

RATES POLICY

Adopted by the HIBISCUS COAST MUNICIPALITY Council
on the 29th day of March 2011

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RATES POLICY

PREAMBLE

WHEREAS:

The Council of the Hibiscus Coast Municipality has resolved to levy rates on the market value of all rateable properties in its area jurisdiction as reflected in its property register compiled in terms of Section 23 of the Act in order to provide a reliable source of revenue to provide basic services and perform its functions.

The Municipality must in accordance with the provision of section 3 of the Act adopt a rates policy consistent with the Municipal Property Rates Act, 2004 (Act No. 6 of 2004) on the levying of rates in the municipality.

Revenue raised from property rates will be used to fund services that benefit the community as a whole as opposed to individual households, and these services include, but are not limited to, the maintenance of streets, roads, sidewalks, lighting, storm drainage facilities, municipal and recreation facilities, cemeteries as well as the municipal administration in general.

DEFINITIONS

Any words and phrases referred to in this policy shall have the same meaning and interpretation assigned in terms of the Municipal Property Rates Act 6 of 2004 ("the Act") and for this purpose lists hereunder the definitions used in the Act.

In this Act, unless the context indicates otherwise—

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

"annually" means once every financial year;

"appeal board" means a valuation appeal board established in terms of section 56;

“assistant municipal valuer” means a person designated as an assistant municipal valuer in terms of section 35 (1) or (2);

“category”—

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

(b) in relation to owners of properties, means a category of owners determined in terms of section 15 (2);

“data-collector” means a person designated as a data-collector in terms of section 36;

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

“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 that municipality alone;

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

“effective date”—

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

“exclusion”, in relation to a municipality’s rating power, means a restriction of that power as provided for in section 17;

“exemption”, in relation to the payment of a rate, means an exemption granted by a municipality in terms of section 15;

“financial year” means the period starting from 1 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 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);

(iii) holds the property subject to the Communal Property Associations Act, 1996 (Act No. 28 of 1996); or

(b) 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 organizations and non-governmental, private sector or labour organizations or bodies which are involved in local affairs within the municipality; and
- (iv) visitors and other people residing outside the municipality who, because of their presence in the municipality, make use of services or facilities provided by the municipality; 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;

“MEC for local government” means the member of the Executive Council of a province who is responsible for local government in that province;

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

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

“multiple purposes”, in relation to a property, means the use of a property for more than one purpose;

“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);

“municipality”—

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

- (b) as a geographical area, means a municipal area demarcated in terms of the Local Government: Municipal Demarcation Act, 1998 (Act No. 27 of 1998);
- “municipal manager” means a person appointed in terms of section 82 of the Municipal Structures Act;
- “Municipal Structures Act” means the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998);
- “Municipal Systems Act” means the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000);
- “municipal valuer” or “valuer of a municipality” means a person designated as a municipal valuer in terms of section 33 (1);
- “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;
- “occupier”, in relation to a property, means a person in actual occupation of a property, whether or not that person has a right to occupy the property;
- “organ of state” means an organ of state as defined in section 239 of the Constitution;
- “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 liquidation;
- (iv) a judicial manager, in the case of a property in the estate of a person under judicial management;
- (v) a curator, in the case of a property in the estate of a person under curatorship;
- (vi) a person in whose name a usufruct or other personal servitude is registered, in the case of a property that is subject to a usufruct or other personal servitude;
- (vii) a lessee, in the case of a property that is registered in the name of a municipality and is leased by 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;

“permitted use”, in relation to a property, means the limited purposes for which the property may be used in terms of—

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

“person” includes an organ of state;

“prescribe” means prescribe by regulation in terms of section 83;

“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;

“property register” means a register of properties referred to in section 23;

“protected area” means an area that is or has to be listed in the register referred to in section 10 of the Protected Areas Act;

“Protected Areas Act” means the National Environmental Management: Protected Areas Act, 2003;

“publicly controlled” means owned by or otherwise under the control of an organ of state, including—

- (a) a public entity listed in the Public Finance Management Act, 1999 (Act No. 1 of 1999);
- (b) a municipality; or
- (c) a municipal entity as defined in the Municipal Systems Act;

“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);

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

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

“rebate”, in relation to a rate payable on a property, means a discount granted in terms of section 15 on the amount of the rate payable on the property;

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

“register”—

- (a) means to record in a register in terms of—
 - (i) the Deeds Registries Act, 1937 (Act No. 47 of 1937); or
 - (ii) the Mining Titles Registration Act, 1967 (Act No. 16 of 1967); and
- (b) includes any other formal act in terms of any other legislation to record—
 - (i) a right to use land for or in connection with mining purposes; or
 - (ii) a land tenure right;

“residential property” means a property included in a valuation roll in terms of section 48 (2) (b) as residential;

“Sectional Titles Act” means the Sectional Titles Act, 1986 (Act No. 95 of 1986);

“sectional title scheme” means a scheme defined in section 1 of the Sectional Titles Act;

“sectional title unit” means a unit defined in section 1 of the Sectional Titles Act;

“special rating areas” means an area as determined per section 22 of the Act.

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

“state 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);

“this Act” includes regulations made in terms of section 83;

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

Other Definitions

“child headed household” means a household where the property is owned by a minor child or the deceased parent, where the oldest minor child is the sole person in charge of the siblings. That the age of 21 be recognised as achieving majority for the purposes of the support. And that a “Child Headed Household” may be required to be investigated by a social worker from the Department of Social Welfare Development and declared as such.

“disabled” means a person who qualifies to receive relief in terms of the Social Services Act, 1992 (Act No. 59 of 1992) or a person who has been certified as disabled by a medical practitioner confirming his/her disability and inability to work;

“Indigent owner” means an owner of property who is in permanent occupation of the property and qualifies for indigent relief in terms of the municipality’s indigent policy;

“The Municipality” means the Hibiscus Coast Municipality;

“Owners of property in an area affected by a disaster” means owners of property situated within an area affected by:

- (a) a disaster within the meaning of the Disaster Management Act 57 of 2002;
- (b) any other serious adverse social or economic conditions;

“Pensioner” means

- (a) a person in receipt of a social pension; or
- (b) a person over the age of 60 years; or
- (c) a person who has been medically boarded by his/her place of employment and not able to do another type of work;

“Retiree” means a person who has retired from employment in terms of that person’s employment who has reached the age of a pensioner, i.e. a person over the age of 60 years.

“Non-profit organizations” means any organization which is registered in terms of the Non- profit Organizations Act;

“the Communal Land Rights Act” means the Communal Land Rights Act, 2004 (Act No. 11 of 2004);

“the Communal Property Associations Act” means the Communal Property Associations Act, 1996 (Act No. 28 of 1996);

“the Provision of Land and Assistance” means the Provision of Land and Assistance Act, 1993 (Act No. 126 of 1993);

“the Restitution of Land Rights Act” means the Restitution of Land Rights Act, 1994 (Act No. 22 of 1994);

1. IMPLEMENTATION OF THIS POLICY AND EFFECTIVE DATE

1.1. The Rates Policy took effect from 1 July 2008 being the effective date of the first valuation roll prepared by the municipality in terms of the Municipal Property Rates Act, 2004 (Act No. 6 of 2004) and must accompany the municipality’s budget for the financial year;

1.2. The Rates Policy must be reviewed annually, and if necessary amended by the Municipal Council, such amendments to be effected in conjunction with the Municipality’s annual budget in terms of sections 22 and 23 of the Municipal Financial Management Act;

1.2.1 this Policy has been reviewed and amended in terms of sections 22 and 23 of the Municipal Financial Management Act.

1.3 The Municipality has adopted by-laws to give effect to the implementation of its Rates policy and such by-laws must be read in conjunction with this policy. The rates by-laws may differentiate between:

1.3.1 categories of properties; and

1.3.2 categories of owners of properties.

1.4 The by-laws adopted in terms of Item 1.3 may be reviewed annually, and if necessary be amended by the Municipal Council, in conjunction and in accordance with the Rates Policy.

2. FUNDAMENTAL PRINCIPLES OF THIS POLICY

The principles of the policy are to ensure that:-

2.1 the power of the municipality to impose rates on property will not be exercised in a way that materially and unreasonably prejudices national economic policies, economic activities or the national mobility of goods services, capital or labour in terms of section 229 of the Constitution of the Republic of South Africa;

2.2 all ratepayers, in a specific category, as determined by council from time to time, will be treated equitably;

2.3 property rates will be assessed on the market value of all rateable properties in the jurisdiction of the municipality and for the purpose of generating revenue to balance the budget after taking into account:

2.3.1 profits generated on trading and economic services; and

2.3.2 the amounts required to finance exemptions, rebates and reductions of rates as approved by council from time to time;

- 2.4 property rates will not be used to subsidize trading and economic services;
- 2.5 the rates income generated by the municipality will take into account relief measures to address the social and economic needs of the community;
- 2.6 this Policy was developed in consultation with the community and in compliance with a process of community participation in terms of Chapter 4 of the Municipal Systems Act.

3. THE PURPOSE OF THIS POLICY

The purpose of this policy is to:

- 3.1 comply with the provisions section 3 of the Municipal Property Rates Act, 2004 (Act No. 6 of 2004);
- 3.2 give effect to the principles outlined above;
- 3.3 determine the methodology and to prescribe procedures for the implementation of the Act;
- 3.4 determine criteria to be applied for the levying of differential rates for different categories of properties;
- 3.5 determine or provide criteria for the determination of categories of properties and categories of owners of properties for categories of properties;
- 3.6 determine criteria to be applied for granting exemptions, rebates and reductions;
- 3.7 determine how the municipality's powers must be exercised in relation to multi purpose properties;
- 3.8 determine measures to promote local economic and social development; and
- 3.9 identify which categories of properties the municipality has elected not to rate as provided for in section 7 of the Act.

4. EQUITABLE TREATMENT OF RATEPAYERS

This municipality is committed to treating all ratepayers on an equitable basis. "Equitable" does not necessarily mean "equal" treatment of ratepayers. The circumstances of each category of owner or category of property will be considered in a fair manner and within the limitations set out in the Act. The Municipality may adopt measures to ensure equitable and fair treatment of ratepayers.

Any differentiation in levying rates must not constitute unfair discrimination.

5. DISCRETIONARY DECISIONS ADOPTED BY THE MUNICIPALITY WITH RESPECT TO LEVYING OF RATES

It is recorded that the Municipality has adopted the following resolutions:

- 5.1 To levy rates on all rateable property in its area of jurisdiction;
- 5.2 To determine the date of implementation as 1 July 2008;
- 5.3 To determine the date of general valuation as 2 July 2007;
- 5.4 To levy different cents in the rand for different categories of rateable property;
- 5.5 That the categories of properties for the purpose of differential rating referred to in 5.4 above are those specified in Appendix 1 attached hereto;
- 5.6 That the criteria for the assessment of market value in terms of section 8(1) shall be the permitted use of the property. In the event where the use of the property is in contravention of its permitted use, the actual use will take preference in terms of section 46(2)(b) & (2)(c) or whichever is higher;
- 5.7 To determine whether the valuations for multiple purpose usage in terms of section 9(1) will be assessed according to the dominant use, whereas such dominant use is 66% or more. In the event where the use of the property is in contravention of its permitted use, the actual use will take preference in terms of section 46(2)(b) & (2)(c);
- 5.8 To rate public service infrastructure;
- 5.9 Hibiscus Coast Municipality will not levy rates on properties of which the municipality is the owner except for properties which are leased or sold by deed of sale;

5.10 That the Rates Policy has been reviewed, amended where necessary, and accompanied the municipal budget for the financial year 2011/2012.

6. CATEGORIES OF RATEABLE PROPERTY AND DIFFERENTIAL RATING

The categories of properties for this municipality are those specified in Appendix 1.

6.1 Different rates may be levied for different categories of rateable property;

6.2 A municipality may not levy:

6.2.1 different rates on residential properties, except as provided for in sections 11(1)(b), 21 and 89;

6.2.2 a rate on non-residential properties that exceeds a prescribed ratio to the rate on residential properties determined in terms of section 11(1)(a) of the Act;

6.2.3 rates which unreasonably discriminate between categories of non-residential properties; or

6.2.4 additional rates except in Special Rating Areas as provided for in the Act.

7. RELIEF MEASURES FOR RATEPAYERS

7.1 The municipality has considered:

7.1.1 the need to grant relief to certain ratepayers (including the poor) with a view to providing for appropriate measures to alleviate the impact of the rates burden on them;

7.1.2 the effect of rates on non profit organizations, registered in terms of the Non-profit Organizations Act whose income is applied solely to further the aims and objectives of the said organization, and which may be registered in terms of the Income Tax Act for tax reductions because of those activities;

7.1.3 the specified public benefit activities recognized by the act relating to those activities 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,1962 (Act No.58 of 1962);

7.2 The Municipality will only consider the grant of relief to those organizations who meet the requirements set out in clause 7.1.2 and 7.1.3 above and whose activities are of a public and/or charitable nature;

7.3 The municipality will not grant relief in respect of the payment of rates other than by way of an exemption, a rebate or a reduction provided for in its rates policy and granted in terms of section 15 of the Act to:

7.3.1 a category of properties; or

7.2.2 a category of owners of properties as provided hereunder;

7.4 The municipality will not grant relief to the owners of properties on an individual basis.
(NB . GRANTS IN AID IN LIEU OF RATES CAN NO LONGER BE PERMITTED)

8. CATEGORIES OF OWNERS ENTITLED TO RELIEF

8.1 This municipality has identified the categories of owners below for purposes of granting exemptions, rebates or reductions:

8.1.1 indigent owners; (see under Other Definitions p10)

8.1.2 pensioners;

8.1.3 owners of property situated within an area affected by:

8.1.3.1 a disaster within the meaning of the Disaster Management Act 57 of 2002;

8.1.3.2 any other serious adverse social or economic conditions;

8.1.4 public benefit organizations who conduct the following specified public benefit activities and are listed in Part 1 of the Ninth schedule to the Income Tax Act,1962 (Act No.58 of 1962):

8.1.4.1 welfare and humanitarian; or

8.1.4.2 health care; or

8.1.4.3 education; and development

8.1.4.4 are registered in terms of the Income Tax Act for tax reductions because of the activities referred to in (8.1.5);

- 8.1.5 non-profit organizations registered in terms of the Non-profit Organizations Act whose activities are that of a public and charitable nature and which may register in terms of the Income Tax Act for tax reductions because of those activities;
- 8.1.6 minor children who are the head of a household as defined in child headed household;
- 8.1.7 disabled persons; (see under Other Definitions p10)
- 8.1.8 retirees;

9. EXEMPTIONS

An exemption is a release from liability for the payment of rates.

A. EXEMPTIONS GRANTED TO CATEGORIES OF PROPERTIES

9.1 The Municipality has exempted in total, from payment of rates the following categories of properties:

9.1.1 Property registered in the name of and used primarily as a place of public worship by a religious community including an official residence also registered in the name of that community, which is occupied by an office bearer who officiates at services at that place of public worship.

B. EXEMPTIONS GRANTED TO CATEGORIES OF OWNERS OF PROPERTIES

9.2 The Municipality has resolved to exempt from the payment of rates the following categories of owners of properties:

9.2.1 Properties owned by public benefit organizations which are used for any specific public benefit activities that are recognized by the act relating to those activities 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,1962 (Act No.58 of 1962);

9.2.2 Properties owned and are registered as non profit organizations and which may register in terms of the Income Tax Act for tax reductions because of those activities;

9.3 All applications for exemption shall be granted on an annual basis;

9.4 In order to qualify for exemption all applicants shall comply with the following requirements:

9.4.1 submit written applications for exemption for the 2011/2012 financial year which must be lodged in the prescribed format with the Municipal Manager or before 30 June in the year prior to the financial year for which application is being made;

9.4.2 in the case of public benefit organizations upon proof of:

9.4.2.1 registration in terms of the requirements of the Income Tax Act as specified in 9.2.1;

9.4.2.2 an affidavit signed by the head of the public benefit organization before a Commissioner of Oaths that the property is used primarily for the specified public benefit activities and purposes of the said public benefit organization;

9.4.2.3 a copy of the Deeds Registry enquiry, within the last 2 months reflecting that the property is registered in the name of the public benefit organization;

9.4.3 In the case of a religious community upon proof of submission that:

9.4.3.1 the property is used primarily as a place of public worship; and

9.4.3.2 in the case of the residence owned by the religious organization that property is occupied by an office bearer who officiates at services at that place of worship;

9.4.3.3 a copy of Deeds Registry enquiry, within the last 2 months, reflecting that the property is registered in the name of the religious community;

9.5. In the case of properties owned by non profit organizations upon proof of submission of:

9.5.1 an affidavit signed by the head of the non profit organization before a Commissioner of Oaths that the property is used primarily for the aims and objective of the said non profit organization;

9.5.2 that no private pecuniary profit is made from the property;

9.5.3 that no rent is received by the applicant for any use of the property by other persons;

9.5.4 a copy of the Deeds Registry enquiry, within the last 2 months, reflecting that the property is registered in the name of the non-profit organization;

9.5.5 a certified copy of the registration certificate as a non profit organizations;

9.6 The Municipality reserves the right to specify such other requirements as the municipal manager deems necessary from time to time.

10. REDUCTIONS

A reduction is the lowering of the value of the property upon which rates will be levied.

10.1 It is recorded that the municipality is precluded in terms of section 17(1)(h) of the Act from levying rates on the first R15 000 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:

10.1.1 for residential properties; or

10.1.2 for properties used for multiple purposes provided one or more components of the property are used for residential purposes.

10.2 The municipality has resolved to further reduce the value upon which rates will be levied by an amount not exceeding R85,000 in respect of residential properties or properties used for multiple purposes provided that one or more components of the property are used for residential purposes.

11. REBATES

A rebate is a discount granted on the amount of rates payable by the ratepayer.

A. REBATES FOR CATEGORIES OF PROPERTIES

11.1 The municipality has resolved NOT to grant rebates to the categories of properties.

B. REBATES FOR CATEGORIES OF OWNERS OF PROPERTIES

11.2 The municipality has resolved to grant the following rebates, to the following categories of owners:

Category Of Owner	House hold Income from	Household Income to	Percentage Rebate
Indigent persons	Nil	Amount Equal to 2 state pensions	100%
Child headed households (see criteria below)	Nil	Amount Equal to 2 state pensions	100%
A pensioner or Retiree or Disabled person	Amount equal to 2 state pensions + R1	Amount Equal to 4 state pensions	75%
A pensioner or Retiree or Disabled person	Amount Equal to 4 state pensions + R1	Amount Equal to 6 state pensions	50%
A pensioner or Retiree or Disabled person	Amount Equal to 6 state pensions + R1	Amount Equal to 8 state pensions	25%
Owners of property in an area affected by a disaster	To be determined by	Council resolution%

11.3 In order to qualify for rebates in 11.2 above, applicants must:-

- 11.3.1 be the sole owner of the property or owned jointly with his/her spouse;
- 11.3.2 be living permanently on the property;
- 11.3.3 not own any other property; nor the spouse own any other property;
- 11.3.4 no renting out of any part of the property;
- 11.3.5 have an aggregate household income of all persons living on the property reflected in the table above;
- 11.3.6 submit water & electricity bills for the last three months.
- 11.3.7 provide proof of identity in the form of an identity document of both applicant and spouse;
- 11.3.8 substantiate items 11.3.1 to 11.3.4 above by way of a sworn affidavit before a Commissioner of Oaths;
- 11.3.9 provide proof of income on a sworn declaration and supported by documentation of a three months' bank statement stamped by the bank;
- 11.3.10 produce a medical certificate if the application relies on a medical basis for the rebate;
- 11.3.11 any other supporting documents specified by the municipality from time to time;
- 11.3.12 submit written applications for rebates for the 2011/2012 financial year which must be lodged in the prescribed format with the Municipal Manager on or before 30 June in the year prior to the financial year for which application is being made;
- 11.3.13 a person who turns 60 within the financial year can apply for a rebate before turning 60 but would only receive the rebate once they have turned the designated age;
- 11.3.14 consideration be given to those that become medically boarded after the deadline of "June" and how they would be assisted in terms of indigency;
- 11.3.15 if an applicant is found to have provided fraudulent information with regard to any material condition for registration for a rebate, such person shall be liable to repay the Municipality with immediate effect all relief received from the date of such fraudulent registration;

- 11.3.16 councillor not to sign affidavit nor sign as Commissioner of Oaths – conflict of interest;
- 11.3.17 in the case of a usufruct, the usufruct must be registered over the whole property and the title deed must be produced;
- 11.3.18 the property must be registered in the name/s of a natural person and not a company nor close corporation.
- 11.3.19 The rebate will be valid for 24 months thereafter the customer must reapply.

11.4 The Municipality will NOT grant relief in respect of the payment of a rate:

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

11.5 CHILD HEADED HOUSEHOLDS

A Child Headed Household may receive a 100% rebate, subject to the following:

- 11.5.1 A “Child Headed Household” may be required to be investigated by a social worker from the Department of Social Welfare Development and declared as such.
- 11.5.2 The minor must be the owner or the authorised beneficiary of the property;
- 11.5.3 The minor assuming responsibility must be the eldest of the siblings, if any.
- 11.5.4 The minor/s must reside permanently on the property;
- 11.5.5 Total income of household must not exceed the amount of two State welfare pensions;
- 11.5.6 The Application must be accompanied by:
 - i. a copy of the letter of Executorship or Administration of the Deceased Estate;
 - ii. a copy of the Liquidation and Distribution Account showing transfer of the property to the minors;
 - iii. the death certificate of the parent;
 - iv. birth certificates of all minors residing on the property.

11.5.7 Applications must be renewed annually, and may be required to be affirmed by the Department of Social Welfare.

11.5.8 The rebate will lapse:

- i. when the minor reaches the age of majority, which is 21 years old;
- ii. on alienation of the property;
- iii. when the minors ceases to reside permanently on the property;
- iv. if the Department of Social Development no longer regards the Household as being Child Headed.
- v. if applications are not submitted annually; Late applications may be reinstated with effect from the next practical billing cycle.

12. CRITERIA FOR DIFFERENTIAL RATING

- 12.1 differential rating is the levying of different rates for different categories of properties based on the permitted use of the property. The Municipality has resolved to levy differential rates for different categories of rateable properties as reflected in Appendix 1 and the rates applicable to the different categories of properties are as resolved by the council;
- 12.2 the method in terms of which different rates will be levied against different categories of property is by setting a different cent amount in the Rand for each category of property;
- 12.3 the ratio between the rate on residential properties to the rate on the categories of non-residential properties are as per the table below:-

Categories	Ratio in relation to residential Property
Residential property	1 : 1
Business & Commercial	1 : 2
Industrial	1 : 2
Mining	1 : 2
Agricultural – bona fide activity	1 : 0.10
Agricultural – multi use activity	1 : 0.25
Public service infrastructure	1 : 0.25
Institutional	1 : 0.50
Special purpose	1 : 0.50

13. MULTIPLE PURPOSE PROPERTIES

- 13.1 A municipality must resolve whether the valuations will be assessed according to the permitted use, the dominant use of the property or pro rata according to multiple uses;

13.2 Section 9 of the Act provides for the value of properties to be based on one of the following criteria namely:

13.2.1 the permitted use (section 9(a));

13.2.2 the dominant use (section 9(b));

13.2.3 pro rata based on the various multi-purpose usage (section 9(c));

13.3 It is recorded that this municipality has determined that for the purpose of assessing the value of multi purpose properties the following criteria will apply:

13.3.1 the value will be assessed according to the dominant use, whereas such dominant use is 66% or more. In the event where the use of the property is in contravention of its permitted use, the actual use will take preference in terms of section 46(2)(b) & (2)(c) or whichever is higher;

13.3.2 In the case of State Trust Land, the land used for communal habitation and the leased properties will be valued according their use category.

14. COMMUNITY PARTICIPATION

It is recorded that every municipality may only adopt its rates policy or any amendment thereof or any review of its policy after following a process of community participation in accordance with chapter 4 of the Municipal systems Act, 2000.

14.1 This Municipality will comply with its community participation and consultation obligations in terms of Chapter 4 of the Municipal Systems Act and sections 4 and 5 of the Act before the Rates Policy or any review thereof is finally adopted. In terms of chapter 4 of the Municipal Systems Act, 2000 (Act No. 32 of 2000) the Municipality is committed to:

14.1.1 building capacity of the local community to enable it to participate in the affairs of the Municipality; and

14.1.2 to foster community participation for which the municipality will allocate funds in its budget for such processes;

14.2 The Participation by the local community in municipal affairs will take place through the political structures; the mechanisms, processes and procedures for participation in

municipal governance and any other appropriate mechanisms processes and procedures established by the municipality and generally to apply the provisions for participation as required by this Act;

14.3 The municipality will provide for:

14.3.1 the receipt, processing and consideration of petitions, objections and comments lodged by the members of the local community;

14.3.2 public meetings and hearings by the municipal council and other political structures (e.g. ward committees) and political office bearers of the municipality;

14.3.3 consultative sessions with locally recognized community organizations and where appropriate traditional authorities;

14.4 Communication with the public relating to the Rates Policy will be in terms of section 4(2) of the act by notice in:

14.4.1 local newspapers circulating in its area and determined by this council as a newspaper of record; and/or

14.4.2 official notice boards and other public places accessible to the public including the library and the municipal offices;

14.4.3 on the municipal website (if applicable);

and inviting the local community to submit comments and representations within the time specified in the notice.

15. RECOVERY OF RATES

15.1 The following people shall be liable for the payment of rates levied by the Municipality:

15.1.1 owner of a property;

15.1.2 joint owners of a property, who shall be liable jointly and severally;

15.1.3 the owner of a sectional title unit; or the joint owners , who shall be liable jointly and severally;

15.1.4 in relation to agricultural properties:

- 15.1.4.1 any one joint owner of the agricultural property for all the rates levied on the agricultural property; or
 - 15.1.4.2 each individual joint owner for that portion of rates levied on the joint owner's undivided share in the agricultural property, which ever option the Municipality may choose in relation to agricultural properties;

- 15.2 In terms of section 26 of the Act the Municipality will recover rates:
 - 15.2.1 on a monthly basis of 10 equal installments with the first installment due in August and the last installment due in May of each year in terms of the Municipal Finance Management Act, and which installment must be paid on or before the last working day of each month; or
 - 15.2.2 Annually as may be agreed with the owner of the property, on or before the last working day of September. Applications on the prescribed form must be lodged on or before 30 June in the year prior to the financial year for which application is being made;

- 15.3 The Municipality will furnish each person liable for the payment of rates with a written account in terms of section 27(1) of the Act. In terms of section 27(2) a person is liable for payment of a rate whether or not that person has received a written account in terms of 27(1). If a person has not received a written account, that person must make the necessary inquiries from the municipality;

- 15.4 A Municipality may recover rates in arrears from tenants and occupiers in accordance with the provisions of section 28 of the Act;

- 15.5 A Municipality may recover rates due, either whole or in part, from the agent of the owner if this is more convenient for the Municipality and in terms of section 29 of the Act;

- 15.6 Interest on arrears outstanding after the due date will be charged in accordance with section 64 (2)(g) of the Municipal Finance Management Act and as set in the tariff of

charges as approved annually in the setting of the budget in accordance with section 24 (2) (c) (ii) of the Municipal Finance Management Act;

15.7 Where a property value increases due to an objection/appeal, no interest will be charged on the difference between the original and the adjusted increased value;

15.8 Owners must provide South African addresses to which statements are to be sent.

16. CONSOLIDATION AND APPORTIONMENT OF PAYMENTS

Separate accounts of persons liable for payment to the municipality for either rates or services will be consolidated in one account and any appropriation of payments will be done in accordance with the municipality's credit control policy.

17. DEFERMENT OF RATES

17.1 The Municipality will on application defer the payment of rates in terms of section 26(3) of the Act under the following special circumstances. To qualify for deferment of rates, the Applicant: -

17.1.1 must be a pensioner or indigent or disabled or over 60 years of age, or who is not above 60 years of age, but has or has been retired from employment by reason of any illness or disability certified by a medical practitioner, dentist, psychologist, intern or intern psychologist contemplated in the Medical, Dental and Supplementary Health Service Professions Act, 1974 (Act 56 of 1974), and whose income from all sources whatsoever must not exceed an amount equal to 3 state pensions per annum (including the income of the spouse, if applicable) and the Municipal valuation of the property must not exceed R750, 000-00;

17.1.2 must reside permanently on the property concerned;

17.1.3 must be the registered owner of the property;

17.2 Application must be made annually in writing on the prescribed form:

- 17.2.1 not later than the final date for payment of such rates provided that the council may in special circumstances grant a deferment of the payment of rates after the final date for such payment notwithstanding that such application was made after such final date for payment on the date of application;
- 17.3 Deferment will be considered provided that the total amount of all rates so deferred together with accumulated interest accumulated thereon shall not at any time exceed 50% of the value of the property concerned as shown in the valuation roll;
- 17.4 The final date for payment of the rates on the property concerned shall not be affected by reason of any application for deferment in terms of subsection 17.2 above, provided that if the council allows such application, the portion of the rates in respect of which payment is deferred shall be refunded to the applicant;
- 17.5 The accumulated amount of the deferred rates shall bear interest at a rate determined from time to time by the council and the council may also approve the waiver of such interest;
- 17.6 Only the current year's rates can be considered for deferment and then only if the Applicant's rates are not in arrears;
- 17.7 Any deferment granted in terms of here of shall terminate immediately: -
- 17.7.1 upon the death of the registered owner; provided that the council may continue such deferment, in any case where it is established to its satisfaction that the property concerned has been inherited by the surviving spouse and that such spouse is continuing in occupation of the property;
- 17.7.2 upon the expropriation, sale or other disposal of the property concerned;
- 17.7.3 upon the owner ceasing to reside permanently on the property concerned;
- 17.7.4 if the owner fails by the final date for the payment thereof, to pay rates or any part thereof owing in respect of the property concerned, after allowing for the amount of the deferment; and
- 17.7.5 on expiry of the period of deferment.

18. IMPERMISSIBLE RATES IN TERMS OF SECTION 17 OF THE ACT

- 18.1 It is recorded that the Municipality may not, in terms of section 17 of the Act levy a rate on:
- 18.1.1 the first 30% of the market value of public service infrastructure;
 - 18.1.2 any part of the seashore as defined in the Seashore Act, 1935 (Act No.21 of 1935);
 - 18.1.3 any part of the territorial waters of the Republic as determined in terms of the Maritime Zones Act, 1994 (Act No. 15 of 1994);
 - 18.1.4 any islands of which the state is the owner, including the Prince Edward Islands referred to in the Prince Edward Islands Act, 1948 (Act No. 43 of 1948);
 - 18.1.5 those parts of a special nature reserve, national park or nature reserve within the meaning of the Protected Areas Act, 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, agricultural or residential purposes;
 - 18.1.6 mineral rights within the meaning of paragraph 18.1.2 of the definition of "property" in section 1;
 - 18.1.7 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;
 - 18.1.8 the first R15 000 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-
 - 18.1.8.1 for residential properties;
 - 18.1.8.2 for properties used for multiple purposes, provided one or more components of the property are used for residential purposes; or
 - 18.1.9 on a property registered in the name of and used primarily as for 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;
- 18.2 The exclusion from rates of a property referred to in subsection 18.1.5 lapses if the declaration of that property as a special nature reserve, national park, nature reserve or

national botanical garden, or as part of such a reserve, park or botanical garden, is withdrawn in terms of the applicable Act mentioned in that subsection;

18.3 If the property in respect of which the declaration is withdrawn is privately owned, the owner, upon withdrawal of the declaration, becomes liable to the municipality concerned for any rates that, had it not been for subsection 18.1.5, would have been payable on the property during the period commencing from the effective date of the current valuation roll of the municipality. If the property was declared as a protected area after the effective date of the current valuation roll, rates are payable only from the date of declaration of the property;

18.4 The amount for which an owner becomes liable in terms of paragraph (18.3) must be regarded as rates in arrears, and the applicable interest on that amount is payable to the municipality;

18.5 Paragraphs 18.2 and 18.3 apply only if the declaration of the property was withdrawn because of:

18.5.1 a decision by the private owner for any reason to withdraw from the agreement concluded between the private owner and the state in terms of the Protected Areas Act, and in terms of which the private owner initially consented to the property being declared as a protected area; or

18.5.2 a decision by the state to withdraw from such agreement because of a breach of the agreement by the private owner.

19. CONSTITUTIONALLY IMPERMISSIBLE RATES

19.1 The Act provides that in terms of section 229(2)(a) of the Constitution a Municipality may not exercise its power to levy rates on property in a way that would materially and unreasonably prejudice -

19.1.1 national economic policies;

19.1.2 economic activities across its boundaries; or

19.1.3 the national mobility of goods, services, capital or labour.

20. NEWLY RATED PROPERTY

20.1 Any property which was not previously rated must be phased in subject to the conditions specified in section 21 of the Act that:

20.1.1 property registered in the name of a land reform beneficiary must be phased in after the exclusion period in section 17(1) (g);

20.1.2 property owned by Public Benefit Organizations must be phased in over a period of four financial years The Municipality may extend this period on written application to the MEC;

20.2 The phasing in period shall be as set out in the attached table.

Applicable rates for properties to be phased in over four years

(Public Benefit Organizations)

Year	Percentage Rates Payable
First	Zero%
Second	25%
Third	50%
Fourth	75%

Applicable rates for properties to be phased in over three years

(Newly rated property)

Year	Percentage Rates Payable
First	25%
Second	50%
Third	75%

21. SPECIAL RATING AREAS

21.1 In terms of section 22 of the MPRA, the Municipality may, by resolution of Council, establish Special Rating Areas (hereinafter called SRA) and levy an additional rate on property in that area for the purpose of raising funds for improving or upgrading that area;

21.2 Any rebate granted by the Municipality does not apply to the additional rate payable by the owner in a SRA;

- 21.3 A SRA may be established once the following criterion has been fulfilled:
- 21.3.1 the boundaries of the SRA must be defined;
 - 21.3.2 the SRA must be provisionally contracted with a company registered in terms of Section 21 of the Companies Act to manage the funds of the SRA;
 - 21.3.3 it must be demonstrated that at least 51% of owners in number have voted in favour of the establishment of the SRA;
 - 21.3.4 such application shall be accompanied by the Section 21 Company's budget and business plan on the management of the SRA by no later than 31 January preceding the start of the new municipal year for which application is made;
- 21.4 The SRA must enter into an agreement with the Municipality in terms of section 67 of the MFMA. Funds will not be transferred to the SRA Company unless a Section 67 Agreement is signed and received by the Municipality;
- 21.4.1 Extract of Section 67 of the MFMA:-
Funds transferred to organisations and bodies outside government.
- (1) Before transferring funds of the municipality to an organisation or body outside any sphere of government otherwise than in compliance with a commercial or other business transaction, the accounting officer must be satisfied that the organisation or body—
- (a) has the capacity and has agreed—
 - (i) to comply with any agreement with the municipality;
 - (ii) for the period of the agreement to comply with all reporting, financial management and auditing requirements as may be stipulated in the agreement;
 - (iii) to report at least monthly to the accounting officer on actual expenditure against such transfer; and
 - (iv) to submit its audited financial statements for its financial year to the accounting officer promptly;
 - (b) implements effective, efficient and transparent financial management and internal control systems to guard against fraud, theft and financial mismanagement; and
 - (c) has in respect of previous similar transfers complied with all the requirements of this section.
- (2) If there has been a failure by an organisation or body to comply with the requirements of subsection (1) in respect of a previous transfer, the municipality may despite subsection (1) (c) make a further transfer to that organization or body provided that—
- (a) subsection (1) (a) and (b) is complied with; and
 - (b) the relevant provincial treasury has approved the transfer.

(3) The accounting officer must through contractual and other appropriate mechanisms enforce compliance with subsection (1).

(4) Subsection (1) (a) does not apply to an organisation or body serving the poor or used by government as an agency to serve the poor, provided—

(a) that the transfer does not exceed a prescribed limit; and

(b) that the accounting officer—

(i) takes all reasonable steps to ensure that the targeted beneficiaries receive the benefit of the transferred funds; and

(ii) certifies to the Auditor-General that compliance by that organisation or body with subsection (1) (a) is uneconomical or unreasonable.

21.5 Once the SRA is established, the aforesaid Section 67 Agreement must be renewed annually by no later than 31 January together with the budget of the SRA;

21.6 Once the SRA has been approved by a resolution of Council at its annual budget, the Municipality will levy the special rate and funds will be paid to the SRA as they are collected;

21.7 A SRA shall be dissolved if the Section 67 Agreement as aforesaid:

21.7.1 has not been renewed; or

21.7.2 has not been honoured.

22. AGRICULTURAL PROPERTIES

22.1 Property shall be rated as Agricultural Property once the owners are in receipt of an Agricultural Certificate issued by the valuer. Upon application therefore, an Agricultural Certificate may be granted to owners of any piece of land or part thereof on the following basis:

22.1.1 the valuer is satisfied that such land is used exclusively for Bona Fide agricultural purposes;

22.1.2 the owner must apply annually to the Rates Department by no later than 31 March preceding the start of the new municipal financial year for which the certificate is sought;

22.1.3 the certificate must be issued by the valuer;

22.1.4 the applicant must produce a tax certificate issued by the South African Revenue Services (SARS) proving that they are taxed as a farmer;

22.1.5 the owner of agricultural property cannot receive reduction or rebate on the agricultural component of the property in addition to the agricultural randage.

23. EARLY SETTLEMENT INCENTIVE

In its endeavour to restrain the outstanding debt from escalating and to encourage ratepayers to settle their accounts in full annually, i.e. on or before 30 September 2011, Council offers to those ratepayers a 4% concession on the current rates levied amount only.

Appendix 1: Categories Of Properties

Categories of rateable property that may be determined in terms of section 8 of the Act including the following:

- (a) Residential properties;
- (b) industrial properties;
- (c) business and commercial properties;
- (d) farm properties smallholdings used for-
 - (i) agricultural purposes;
 - (ii) other business and commercial purposes;
 - (i) residential purposes; or
 - (ii) Purposes other than those specified in subparagraphs (i) to (iii);
- (e) farm properties not used for any purpose;
- (f) smallholdings used for-
 - (i) agricultural purposes;
 - (ii) residential purposes;
 - (iii) industrial;
 - (iv) business and commercial purposes; or
 - (iii) Purposes other than those specified in subparagraphs (i) to (iv);
- (g) municipal properties;
- (h) public service infrastructure;
- (i) privately owned towns serviced by the owner;
- (j) formal and informal settlements;
- (k) communal land as defined in section 1 of the Communal Land Rights Act, 2004;
- (l) state trust land;
- (m) properties-
 - (i) acquired through the Provision of Land and Assistance Act, 1993 (Act No. 126 of 1993), or the Restitution of Land Rights Act, 1994 (Act No. 22 of 1994); or

- (ii) which is subject to the Communal Property Associations Act, 1996 (Act No. 28 of 1996);
- (n) protected areas;
- (o) properties on which national monuments are proclaimed;
- (p) properties owned by public benefit organizations and used for any specific public benefit activities listed in Part 1 of the Ninth Schedule to the Income Tax Act; or
- (q) properties used for multiple purposes, subject to section 9 of the Act.¹

¹ The category of properties listed above are not mandatory but may be amended from time to time and as deemed necessary by each Municipality.

Adoption of the Indigent Rates Policy (6/5/P) (CFO0462011)

C112/03/2011

RESOLVED

1. THAT the recommendations submitted by the Finance and Budget Portfolio Committee following the meeting held in the Council Chambers on Thursday, 10 March 2011, regarding the review of Rates Policy, be and are hereby received and noted;
2. THAT the following amendments be approved:
 - 2.1 Page 132 (page 10 of the policy) the sentence starting with “Retiree” to be amended to reflect “means a person who has reached the age of a pensioner and who has retired from employment in terms of that person’s employment”;
 - 2.2 Page 141 (page 19 of the policy) add a category of “child headed household” this is to be separated from the indigent category and the percentage category should be 100%; and
3. THAT with the above input the Rates Policy be and is hereby **adopted** for implementation.