

Chief Albert Luthuli Municipality

The transparent, innovative and developmental municipality

that improves the quality of life of its people



Rates Policy

2019/20

CONTROL SHEET

<i>Policy Number</i>	
Policy Name	Property Rates Policy
Policy Status	Review
Date of last Approval	May 2019
Policy review / Development	Policy to be reviewed
Date of next review	This policy shall remain effective until such time approved otherwise by Council and may be reviewed whenever it is necessary to align it with changes of relevant legislation or operations
Purpose	<ul style="list-style-type: none"> To ensure the efficient, economic and effective use of resources and to contribute towards the financial sustainability of the municipality
Aims and objectives	<ul style="list-style-type: none"> The policy objective is to ensure certainty and clarity as to amounts payable in respect of property rates; identify all rateable property that are not rated, to take into account the effect of rates on organizations conducting public benefit
Policy custodian	Chief Financial Officer
Related Policies and Legislations	<ul style="list-style-type: none"> <i>National Treasury Regulations</i> <i>Municipal Financial Management Act</i>
Approving authority	Council
Applicability	This policy applies to property rates on all CALLM customers' accounts
Amendments to the Policy	<ul style="list-style-type: none"> None
Policy Benchmark and References	STLM
Stakeholders Consulted	CALM Finance department /National Cogta
Accountability	The Municipal Manager is accountable for the proper implementation of this policy in terms of the Systems Act.

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1. **Preamble**

- (1) Chief Albert Luthuli Municipality derives its power to levy rates from section 229(1) of the Constitution of the Republic of South Africa.
- (2) The obligation on a council of a municipality to adopt and implement a rates policy on the levying of rates on rateable property is derived from the following legislation:
 - (a) Section 3(1) of the Municipal Property Rates Act, 2004 (Act No 6 of 2004) (MPRA).
 - (b) Section 62(1) of the Municipal Finance Management Act, 2003 (Act No 56 of 2003) (MFMA).
 - (c) Section 229 of the Constitution of the Republic of South Africa (Act 108 of 1996)
- (3) The policy of the municipality for levying rates on rateable property is set out in this document. The council adheres to all requirements of the Municipal Property Rates Act (MPRA) and Municipal Finance Management Act (MFMA) including any regulations promulgated in terms of these Acts.
- (4) The rates policy only rules the rating of valued property which are valued according to the Municipal Property Rates Act, 2004 (Act No 6 of 2004) and its regulations as published under Government Notice 1856 of 2005 in Government Gazette 28113 dated 13 October 2005 and does not rule or guide the processes of property valuation and approval of the valuation roll.
- (5) As part of each annual operating budget the council is obliged to impose a rate in the rand on the market value of all rateable properties as recorded in the municipality's valuation roll or supplementary valuation roll(s).
 - (a) A municipality may in terms of criteria set out in its rates policy—

exempt a specific category of owners of properties, or the owners of a specific category of properties, from payment of a rate levied on their property; or

grant to a specific category of owners of properties, or to the owners of a specific category of properties, a rebate on or a reduction in the rates payable in respect of their properties.

Rateable property shall include any rights registered against such property, with the exception of a mortgage bond. Generally, all land within the municipal area of jurisdiction is rateable unless it is specifically exempted as set out in section 15 of the MPRA and includes:

 - (a) cemeteries,
 - (b) sport grounds for exercising amateur sport, and
 - (c) properties owned by welfare organizations.
 - (d) indigent owners;
 - (e) owners dependent on pensions or social grants for their livelihood;
 - (f) owners temporarily without income;

- (g) owners of property situated within an area affected by —
 - (i) A disaster within the meaning of the Disaster Management Act, 2002 (Act 10 No. 57 of 2002); or
 - (ii) Any other serious adverse social or economic conditions;
- (h) owners of residential properties with a market value lower than an amount determined by the municipality; or
- (6) The rates policy sets out the broad policy framework within which the municipality rates its area as per section 3 of the MPRA, and gets annually reviewed and, when necessary, amends the municipality's rates for assessment as per section 5 of the MPRA.

2. Definitions

In this policy, unless the context indicates otherwise, in addition to the definitions contained in both the MPRA and the MFMA, the following meanings are assumed:

“agent”, in relation to the owner of a property, means a person appointed by the owner of a property to -

- (a) receive rental or other payments in respect of the property on behalf of the owner; or
- (b) make payments in respect of the property on behalf of the owner.

“agricultural purposes” ‘agricultural [purpose] property’ [in relation to the use of a property,] means property that is used primarily for agricultural purposes but, without derogating from section 9 of the MPRA, excludes any portion thereof that is used commercially for the hospitality of guests, and excludes the use of the property for the purpose of eco-tourism or for the trading in or hunting of game;”;

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

“government” means owned and exclusively used by an organ of the state, excluding non-urban properties used for residential or agricultural purposes or not in use.

“illegal use” means any use that is inconsistent with or in contravention of the permitted use of the property.

“improvement” means any building or structure on or under a property, including:

- a structure constructed solely for the purpose of rendering the property suitable for the erection of any immovable structure thereon; and
- buildings, structures and equipment or machinery referred to in section 46(3) of the MPRA.

“indigent” means debtors who are poor private residential households as defined by the municipality's policy on Free Basic Services and Indigent Support.

“industrial” means branch of trade or manufacturing, production, assembling or processing of finished or partially finished products from raw materials or fabricated parts, on so large scale that capital and labour are significantly involved. This includes factories as defined in the Machinery and Building Work Act, 1941 (Act No 22 of 1941), as amended and includes any office or other accommodation on the same erf, the use of which is incidental to the use of such factory.

“market value”, in relation to a property, means the value of the property determined in accordance with section 46 of the MPRA

“mining” means any operation or activity for the purpose of extracting any mineral on, in or under the earth, water or any residue deposit, whether by underground or open working or otherwise and includes any operation or activity incidental thereto.

“municipal” means owned and exclusively used by the municipality.

“multiple use” means a property that cannot be assigned to a single category due to the different uses of the property.

“new private infrastructure developments” means single properties divided (through subdivision or township establishment) into 10 or more full title units and all services, inclusive of water, sewerage, electricity and roads are installed by the developer at his own cost.

“non-urban land” means land which is not situated in an approved township and used for residential or agricultural purposes or not in use.

“owner” — means

(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; in relation to a time sharing interest contemplated in the Property Time-sharing Control Act, 1983 (Act No. 75 of 1983), means the management association contemplated in the regulations made in terms of section 12 of the Property Time-sharing Control Act, 1983, and published in Government Notice R327 of 24 February 1984; in relation to a share in a share block company, the share block company as defined in the Share Blocks Control Act, 30 1980 (Act No. 59 of 1980); in relation to buildings, other immovable structures and infrastructure referred to in section 17(1)(f) of the MPRA , means the holder of the mining right or the mining permit;” and

(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 property to which a land tenure right applies and which is leased by the holder of such right; 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;

“property” means—

- (i) 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;
- (ii) a right registered against immovable property in the name of a person, excluding a mortgage bond registered against the property;
- (iii) a land tenure right registered in the name of a person or granted to a person in terms of legislation; or
- (iv) public service infrastructure;

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

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

“public 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 and 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 and all 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 and the air traffic control unit at national or provincial airports, including the vacant land known as the obstacle free zone surrounding these, which must be vacant for air navigation purposes;
- (h) any other publicly controlled as may be prescribed; or
- (i) right of way, easements or servitudes in connection with infrastructure mentioned in sections (a) to (h).

“public worship” means 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.

“residential” means a suite of rooms which form a living unit that is exclusively used for human habitation purposes, or a multiple number of such units on a property, excluding a hotel, commune, boarding and lodging undertaking, hostel and place of instruction.

“tax base” means the values as reflected in the officially approved valuation roll of the municipality.

“urban land” means land which is situated within a proclaimed township.

“vacant land” means land within a registered township where no immovable improvements have been erected; or Unless it is situated in areas such as business or industrial etc will be categorized as Residential.

3. Strategic Focus

(1) Policy Objectives

- (a) To ensure certainty and clarity as to amounts payable in respect of property rates; identify all rateable property that is not rated, to take into account the effect of rates on organizations conducting public benefit.
- (b) To spread the rates burden impartially, fairly, equitably and without bias, and determine or provide criteria for the determination of -
 - (i) categories of properties for the purpose of levying different rates, and
 - (ii) categories of owners of properties for categories of properties, for the purpose of the granting of exemptions, rebates and reductions;
 - (iii) increase or decrease rates
- (c) To determine how the municipality’s power must be exercised in relation to multi-purpose properties;
- (d) To ensure the efficient, economic and effective use of resources and to contribute towards the financial sustainability of the municipality;

- (e) To determine measures to promote local economic and social development and endeavor to attract investment for job creation;
- (f) To create an opportunity for public participation in policy making and contribute towards the accountability and transparency of the municipality;
- (g) To take into account the effect of rates on the poor and to protect citizens against exploitation by the municipality.

(2) Principles of Taxation

An *autonomous tax* that the determination and levying of the tax will be in the discretion of the council of the municipality with regard to rebates and exemptions.

(3) Determining the Rate on Property, Exemptions, Rebates and Reductions

- (a) The council shall as part of each annual operating budget component impose a rate in a rand on the market value of all rateable property as recorded in the municipality's valuation roll and supplementary valuation roll. Rateable property shall include any rights registered against such property, with the exemption of a mortgage bond.
- (b) The council of the municipality will annually consider the impact of rates on the community; the impact of rates on businesses; the current economic climate, the Integrated Development Plan (IDP) of the municipality; the Town Development Strategy and the Financial Plan of the municipality.
- (c) Mitigating major shocks to ratepayers when moving from a site rating to the total market value (land and buildings) of a property and development.
- (d) Council approves a rebate of 50% to residential and businesses in lieu of the high increase in property values based on the new valuation effective from the 01 July 2016 to 30 June 2017 as per Council Resolution no: CL30/03/2017
- (e) The council shall further, in imposing rates for each financial year, strive to ensure that the aggregate budgeted revenues from property rates, less revenue foregone and less any contribution to the provision for bad or doubtful debts, not to exceed 35% of the municipality's aggregated budgeted net revenues for the financial year concerned.

4. Other Key Policy Principles

- (1) Equity
 - (a) All persons liable for the payment of rates will be treated equitable and fair.
 - (b) The fundamental principle is that taxpayers in similar circumstances to pay similar levels of tax and taxpayers with greater ability to pay larger amounts of tax,

however, in local government the value of a ratepayer's property is the proxy or surrogate for the ability to pay.

- (c) The circumstances for an individual ratepayer or categories of ratepayers are only taken into account in respect to any exemptions, rebates or reduction that may be granted. Rates are *levied on an ad valorem* (by value) basis that is pro-rata to the value of the property.
- (d) In the local government context the application of the *equity* principle would suggest that the tax (the rate in the rand) would be the same for all ratepayers in a municipal area, unless some compelling application of other taxation principles changes in the incidence of the tax. The main reasons why one ratepayer or categories of ratepayers may pay a different rate than another ratepayer are:
 - (i) different rates levied on different categories;
 - (ii) exemptions;
 - (iii) rebates; and
 - (iv) reductions.
- (e) Although these mechanisms were created by the MPRA, the application thereof should be justified. The main reason is to retain the historical level of contribution of the various categories of properties to the income from assessment rates and thereof minimize the impact on ratepayers.
- (a) The current tariffs will be reviewed annually and measured against neighbouring municipalities tariffs with similar rateable categories.

(2) Affordability

In considering affordability, the total municipal account, and not only the rates account will be considered. The council of the municipality will endeavour to limit the annual increase in the revenue from property rates to a threshold in the framework of the yearly macro directives issued by the national treasury or other relevant regulations issued on a year to year basis at the time of tabling the annual operating budget, except when the approved Integrated Development Plan of the municipality demand for a greater increase. The local economic situation impacting a person or categories of persons can also be considered when public participation reveals such occurrence.

(3) Poverty Alleviation

The effect of rates on the poor has been taken into account in terms of the municipality's Free Basic Services and Indigent policy. The *first R15 000,00* of the value of all residential property according to the approved valuation roll will be exempted from the payment of assessment rates *plus a further 100% discount for registered and approved indigents*. Additional alleviations can be considered by council in the tabling of the yearly operating budget of which will be reflected in the indigent policy.

(4) Limitation of Rates Increases

- (a) The transformation from a site rating system to a system where the total value (land and buildings) will be rated will cause major shifts in the rates burden on the owners of certain properties.
- (b) As guideline the implementation of the Municipal Property Rates Act should not lead to an increase in the income from assessment rates, and it should not result in major deviation from previous tax structures or shocks to ratepayers. To give effect to these guidelines it is necessary to set limitations to the increase of rates for the four financial years for which the first valuation roll compiled in terms of the MPRA is implemented.

5. Amounts due for Rates

- (1) The council of the municipality shall as part of each annual operating budget determine a rate in the rand for every category of ratepayer. The determination of such rate shall concur with the limits as per section 16(1) of the MPRA on property that would materially and unreasonably prejudice:
 - (a) national economic policies;
 - (b) economic activities across the municipal boundaries;
 - (c) the national mobility of goods, services, capital and labour.
- (2) Therefore, in terms of section 17(1) of the MPRA specified impermissible rates are excluded from the rating structure and are reflected as exemptions under section 10(3) of the policy.

6. Liability for the Rates

- (1) A rate levied by the municipality on a property must be paid by the owner of the property as regulated by section 24 of the MPRA.
- (2) When transfer of property takes place, the incidence of property rates falls as a charge on the new owner from date of registration by the Registrar of Deeds.
- (3) Rates are levied on an annual basis at the start of the financial year as per section 12(1) of the MPRA,
 - (i) For the convenience of ratepayers raised monthly on combined consumer accounts and payable within seven (7) working days of the following month according to the payment cut-off date stipulated on the specific monthly account.

- (4) Annually levied property tax and tariffs may not be changed during a financial year except for the purpose of a financial recovery plan as per section 28(6) of the MFMA.
- (5) **INTEREST LEVIED**
 - (ii) Arrear payment on property rates at the monthly or annually due dates, are subject to interest as stipulated by section 97(1)(e) of the Municipal Systems Act at a rate equal to the prime plus 1% overdraft rate as from time to time determined by the banker keeping the municipality's primary bank account.
 - (iii) Interest levied on annually billed accounts will only be levied from 30 November in the Municipal Financial year.
- (6) When rates are levied in respect of a full financial year, the responsibility vests on the first day of that financial year.
- (7) When rates are levied in respect of a valuation in a supplementary valuation roll, and the rates on that valuation are levied for the first time, the liability to pay the rates vests on the first day of the month following the completion of the public inspection period required by section 50 of the MPRA.
- (8) The final day for payment of annually levied and payable rates is 30 October of the specific financial year.
- (9) Any decision on the deferment of payment of a rate is subject to the stipulations of the municipality's Credit Control and Debt Collection policy.
- (10) The municipality may recover arrear rates from tenants or occupiers of rated property, or from agents of the owner of such property equal to the value of unpaid rental in terms of section 28 and 29 of the MPRA.
- (11) If an amount due for rates levied in respect of a property is unpaid by the owner of the property after the date determined for payment by the municipality, the municipality may recover the amount in whole or in part from a tenant or occupier of the property or agent, despite any contractual obligation to the contrary on the tenant or occupier. The municipality may recover an amount only after it has served a written notice on such tenant or occupier.
- (12) The amount that the municipality may recover from the tenant or occupier or agent is limited to the amount of the rent or other money due or payable, but not yet paid, by such tenant or occupier to the owner of the property.

7. Valuation of Rateable Properties

- (1) A general valuation of all rateable properties will be undertaken and a valuation roll compiled every four (4) years.
- (2) Supplementary valuations will be undertaken on an ongoing basis and in terms of section 78 of the MPRA.
- (3) Supplementary valuation rolls will be compiled once a year.

- (4) Amendments to the valuation roll to reflect changes to the owner, address or other prescribed particulars as contemplated by section 79 of the MPRA will be done annually and only the electronic copy of the valuation roll will be updated.
- (5) A property used for multiple purposes must, for rates purposes, be assigned to a category determined by the municipality for properties used for—
 - (a) A purpose corresponding with the permitted use of the property, if the permitted use of the property is regulated;
 - (b) a purpose corresponding with the dominant use of the property; or
 - (c) A rate levied on a property assigned in terms of subsection (1) (c) to a category of properties used for multiple purposes must be determined by—
 - (i) Apportioning the market value of the property, in a manner as may be prescribed, to the different purposes for which the property is used; and
 - (ii) applying the rates applicable to the categories determined by the municipality for properties used for those purposes to the different market value apportionments.

8. Levying of Rates

- (1) Property not subject to rates
 - (a) rateable property registered in the name of a welfare organization registered in terms of the National Welfare Act, 1978 (Act 100 of 1978).
 - (b) rateable property registered in the name of an institution or organization which, in the opinion of the council of the municipality performs charitable work.
 - (c) hospitals, clinics and institutions for mentally ill persons which are not operated with the intention to make profit; NPO's
 - (d) rateable property registered in the name of a public benefit organization performing specified public benefit activities;
 - (e) cemeteries and crematoriums which are registered in the names of private persons and which are used exclusively for burials and cremations of human remains, as the case may be;
 - (f) museums, art galleries, libraries and botanical gardens which are registered in the names of private persons and which are open to public, whether admission is charged or not;
 - (g) national monuments including ancillary business activities at national monuments;
 - (h) rateable property registered in the name of a trustee or trustees or any organization which is being maintained for the welfare of war veterans as defined in section 1 of the Social Aid Act (House of Assembly), 1989, Act 37 of 1989, and their families;

- (i) sport grounds used for the purposes of amateur sport and any social activities which are connected with such sport;
- (j) rateable property registered in the name of the Boy Scouts, Girl Guides, Sea Scouts, Voortrekkers or any organization which is in the opinion of the municipality similar or any rateable property let by the municipality to any such organization;
- (k) Rateable property registered in the name of a declared institution as defined in section 1 of the Cultural Institutions Act, 1969, Act 29 of 1969, or the Cultural Institutions Act (House of Assembly), 1989, Act 66 of 1989.
- (l) In addition to the first R15.000, 00 of exemption as per section 5.3 of the policy a further 50% of the remaining value for old age or disabled pensioners solely dependent from their pension, subjected to the following conditions:
 - (i) The combined income of the landowner and his spouse does not exceed R46.500, 00 per annum or determined by council from time to time;
 - (ii) The property is occupied by the owner; and
 - (iii) Only owners over the age of 60 years or being the breadwinner and totally dependent on a social disability pension or any other pension comparable to social disability pension, should come into consideration.
- (m) The first 85% of the rateable valuation of property of new private infrastructure developments where a single property becomes divided through either subdivision or township establishment into 10 or more full title units and all services inclusive of water, sewerage and electricity and roads are installed by the developer at his own cost for a period of two (2) years from the date of registration of the subdivision or the proclamation of the township or for a shorter period until the newly created units are sold off or improved before expiry of two (2) year period.
- (n) National, provincial or other public roads on which goods, services or labor move across a municipal boundary;
- (n) water or sewer pipes, ducts or other conduits, dams and water supply reservoirs, water treatment plants or water pumps forming part of a water or sewer scheme serving the public;
- (p) Railway lines forming part of a national railway system;
- (q) runways [or], aprons and the air traffic control unit at national or provincial airports, including the vacant land known as the obstacle free zone surrounding these, which must be vacant for air navigation purposes;

9. Application for Exemptions, Rebates and Reductions

- (1) All application for exemptions, rebates and reductions shall be made to the municipality through its income section in the prescribed form approved by the Chief Albert Luthuli Municipal council before 30 June.

- (2) The discretion to grant such an application shall solely lie with the municipality and shall be no appeal to such a decision.
- (3) A rate rebate may be granted to social pensioners or the receiver of a state disability grant and is determined by the council from time to time. To qualify for the concession, the following criteria will apply:
 - (a) The application must be made each year and reach the chief financial officer on or before 30 June.
 - (b) The applicant must be the registered owner of the property and should not sublet any portion of the property.
 - (c) The applicant shall not own any other property.
 - (d) The property must be readily accessible to municipal officials for the purpose of carrying out of inspections and reading of meters.
- (4) A rate rebate/exemption and reductions is applicable to all categories of ratepayers who wish to submit such application on the prescribed form.
- (5) Reporting of all exemptions, rebates and reductions
 - (a) The municipal manager must annually within two months from the end of a financial year table in council according to section 15(3) and (4) of the MPRA with relation to that financial year the following:
 - (b)
 - (i) Such exemptions, rebates and reductions;
 - (ii) Exclusions referred to in section 17(1) (a), (e), (g), (h) and (i) of the MPRA; and
 - (iii) The phasing-in discount granted in terms of section 21 of the MPRA.
 - (c) All exemptions, rebates and reductions projected for a financial year must be reflected in the municipality's annual budget for that year as:
 - (i) Income on the Revenue side; and
 - (ii) Expenditure on the Expenditure side.

10. Categories for rating purposes

(1) Categories for rating purposes

- a. In relation to property a category relates to properties determined in terms of section 8 of the MPRA and in relation to owners of properties it means category of owners as determined in terms of section 15(2) of the MPRA.

The category will be determined by the actual use of the property and if the property is not in use, the zoning will determine same.

The municipal valuer will be responsible for the categorizing of properties and the maintenance thereof as any change in use of a property may result in a change to the category.

- (b) Subject to section 19 of the MPRA as amended in 2014, a municipality may, in terms of the criteria set out in its rates policy, levy different rates for different categories of rateable property, determined in subsection (2) and (3) of the amended MPRA, which must be determined according to the—
 - (i) Use of the property;
 - (ii) Permitted use of the property; or
 - (ii) A combination of (a) and (b).
- (c) The municipality has identified the following categories of rateable property in line with section 8 and 93A Act, provided such property category exist within the municipal jurisdiction:
 - (i) Residential properties;
 - (ii) Industrial properties;
 - (iii) Business and commercial properties;
 - (iv) Agricultural properties;
 - (v) Mining properties;
 - (vi) Properties owned by an organ of state and used for public service purposes;
 - (vii) public service infrastructure properties;
 - (viii) properties owned by public benefit organisations and used for specified public benefit activities;
 - (ix) Properties used for multiple purposes, subject to section 9; or
 - (x) Any other category of property as may be determined by the Minister, with the concurrence of the Minister of Finance, by notice in the Gazette.

(3) In addition to the categories of rateable property determined in terms of subsection (2 -MPRA), a municipality may determine additional categories of rateable property, including vacant land: Provided that, with the exception of vacant land, the determination of such property categories does not circumvent the categories of rateable property that must be determined in terms of subsection (2 -MPRA)

- (d) All agricultural properties regardless of their usage or category shall be levied by the municipality at the same rate as determined by the municipality in its approved yearly budget.
- (e) Units under sectional title will separately be assessed.

(2) Rates for Business from Residential Dwelling

- (a) The tariff for “home business”, as defined in council’s policy on businesses conducted from residential premises shall be determined as the aggregate tariff for the residential and business category. This will exclude Guest Rooms which will be rated as business, but includes residential properties with second dwellings and duets not subject to a sectional title scheme. The normal residential tariff applies where parents occupy these units in terms of council policy.

(3) Rates for Mining Activities

- (a) Based on the level of services (roads, sewerage, electricity, water, refuse removal) provided by the municipality a tariff equal the business tariff shall be applicable for the category “mining” or the rate determined in the framework of the yearly macro directives issued by the national treasury or other relevant regulations issued on a year to year basis at the time of tabling the annual operating budget.
- (b) An approved Social Labor Programs and Programs of social upliftment of society as approved by the Department of Minerals and Energy should be submitted to the municipality with the application for rebates.

(4) Municipal

- (a) Properties in the “municipal” category are exempted unless a lease agreement for such a property (or part thereof) exists.

(5) Public Service Infrastructure that is rateable.

- (a) In terms of the Municipal Property Rates act 2004 as amended in 2014 the following Public Service infrastructure/ Industries are rateable for assessment rates.

Public Service Infrastructure that is rateable.

In terms of the Municipal Property Rates act 2004 as amended in 2014 the following Public Service Industries are rateable for assessment rates.

ESKOM power stations, power substations and all power lines including structures supporting such powerlines forming part of an electricity scheme serving the public

The following prescription in terms of the act is determined by MPRA 42(5)

- (a) physical inspection of the property to be valued is optional; and
- (b) comparative, analytical and other systems or techniques may be used, including aerial photography and computer-assisted mass appraisal systems or techniques, taking into account changes in technology and valuation systems and techniques.

The preferred method of analytical valuation must be done according to General Recognized Accounting Practices (GRAP 17) (IAS 16) (International Public Sector Accounting Standard (IPSAS) on Property, Plant and Equipment).

This do not exclude other comparative, analytical and other systems or techniques to be used or applied.

The GRAP 17 standards specify that Property Plant and Equipment must be calculated according to the cost model or the revaluation model.

Power stations, power substations and all power lines including the structures to support such power lines forming part of an electricity scheme serving the public are to be included in the chosen cost models determining fair value valuation defined above.

The fair value as defined as defined above must be equal or similar to the latest fair value of the servitude land and improvements on the latest Annual Financial Statements subdivision Statement of Position as published by ESKOM.

- (b) In terms of the Municipal Property Rates act 2004 as amended in 2014 the following Public Service Industries are rateable for assessment rates.

The preferred method of analytical valuation must be done according to General Recognized Accounting Practices (GRAP 17) (IAS 16) (International Public Sector Accounting Standard (IPSAS) on Property, Plant and Equipment).

This do not exclude other comparative, analytical and other systems or techniques to be used or applied.

The GRAP 17 standards specify that Property Plant and Equipment must be calculated according to the cost model or the revaluation model.

SASOL gas or liquid fuel plants or refineries or pipelines for gas or liquid fuels, forming part of a scheme for transporting such fuels; in the whole Chief Albert Luthuli Municipal area are to be included in the chosen cost models determining fair value valuation defined above.

The fair value as defined as defined above must be equal or similar to the latest fair value of the servitude land and improvements on the latest Annual Financial Statements subdivision Statement of Position as published by SASOL.

(6) Agricultural Farms

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

(i) the extent of services provided by the municipality in respect of such properties;

(ii) the contribution of agriculture to the local economy;

(ii) the extent to which agriculture assists in meeting the service delivery and development obligations of the municipality; and

(iv) the contribution of agriculture to the social and economic welfare of farm workers.

(c) Agricultural Ratepayers will be levied annually.

(d) The current deteriorating state of the Agricultural Economy will be considered each year and rebates considered.

(7) Eco-Tourism and Game Farms

(a) The rates levied on agricultural farms shall be levied on the eco-tourism and game farms.

(8) Residential or Agriculture Small Holdings

(a) Residential or Agriculture Small Holdings shall be rated equal to “residential” tariff based on the level of services provided by the municipality and its non-urban location. Within the urban area such small holdings will be rated as “residential” properties.

(9) Government land with Town, residential and other developments thereon.

Government land (also known as Tribal Trust Land) especially farms or remainder of farms will be dealt with as follow -

- Valuations will be based on the multi usage of the land which will include business, formal residential housing, informal residential housing, roads and infrastructure, farmland and other infrastructure.

The tariffs charged for each component are determined as follows:

The multi usage **business component** will be bulk charged at the normal business stand tariff as determined in a proclaimed town for the 2016/2017 financial year.

The multi usage **formal residential component** will be bulk charge at the normal residential stand tariff as determined in a proclaimed town for the 2016/2017 financial year.

The multi usage **informal residential component** will be bulk charge at the normal residential stand tariff as determined in a proclaimed town for the 2016/2017 financial year.

The multi usage remainder **farm component** will be bulk charge at the normal farm tariff as determined in a proclaimed town for the 2016/2017 financial year.

The multi usage **other component** will be bulk charge at the normal farm tariff as determined in a proclaimed town for the 2016/2017 financial year.

The multi usage **infrastructure component** will be bulk charge at the normal "other" tariff as determined in a proclaimed town for the 2016/2017 financial year.

(10) PROPERTIES USED FOR MULTIPLE PURPOSES

- (a) Properties used for multiple purposes will, for rating purposes, be dealt with in terms of section 9 (1) (c) of the Act and rates levied on such property will be determined by -
 - (i) Apportioning the market value of the property to the different purposes for which the property is used; and
 - (ii) Applying the rates applicable to the appropriate categories listed in clause 10 (1) (c) and 10 (9) above, to the different market value apportionments.

11. Relief Mechanisms

PROPERTY RATE REBATES	Percentage	Percentage
PENSIONERS AND DISABILITY PENSIONERS	-	
<ul style="list-style-type: none"> Up to R13,000.00 income per annum 	51%	51%
<ul style="list-style-type: none"> From R13,000.01 to R14,000.00 income per annum 	34%	34%
<ul style="list-style-type: none"> From R14,000.01 to R15,000.00 income per annum 	28%	28%
<ul style="list-style-type: none"> UP TO R49,290.00 COMBINED INCOME PER ANNUM 	22%	22%
RESIDENTIAL PROPERTY WITH MARKET VALUE LESS THAN R 60,000.00 THAT ARE OF AN R.D.P. STANDARDS AS PER THE APPLICABLE MARKET TRENDS AND		
<ul style="list-style-type: none"> Registered in the name of a natural person 	95%	95%
<ul style="list-style-type: none"> Government Properties 	0%	0%
AGRICULTURE		
<ul style="list-style-type: none"> Farm land used primarily for agricultural purposes 	35%	35%
PUBLIC SERVICE INDUSTRY		
<ul style="list-style-type: none"> In the case of public service infrastructure, (SASOL AND ESKOM) on the market value of the public service infrastructure rebate of that value as contemplated in section 17(1)(a), or on such lower percentage as the Minister may determine 	30%	30%
NEWLY PRIVATE INFRASTRUCTURE DEVELOPMENT		
<ul style="list-style-type: none"> The first 85% of the rateable valuation of property of new private infrastructure developments where a single property becomes divided through either subdivision or township establishment into 10 or more full title units and all services inclusive of water, sewerage and electricity and roads are installed by the developer at his own cost for a period of two (2) years from the date of registration of the subdivision or the proclamation of the township or for a shorter period until the newly created units are sold off or improved before expiry of two (2) year period. 	85%	85%
RESIDENTIAL PROPERTY USED FOR RESIDENTIAL PURPOSES		
<ul style="list-style-type: none"> 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— for residential properties; or for properties used for multiple purposes, provided one or more components of the property are used for residential purposes; 	100 % of R 15 000.00	100 % of R 15 000.00

<p>In addition to the first R15.000,00 of exemption above a further 50% remaining value for old age or disabled pensioners solely dependent from their pension, subjected to the following conditions:</p> <ul style="list-style-type: none"> the combined income of the landowner and his spouse does not exceed R46.500,00 per annum or determined by council from time to time; the property is occupied by the owner; and Only owners over the age of 60 years or being the breadwinner and totally dependent on a social disability pension or any other pension comparable to social disability pension, should come into consideration. 	50% of the remaining value	50% of the remaining value
NEWLY RATEABLE PROPERTY		
As stipulated by section 21 of the MPRA newly rateable property must be phased in as follows:		
<ul style="list-style-type: none"> in the 2016/17 financial year 		75%
<ul style="list-style-type: none"> in the 2017/18 financial year a rebate of 50% of the rate; 		50%
<ul style="list-style-type: none"> in the 2018/19 financial year 25% of the rateable will be granted; and 		25%
<ul style="list-style-type: none"> in the 2019/20 financial year the rate will be payable without any rebate. 		0%
OTHER REBATES		
<ul style="list-style-type: none"> On the first 30% of the market value of public service infrastructure; 	30 %	30 %
<ul style="list-style-type: none"> Owners temporarily without income 	submit application	submit application
<ul style="list-style-type: none"> Assessment rates billed annually and full and finally settled before November of the current financial year 	10 %	10 %
<ul style="list-style-type: none"> owners of property situated within an area affected by — (i) a disaster within the meaning of the Disaster Management Act, 2002 (Act 10 No. 57 of 2002); or (ii) any other serious adverse social or economic conditions; 	submit application	submit application
PROPERTY RATES REDUCTIONS		
The rate applicable to developed non-urban land or vacant non-urban land will be applied to:		
<ul style="list-style-type: none"> 100% of the pro-rata value of the property on the first 5 hectares thereof; 	100%	100%
<ul style="list-style-type: none"> 75% of the pro-rata value on the property on the next 5 hectares thereof; 	75%	75%
<ul style="list-style-type: none"> 50% of the pro-rata value of the property on the next 5 hectares thereof; 	50%	50%

<ul style="list-style-type: none"> • 25% of the pro-rata value of the property on the next 25 hectares thereof; • 1% of the pro-rata value of the remainder thereof in excess of 40 hectares. 	25%	25%
	1%	1%

13. Frequency of Valuation

- (1) The municipality shall prepare a new valuation roll at least every 4 (four) years.
- (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 Local Government in the province.
- (3) Supplementary valuations may be done on a continual basis but at least on an annual basis.

14. Community Participation

- (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:
 - (a) Conspicuously display the draft rates policy for a period of at least 30 days (municipality to include period decided on) at the municipality's head and satellite offices, libraries and on the website.
- (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.
- (3) Property owners and interested persons may obtain a copy of the draft policy from the municipal offices during office hours at a fee as determined by the council as part of its annual tariffs. Property owners and interested persons are invited to submit written comments or representations to the municipality within the specified period in the notice.
- (4) Council will consider all comments and/or representations received when considering the finalization of the rates policy.

15. Inspection of and Objections to an entry in the Valuation Roll

- (1) Once the council has given notice that the valuation roll is open for public inspection, any person may within the inspection period, inspect the roll and may lodge an objection with the municipal manager against any matter reflected in the roll or omitted from the roll;
- (2) Should any property owner not receive notification of the value of the property within 21 days after the valuation roll is handed to the municipality by the valuator the property owner shall contact and/or make a request for details of the property to the municipality;
- (3) Objections must be in relation to a specific property.
- (4) Lodging of an objection shall not defer liability for the payment of rates; and
- (5) All objections received shall be dealt with in accordance with the MPRA.

15. Special Rating Areas

- (1) The council may, on receipt of an application, create a special rating area or areas in terms of section 22 of the Act, No 6 of 2004.
- (2) Should the municipality receive such an application the community will be consulted on -
 - (a) The establishment of a committee representing the community;
 - (b) Determination of boundaries of such an area;
 - (c) How the area is to be improved by funds derived from additional rates levies;
 - (d) What the additional rate levies will be; and
 - (e) Establishing of a separate accounting and recordkeeping system

16. By-Laws to give effect to the Policy

The municipality shall 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.

17. Annual Adoption of the Policy

- (1) The rates policy will be reviewed annually in compliance with section 5(1) of the MPRA and according to the budget timetable tabled by the Executive Mayor in accordance with section 21(1) (b) (ii)(b(b) of the MFMA with the tabling of the Annual Budget as per section 16(2) of the MFMA.

- (2) Community participation will take place in accordance with Chapter 4 of the Local Government : Municipal Systems Act, Act 32 of 2000 and by following the processes as per sections 21A and 21B of the Municipal Systems Act, Act 32 of 2000 (as contained under section 5 of the Municipal Systems Act Amendment Act, Act 44 of 2003) as follows:
- (a) as a document made public (section 21(A):
 - (b) displayed at the head and satellite offices and libraries of the municipality.
 - (c) displayed on the municipality's official website (as per prescriptions contained under section 21(B).
 - (d) notified to the local community of the place, including website address, where detailed particulars can be obtained.
 - (e) inviting the local community to submit written comments or representations to the municipality in respect of the published document.

18. Disclaimer

- (1) Any rate to be levied on rateable property in terms of this policy or any section of applicable legislation and by way of oversight or any other error not levied, cannot be challenged on the basis of non-compliance with this policy, and must be paid in accordance with the required payment provision.
- (2) Where a ratepayer believes that the council has failed to properly apply this policy he/she should raise the matter with the municipal manager.

19. Enforcement/Implementation

This policy was approved by the municipal council in terms of resolution no. CL..... /...../2019. Gives effect from 1st of July 2019