



**Mogale City**

*Local Municipality*

**MOGALE CITY  
LOCAL MUNICIPALITY**

**PROPERTY RATES POLICY**

**2011/12**

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## MOGALE CITY LOCAL MUNICIPALITY

### PROPERTY RATES POLICY

#### **1. LEGISLATIVE CONTEXT**

- 1.1 This policy is mandated by Section 3 of the Local Government: 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 Local Government: 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 any regulations promulgated in terms thereof; and
    - iii. the rates policy.
- 1.4 In terms of Section 4 (1) (c) of the Local Government: 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 Local Government: 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) and any regulations promulgated in terms thereof from time to time.

#### **2. DEFINITIONS**

- 2.1 “**Act**” means the Local Government: Municipal Property Rates Act, 2004 (Act 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;
- 2.3 “**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);
- 2.4 “**Annually**” means once every financial year;

- 2.5 **‘Bona fide farmers’** is a person who is a fulltime farmer, who owns land that is used *bona fide* and exclusively used for agricultural purposes by him or occupiers of such;
- 2.6 **“Category”**
- (a) in relation to property, means a category of properties determined in terms of Section 7 of this policy; and
  - (b) in relation to owners of properties, means a category of owners determined in terms of Section 8 of this policy.
- 2.7 **“Child-headed household”** means a household where the main caregiver of the said household is younger than 18 years of age. Child-headed household means a household headed by a child as defined in the section 28(3) of the Constitution.
- 2.8 **“Definitions, words and expressions”** as used in the Act are applicable to this policy document where ever it is used;
- 2.9. **“Grant- in-aid”** means an additional grant awarded to persons who are in receipt of an old age grant, dability grant or war veteran’s grant, and are unable to tae care of themselves.
- 2.10 **“Government property” or “state- owned property”** means property owned and exclusively used by an organ of state, excluding farm properties used for residential or agricultural purposes or not in use;
- 2.11 **“ Non-permitted use”** means any use of property that s inconsistent with or in contravention with the permitted use of that property in which event and without condoning the non-permitted use thereof, the property shall be valued as if it were used for such non-permitted purposes only;
- 2.12 **“Improvement”** means any building or structure on or under a property excluding-
- (i) a structure constructed solely for the purpose of rendering the property suitable for the erection of any immovable structure thereon, and
  - (ii) buildings, structures and equipment or machinery referred to in Section 46 (3) of the Act;
- 2.13. **“Indigent”** means any household that is legally resident in the Country and reside in Mogale City’s jurisdictional area, who due to a number of economic and social factors is unable to pay Municipal basic services and registered as indigent in terms of the Indigent Management Policy of the Municipality;
- 2.14 **“Land reform beneficiary”**, in relation to a property, means a person who -
- (a) acquired the property through -
    - (i) the Provision of Land and Assistance Act, 1993 (Act No. 126 of 1993); or
    - (ii) the Restitution of Land Rights Act, 1994 (Act No. 22 of 1994);
  - (b) holds the property subject to the Communal Property Associations Act, 1996 (Act No 28 of 1996);

- (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 (Act No.108 of 1996) be enacted after this Act has taken effect;
- 2.15 “**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);
- 2.16 “**Market Value**” in relation to a property, means 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.
- 2.17 “**Municipal property**” means any rateable or non-rateable property owned by Mogale City.
- 2.18 “**Municipality**” means the Mogale City Local Municipality;
- 2.19 “**Newly Rateable property**” means any rateable property on which property rates were not levied before the end of the financial year preceding the date on which this Act took effect, excluding –
- (a) a property which was incorrectly omitted from a valuation roll and for that reason was not rated before that date; and
  - (b) a property identified by the Minister by notice in the Gazette where the phasing-in of a rate is not justified;
- 2.20 “**Non-permitted use**” means any use of property that is inconsistent with or in contravention with the permitted use of that property in which event and without condoning the non-permitted use thereof, the property shall be valued as if it were used for such non-permitted purposes only;
- 2.21 “**Occupier**” means a person in actual occupation of a property, whether or not that person has the right to occupy the property.
- 2.22 “**Owner**”-
- (a) in relation to a property referred to in paragraph (a) of the definition of “property”, means a person in whose name ownership of the property is registered;
  - (b) in relation to a right referred to in paragraph (b) of the definition of “property”, means a person in whose name the right is registered;
  - (c) in relation to a land tenure right referred to in paragraph (c) of the definition of “property”, means a person in whose name the right is registered or to whom it was granted in terms of legislation; or
  - (d) in relation to public service infrastructure referred to in paragraph (d) of the definition of “property”, means the organ of state which owns or controls that public service infrastructure as envisaged in the definition of “publicly controlled”, provided that a person mentioned below may for the purposes of this Act be regarded by a municipality as the owner of a property in the following cases:-
    - (i) a trustee, in the case of a property in a trust excluding state trust land;
    - (ii) an executor or administrator, in the case of a property in a deceased estate;
    - (iii) a trustee or liquidator, in the case of a property in an insolvent estate or in



- (iv) a judicial manager, in the case of a property in the estate of a person under
- (v) a curator, in the case of a property in the estate of a person under curatorship;
- (vi) a person in whose name a usufruct or other personal servitude is registered, in the case of a property that is subject to a usufruct or other personal servitude;
- (vii) a lessee, in the case of a property that is registered in the name of a municipality and is leased by it; or
- (viii) a buyer, in the case of a property that was sold by a municipality and of which possession was given to the buyer pending registration of ownership in the name of the buyer;

2.23 **“Pensioner”** for purposes of this rates policy and eligibility for old age rebate, pensioner means any owner of a rateable property who has reached the age of 60 years or more during the Municipality’s financial year.

2.24 **“Privately owned towns serviced by the owner”** 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.

2.25 **“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; or
- (d) public service infrastructure.

2.26 **“Public service infrastructure”** means publicly controlled infrastructure of the following kinds:

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

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

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

2.27 **“Residential property”** means improved property that:-

- (a) is used predominantly (60% or more) for residential purposes including any adjoining property registered in the name of the same owner and used together with such residential property as if it were one property. Any such grouping shall be regarded as one residential property for rate rebate or valuation reduction purposes.
- (b) is a unit registered in terms of the Sectional Title Act and used predominantly for residential purposes.
- (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.
- (e) For the purpose of this rates policy, excludes hostels, communes, boarding and lodging undertakings, places of instruction, hotels, guesthouses, and any vacant land irrespective of its zoning or intended use.

2.28 **“state trust land”** means land owned by the state-

- (a) in trust for persons communally inhabiting the land in terms of a traditional system of land tenure;
- (b) over which land tenure rights were registered or granted; or
- (c) which is earmarked for disposal in terms of the Restitution of Land Rights Act, 1994 (Act No. 22 of 1994).

2.29 **“Institution”** means a place of public worship such as a church, mosque, Synagogue etc

2.30 **“Education”** means a place of instruction such as a school, college, University etc

2.31 **“Private Open Space”** means an open space to which the general public has no right of access.

2.32 **“Vacant”** means any property irrespective of its zoning and/or current land use that does not have any top structure/s on it .

### **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 as contemplated in clause 7 and 8 of this policy. Some categories of property and categories of owners are granted relief from rates as contemplated in clause 11 to 13 of this policy. 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.

- 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 16 of this policy.
- 3.4 The rates policy for the municipality is based on the following principles:
- (a) Equity  
The municipality will treat all ratepayers with similar properties the same.
  - (b) Affordability  
The ability of a person to pay rates will be taken into account by the municipality. In dealing with the poor/indigent ratepayers the municipality will provide relief measures through exemptions, reductions or rebates.
  - (c) Financial Sustainability  
Rating of property will be implemented in a way that:
    - i. it supports sustainable local government by providing a stable and buoyant revenue source within the discretionary control of the municipality; and
    - ii. Supports local social economic development
  - (d) Cost efficiency  
Rates will be based on the value of all rateable property and will be used to fund community and subsidised services after taking into account surpluses generated on trading (water, electricity) and economic (refuse removal, sewerage removal) services and the amounts required to finance exemptions, rebates, reductions and phasing-in of rates as approved by the municipality from time to time.
  - (e) Poverty Alleviation
  - (f) Encourage development of property in Mogale City

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

- 4.1 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 annually 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**

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

#### **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 Council of the municipality, make provision for the following classification of services:-
- (a) Trading services
    - i. Water



- ii. Electricity
- (b) Economic services
  - i. Refuse removal
  - ii. Sewerage disposal
- (c) Community and subsidised services  
These include all those services ordinarily being rendered by the municipality excluding those mentioned in 6.1(a) and (b).

6.2 Trading and economic services as referred to in clauses (a) and (b) must be ring fenced and financed from service charges whilst community and subsidised services referred to in clause (c) will be financed from surpluses on trading and economic services, regulatory fees, rates and rates related income.

## **7. CATEGORIES OF PROPERTIES**

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 and commercial properties;

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

- Agricultural purposes only;
- Commercial and business purposes;
- Residential purposes;
- Other purposes other than those specified above.

7.1.5 Municipal properties;

7.1.6 Public service infrastructure referred to in the Act

7.1.7 Properties owned by Public Benefit Societies;

7.1.8 State owned properties;

7.1.9 **Institution**

7.1.10 **Education**

7.1.11 **Private Open space**

7.1.12 **Vacant stands**

7.1.13 **Multiple use purpose**

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

The municipal valuer of Mogale City will be responsible for the categorising of rateable properties and the maintenance thereof, and any change in the actual use of the property, may result in a change of categories.

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 categorised 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 actual use shall then be determined in order to appropriately categorise 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 The geographical area in which a property is situated may be used to assist in the categorisation of a property when the provisions of 7.3.1 cannot 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 of this policy.

## **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) Indigent  
100% rebate will be granted to those owners who qualify and who are registered as indigents in terms of the adopted indigent policy of the municipality;
- (b) Retired and the physically and mentally disabled

A pensioner who by definition is a person who will have reached the age of 60 or more during the Municipality's financial year for which the rebate will be applicable, or a person who is physically or mentally disabled and who can prove that he/she receives a social pension, or a person certified by the Health Practitioner as being physically or mentally disabled may, in terms of the Act receive a remission of 40% on the general assessment rates due for the financial year. The rebate is granted subject to the following conditions:

- (i) The joint household income of the applicant if any, may not exceed R60 000 per annum for a financial year, which amount may be reviewed during the Municipality's annual budget process;
  - (ii) The rateable property in question must be owned by the pensioner and may be occupied by only the applicant and his/her spouse, if any, and by dependants with no income, or by certain persons in specific circumstances at the discretion of the Chief Financial Officer. However, the rateable property excludes residential properties ie old age homes that are only occupied but not owned by the pensioners
  - (iii) The application for remission for the financial year must be received before 30 June of the preceding year on a form (which will be made available for this purpose by the Chief Financial Officer) and the information furnished must be substantiated by an affidavit by the applicant.
- NB: Applications sent by mail must reach the office on or before the closing date. The Municipality does not accept any responsibility/liability for postal items (including registered post) that do not reach us.
- (iv) The applicant must submit proof of his/her age and identity and, in the case of a physically or mentally disabled person, proof of receipt of a social pension and/or, if no such pension is received, proof of certification by a Health Practitioner.
  - (v) The applicant's current account must be paid in full, or if not, an arrangement to pay the debt must be in place.
  - (vi) The property must be categorised as residential;
  - (vii) If the applicant complies in all respects with these conditions, the amount remitted will be credited on the account and will be included in the monthly levy.
  - (viii) This rebate is subject to the availability of funds in the applicable financial year.

The above category of properties will be treated in terms of clause 13 of this Policy;

- (c) Disaster-hit property owners  
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.

The above category of customers will be treated in terms of clause 12 of this Policy;

- (d) Residential property owners  
Owners of residential properties with a market value below the amount as determined annually by the municipality in its budget This category of customers will be treated in terms of clause 11.1 of this policy;
- (e) Farm owners  
Owners of farm properties as referred to in clause 13.1; and
- (f) Child headed families  
Child headed families where any child of the owner or child who is a blood relative of the owner of the property, is responsible for the care of siblings or parents of the household. This category of customers will be treated in terms of clause 11.3 of this policy;

## **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”.
- (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 category of 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 setting a different cent amount in the rand for each property category; and

10.3 by way of reductions and rebates as provided for in this policy document.

## **11. EXEMPTIONS AND IMPERMISSIBLE RATES**

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

- (a) Municipal properties  
Municipal properties exclusively used and/or occupied by Mogale City are exempted from paying rates as it will increase the rates burden or service charges to property owners or consumers. **However, the municipality may levy rates and taxes on its own properties if the properties fall within the following categories:**

- (i) **Municipal properties that are leased out, more so on long leases, the lessee will be responsible for the payment of the determined assessment rates.**
- (ii) **Municipal properties that have been sold by a municipality and of which possession was given to the buyer pending registration of ownership in the name of the buyer.**

(b) Residential properties

The first R40 000.00 of the market value of a property assigned in the valuation roll or supplementary valuation roll of a municipality to a category determined by the municipality for residential properties; or for properties used for multiple purposes, provided one or more components of the property are used for residential purposes. The impermissible rates on the R15 000 contemplated in terms of section 17(1) (h) of the Property Rates Act is included in the amount referred to above as annually determined by the municipality. This is an important part of the council's indigent policy and is aimed primarily at alleviating poverty.

(c) Public Service Infrastructure

Is exempted from paying rates as allowed for in the Act as they provide essential services to the community.

11.2 Exemptions in 11.1 will automatically apply and no application is thus required. In the event of any change in use, ownership and/or status of any nature that may affect exclusion of rates hereof during a financial year, the beneficiary in receipt of such exclusion from rates must notify the municipality and immediately becomes liable for any rates payable on the property, effective from the date such change may have occurred.

11.3 The following categories of owners are exempted from rates:-

(a) Child headed families –

- i. Families headed by children are exempted from paying rates, according to monthly household income. To qualify for exemption the head of the family must:-
- ii. occupy the property as his/her normal residence;
- iii. not be older than 18 years of age;
- iv. still be a scholar or jobless; and
- v. be in receipt of a total monthly household income from all sources not exceeding an amount equal to twice the amount of two state pensions;
- vi. These applications must be made in terms of the in terms of the adopted indigent policy of the municipality.

(b) Indigent consumers –

Owners who qualify and who are registered as indigents in terms of the adopted indigent policy of the municipality.

Applications must be accompanied by-

- i. a certified copy of the identity document or any other proof of the applicant's age which is acceptable to the municipality;
- ii. sufficient proof of total household income; which must not exceed an amount equal to twice the amount of two state pensions;
- iii. an affidavit from the applicant;
- v. a Letter of Authority issued by a Court of Law if not the registered owner of the property

These applications must be made in terms of the in terms of the adopted indigent policy of the municipality.

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

11.4 Impermissible Rates: In terms of section 17(1) of the Property Rates Act 17 the municipality may, inter alia, not levy a rate:-

- (a) On those parts of a special nature reserve, national park or nature reserve within the meaning of the National Environmental Management: Protected Areas Act, 2003 (Act No.57 of 2003) or of a national botanical garden within the meaning of the National Environmental Management: Biodiversity Act, 2004, which are not developed or used for commercial, business, or residential agricultural purposes.
- (b) On mineral rights within the meaning of paragraph (b) of the definition of "property" in section 1 of the Act.
- (c) 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.
- (d) On a 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 officiates at services at that place of worship.

## 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 Upon verification by the municipal valuer, the destroyed property will be treated as a vacant stand.

12.2.4 If rates were paid in advance prior to granting of a reduction the municipality will give credit to such an owner as from the date of reduction until the date of lapse of the reduction or the end of the period for which payment was made whichever occurs first.

### 13. REBATES

#### 13.1. Categories of properties

(a) Residential properties

In addition to the impermissible rates of R15 000 as referred to in paragraph 11.1 (b) above, a further R25 000 reduction in the market value of a property will be granted, and a further rebate of 40% on assessment rates computed will be granted to all residential properties including state owned residential properties. Nevertheless, the R 25 000 reduction in market value and the 40% rebate is not applicable to residential properties that are vacant.

(b) Agricultural properties

The rate applicable to agricultural properties used solely for agricultural/farming purposes only will be calculated on a ratio of 1: 0.25 to residential properties, in line with Regulation Gazette No. 32061 of March 2009. **The rate takes into account the socio - economic contributions that farmers make with respect to job creation, accommodation, provision of services etc**

The 40% rebate applicable to residential properties will also be applicable to farm properties used for residential purposes. No rebate will be applicable to farm properties used for business and commercial purposes.

(c) Public Benefit Organisations(PBOs)

The rate applicable to public benefit organisation properties as 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 only will be calculated on a ratio of 1: 0.25 to residential properties, in line with Regulation Gazette No. 33016 of March 2010. **The rate takes into account the contributions that PBOS make to the community**

The following classes of rateable properties are referred:

i. Welfare institutions

Properties used exclusively as an orphanage, non-profit retirement villages, old age homes or benevolent/charitable institutions, 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. The welfare organisation must be registered in terms of the National Welfare Act, 1978 (Act 100 of 1978).

- ii. Charitable institutions  
Property belonging to not-for-gain institutions or organisations that perform charitable work.
- iii. Sporting bodies  
Property used by an organisation whose sole purpose is to use the property for sporting purposes on a non-professional basis.
- iv. Cultural institutions  
Properties declared in terms of the Cultural Institutions Act, Act 29 of 1969 or the Cultural Institutions Act, Act 66 of 1989.
- v. Museums, libraries, art galleries and botanical gardens  
Registered in the name of private persons, open to the public and not operated for gain.
- vi. Youth development organisations  
Property owned and/or used by organisations for the provision of youth leadership or development programmes.
- vii. 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.
- viii. Education and Development organisations  
Properties owned and used by organisations that provide education, higher education, Adult Basic education and training , further education and training ie schools, higher education institutions, public or private colleges etc as defined by the South African Schools Act, 1996 , Act 84 of 1996 ; the Higher Education Act, 1997, Act 101 of 1997; the Adult Basic Education and Training Act, 2000, Act 52 of 2000; the Further Education and Training Colleges Act, 2006, Act 16 Of 2006 respectively.

(d) Retired and Disabled Persons Rate Rebate

Retired and Disabled Persons qualify for special rebates of 40% according to monthly household income. The criteria for qualification will be as per clause 8.1. of this policy

13.2 The extent of the rebate in terms of 13.1 shall annually be determined by the municipality and it shall be included in the annual budget.

13.3 No exemptions, reductions or rebates will be granted on the following categories of property:

- (a) Business and commercial properties
- (b) Industrial Property
- (c) Non-permitted use
- (d) State owned property (excluding government residential property)

#### **14. PAYMENT OF RATES**

- 14.1 The rates levied on the properties shall be levied and payable on a monthly basis;
- 14.2 the municipality shall determine the due dates for payments and this date shall appear on the accounts forwarded to the owner/ tenant/ occupants/ agent;
- 14.3 Interest on arrears rates shall be calculated in accordance with the provisions of the Credit Control and Debt Collection policy of the municipality.
- 14.4 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 and Debt Collection policy of the Municipality.
- 14.5 Arrear rates shall be recovered from tenants, occupiers and agents of the owner, in terms of section 28 and 29 of the Act as follows:-
- 14.5.1 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:-
- 14.5.1.1 From the agent who is lawfully responsible to collect commission or rental in respect of the property concerned;
- 14.5.1.2 From a tenant or occupier of the property, only after an attempt was made to collect it from an agent refer to in 14.5.2 but such attempt was unsuccessful or no such agent exists or only a part of the outstanding amount could successfully be recovered.
- 14.5.2 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.
- 14.5.3 The notice referred to in 14.5.2 shall give the party concerned at least 14 calendar days to pay the outstanding rates.
- 14.6 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.
- 14.7 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 in terms of the municipality's Credit Control and Debt Collection Policy.

14.8 When levying rates, a municipality must levy the rate for a financial year, and this rate lapses at the end of the financial year for which it was levied:

- (a) The levying of rates must form part of a municipality's annual budget process, and at this time of its budget, review the amount in the Rand of its current rates in line with its annual budget for the next financial year.
- (b) A rate levied for a financial year may be increased during a financial year only when required in terms of a financial recovery plan (Section 28(6) of the MFMA).
- (c) A rate becomes payable as from the start of a financial year.

14.9 The municipality shall as part of each annual operating budget determine a rate in the rand for every category.

Rates are levied in accordance with the MPRA as an amount in the rand based on the market value of all rateable property as reflected in the valuation roll and any supplementary valuation roll.

## **15. ACCOUNTS TO BE FURNISHED**

15.1 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.

15.2 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.

15.3 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.

## **16. PHASING IN OF RATES**

16.1 The rates to be levied on newly rateable property shall be phased in as explicitly provided for in section 21 of the Act.

16.2 The phasing-in discount on the properties referred to in section 21 shall be as follows:-

- First year : 75% of the relevant rate;
- Second year : 50% of the relevant rate; and
- Third year : 25% of the relevant rate.

## **17. SPECIAL RATING AREAS**

- 17.1 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.
- 17.2 The following matters shall be attended to in consultation with the committee referred to in clause 17.3 whenever a special rating is being considered:-
- 17.2.1 Proposed boundaries of the special rating area;
  - 17.2.2 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;
  - 17.2.3 Proposed improvements clearly indicating the estimated costs of each individual improvement;
  - 17.2.4 Proposed financing of the improvements or projects;
  - 17.2.5 Priority of projects if more than one;
  - 17.2.6 Social economic factors of the relevant community;
  - 17.2.7 Different categories of property;
  - 17.2.8 The amount of the proposed special rating;
  - 17.2.9 Details regarding the implementation of the special rating;
  - 17.2.10 The additional income that will be generated by means of this special rating.
- 17.3 A committee consisting of at least 6 members of the community of which 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.
- 17.4 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.
- 17.5 In determining the special additional rates the municipality shall differentiate between different categories as referred to in clause 7.

17.6 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.

17.7 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.

## **18. FREQUENCY OF VALUATION**

18.1 The municipality shall prepare a new valuation roll every 3 (three) years, with the option to extend the validity of the valuation roll to 4 (four) and/or 5 (five) years with the approval of the MEC for Cooperative Governance and Traditional Affairs in the province.

18.2 In accordance with the Act, the municipality, under exceptional circumstances, may decide to extend the validity of the valuation roll to 5 (five) years by applying for approval to the MEC for Cooperative Governance and Traditional Affairs in the province.

18.3 Supplementary valuations may be done on a continual basis but at least on an annual basis.

## **19. COMMUNITY PARTICIPATION**

19.1 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:

19.1.1 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 on the website).

19.1.2 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 prescribed fee 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.

19.1.3 Council will consider all comments and/or representations received when considering the finalisation of the rates policy.

19.1.4 Public participation will take on the form of community meetings and consultations with various stakeholders in the vernacular to ensure optimal participation.

## **20 REGISTER OF PROPERTIES**

20.1 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.

20.2 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.

20.3 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.

20.4 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.

20.5 The municipality will update Part A of the register during the supplementary valuation process.

20.6 Part B of the register will be updated on an annual basis as part of the municipality's budget process and during the determination of the municipal tariffs.

## **21. BY-LAWS TO GIVE EFFECT TO THE RATES POLICY**

21.1 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.

## **22 REGULAR REVIEW PROCESSES**

22.1 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 Integrated Development Plan and with legislation.

## **23 ENFORCEMENT/IMPLEMENTATION**

23.1 This policy will be implemented by Mogale City Local Municipality with effect from 1 July 2011.

## **24 DISCLAIMER**

A rate cannot be challenged on the basis of non-compliance with the rates policy and must be paid in accordance with the required payment provisions.

Where a ratepayer believes that the Council has failed to apply the provisions of the rates policy, he/she may raise the matter with the Municipal Manager of Mogale City.

## **25. DELEGATION OF POWER**

Safe as otherwise provided in this Property Rates Policy, the Chief Financial Officer of Mogale City shall be empowered to apply and administer all powers pursuant thereto.

## **ADDITIONS AND/OR AMENDMENTS**

1. After section 2.28 ; add sections 2.29, 2.30 , 2.31 and 2.32 for Institution, Education , Private Open Space and vacant respectively which are four more definitions of new additional categories of properties.
2. Section 7.1: after 7.1.8, add 7.1.9, 7.1.10, 7.1.11, 7.1.12 and 7.1.13 for Institution, Education, Private Open Space, vacant properties and multiple use purpose respectively which are five more categories of properties.
3. Section 11.1(a): Delete the sentence which reads as follows, “ Where municipal properties are leased, the lessee will be responsible for the payment of the determined assessment rates” and insert the sentence which reads as follows,” However, the municipality may levy rates and taxes on its own properties if the properties fall within the following categories:
  - (i) Municipal properties that are leased out, more so on long leases, the lessee will be responsible for the payment of the determined assessment rates.
  - (ii) Municipal properties that have been sold by a municipality and of which possession was given to the buyer pending registration of ownership in the name of the buyer.
4. Section 13. : Delete “And GRANT-IN-AID” and just leave the word “REBATES”
5. Section 13.1(c) : Delete the paragraphs which read as follows “The following Public Benefit Organisations may apply for a property rates rebate subject to producing a tax exemption certificate issued by the South African Revenue Services (SARS) as contemplated in Part 1 of the Ninth Schedule of the Income Tax Act, 1962 (No 58 of 1962).

The Municipality may award a 100% Grant-In Aid on the assessment rates of the rateable properties on the classes hereunder indicated, and after the owner of such property has applied to the Chief Financial Officer in the prescribed format of such grant and the application hereof approved.

Should there arise dissatisfaction in respect of the evaluation result of the application, the matter may be referred to the Municipal Manager of the Council for further review”, and replace with one which reads as follows, “The rate applicable to public benefit organisation properties as 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 only will be calculated on a ratio of 1: 0.25 to residential properties, in line with Regulation Gazette No. 33016 of March 2010. The rate takes into account the contributions that PBOS make to the community”.

6. Section 13.1: After vii add (viii) Education and Development organisations and the paragraph that must read as follows,  
“ Properties owned and used by organisations that provide education, higher education, Adult Basic education and training , further education and training ie schools, higher education institutions, public or private colleges etc as defined by the South African Schools Act, 1996, Act 84 of 1996; the Higher Education Act, 1997, Act 101 of 1997; the Adult Basic Education and Training Act, 2000, Act 52 of 2000; the Further Education and Training Colleges Act, 2006, Act 16 of 2006 respectively.