		.....
	Protected areas		.....
	Land reform beneficiary		.....
	Residential property (mandated R 15 000 exemption)		.....
	Public places of worship		.....
<b>Total Cost</b>			_____