

DIHLABENG LOCAL MUNICIPALITY



DRAFT MUNICIPAL PROPERTY RATES POLICY

EFFECTIVE 1 JULY 2018

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1. PREAMBLE

Whereas:

- 1.1 It is enshrined in Section 229 of the Constitution (Act 108 Of 1996) that a municipality may impose rates on property within a regulatory framework.
- 1.2 The Municipal Property Rates Act, 2004 (Act No. 6 of 2004) (MPRA) provides the regulatory framework to which the municipality must comply with when imposing rates on the property, which includes but is not limited to:
 - 1.2.1 The adoption of a rates policy will be implemented and made effective by way of a Rates By-Law;
 - 1.2.2 Criteria for determination of categories of properties and differential rates for each category of properties;
 - 1.2.3 Criteria to be applied for granting rates relief measures;
 - 1.2.4 Levying of rates in sectional title schemes;
 - 1.2.5 Appointment of a municipal valuer for preparation of a general valuation roll and supplementary valuation roll(s).
- 1.3 In terms of section 4(1)(c)(ii) of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000), read with section 2 of the said Local Government Municipal Property Rates Act, the municipality has the right to finance the affairs of the municipality by imposing, inter-alia, rates on property. In terms of section 4(2) of the Local Government: Municipal Systems Act, 2000 (32 of 2000), council of a municipality, within the municipality's financial and administrative capacity and having regard to practical considerations, has the duty to-
 - 1.3.1 Exercise the municipality's executive and legislative authority and use the resources of the municipality in the best interests of the local community;
 - 1.3.2 Provide, without favour or prejudice, democratic and accountable government;
 - 1.3.3 Encourage the involvement of the local community;
 - 1.3.4 Strive to ensure that municipal services are provided to the local community in a financially and environmentally sustainable manner;
 - 1.3.5 Consult the local community about-
 - a) The level, quality, range and impact of municipal services provided by the municipality, either directly or through another service provider; and

- b) The available options for service delivery.
- 1.3.6 Give members of the local community equitable access to the municipal services to which they are entitled;
- 1.3.7 Promote and undertake development in the municipality;
- 1.3.8 Promote gender equity in the exercise of the municipality's executive and legislative authority;
- 1.3.9 Promote a safe and healthy environment in the municipality;
- 1.3.10 Contribute, together with other organs of state, to the progressive realisation of the fundamental rights contained in sections 24, 25, 26, 27 and 29 of the Constitution; and
- 1.4 Further, a municipality must in the exercise of its executive and legislative authority respect the rights of citizens and those of other persons protected by the Bill of Rights.
- 1.5 In terms of section 62 of the Local Government: Municipal Finance Act, 2003 (Act 56 of 2003), the Municipal Manager must ensure that the municipality has and implements a rates policy embodied in a by-law as per section 6 of the said Local Government: Municipal Property Rates Act.

2. DEFINITIONS

- 2.1 **“Act”** means the Local Government: Municipal Property Rates Act (Act No 6 of 2004) and any amendment thereof;
- 2.2 **“Actual use”** Means actual activities that are taking place on the property.
- 2.3 **“Agent”**, in relation to the owner of a property, means a person appointed by the owner of the property-
 - 2.3.1 to receive rental or other payments in respect of the property on behalf of the owner; or
 - 2.3.2 to make payments in respect of the property on behalf of the owner;
- 2.4 **“Annually”** means once every financial year;
- 2.5 **“Agricultural property**, in relation to the use of a property, excludes the use of a property for the purpose of eco-tourism or for the trading in or hunting of game;
- 2.6 **“Agricultural purposes”** In relation to the use of a property, excludes the use of a property for the purpose of eco-tourism or for the trading in or hunting of game.
- 2.7 **“Business Property”**, means-

- 2.7.1 property used for the activity of buying, selling or trading in commodities or services and includes any office or other accommodation on the same property, the use of which is incidental to such activity; or
- 2.7.2 Property on which the administration of the business of private or public entities take place;
- 2.8 **“Category”**
 - 2.8.1 In relation to property, means a category of properties determined in terms of Section 8 (2) of the Act; and
 - 2.8.2 In relation to owners of properties, means a category of owners determined in terms of section 15 (2) of the Act.
- 2.9 **“Child-headed household”** Means a household recognized as such in terms of section 137 of the Children’s Act, (No 38 of 2005)
- 2.10 **“Community services”** Means any services which the expenditure of rendering of such a service is financed from the revenue generated from property rates;
- 2.11 **“Date of valuation”** Means the date determined by the Municipality in terms section 31(1) of the Act
- 2.12 **“Definitions, words and expressions”** as used in the Act are applicable to this policy document where ever it is used;
- 2.13 **“Exclusion”** in relation to a municipality’s rating power, means a restriction of that power as provided for in section 16 and 17 of the Act.
- 2.14 **“Exemption”** in relation to the payment of a rate, means an exemption granted by a municipality in terms of section 15(1)(a) of the Act;
- 2.15 **“Guesthouses”** means accommodation in a dwelling-house or second dwelling where between 3 to 10 rooms are used for the purpose of supplying lodging and meals to transient guests for compensation, in an establishment which exceeds the restrictions of a bed and breakfast establishment and may include business meetings or training sessions for resident guests;
- 2.16 **“Land reform beneficiary”**, in relation to a property, means a person who -
 - 2.16.1 acquired the property through -
 - a) the Provision of Land and Assistance Act, 1993 (Act No. 126 of 1993); or
 - b) the Restitution of Land Rights Act, 1994 (Act No. 22 of 1994);
 - 2.16.2 holds the property subject to the Communal Property Associations Act, 1996 (Act No 28 of 1996);

- 2.16.3 holds or acquires the property in terms of such other land tenure reform legislation as may pursuant to section 25(6) and (7) of the Constitution (Act No.108 of 1996) be enacted after this Act has taken effect;
- 2.17 **“Land tenure right”** means an old order right or a new order right as defined in section 1 of the Communal Land Rights Act, 2004 (Act No.11 of 2004);
- 2.18 **“Multi Purpose”** in relation to a property, means the use of a property for more than one purpose
- 2.19 **“Municipality”** means the **Dihlabeng Local Municipality**;
- 2.20 **“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 –
- 2.20.1 a property which was incorrectly omitted from a valuation roll and for that reason was not rated before that date; and
- 2.20.2 a property identified by the Minister by notice in the Gazette where the phasing-in of a rate is not justified;
- 2.21 **“Public Service Infrastructure”** means publicly controlled infrastructure of the following kinds:
- 2.21.1 National, provincial or other public roads on which goods, services or labour move across a municipal boundary;
- 2.21.2 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;
- 2.21.3 Power stations, power substations or power lines forming part of an electricity scheme serving the public;
- 2.21.4 Gas or liquid fuel plants or refineries or pipelines for gas or liquid fuels, forming part of a scheme for transporting such fuels;
- 2.21.5 Railway lines forming part of a national railway system;
- 2.21.6 Communication towers, masts, exchanges or lines forming part of a communications system serving the public;
- 2.21.7 Run ways, aprons and the air traffic control unit at national or provincial airports, including the vacant land known as obstacle free zone surrounding these, which must be vacant for air navigation purposes;
- 2.21.8 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, buoys, beacons or any other device or system used to assist the safe and efficient navigation of vessels;

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

2.21.10 a right registered against immovable property in connection with infrastructure mentioned in sub-paragraphs 1 - 9.

2.22 **‘Public service purposes’**, in relation to the use of a property, means property owned and used by an organ of state as—

2.22.1 Hospitals or clinics;

2.22.2 Schools, pre-schools, early childhood development centres or further education and training colleges;

2.22.3 National and provincial libraries and archives;

2.22.4 Police stations;

2.22.5 Correctional facilities; or

2.22.6 Courts of law,

But excludes property contemplated in the definition of ‘public service infrastructure’;”

2.23 **“Market Value”** in relation to a property, means the value of the property determined in accordance with section 46 of the Act.

2.24 **“Municipal Properties”** refers to a property that is registered in the name of the municipality and property vested by usage in the name of the Municipality whether it is used by the Municipality itself or made available to other entities without cost of a rental agent.

2.25 **“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.

2.26 **“Office bearer”**, in relation to places of public worship, means the primary person who officiates at services at that place of worship;

2.27 **“Official residence”**, in relation to places of public worship, means:-

2.27.1 a portion of the property used for residential purposes; or

2.27.2 one residential property, if the residential property is not located on the same property as the place of worship’

Registered in the name of a religious community or registered in the name of a trust established for the sole benefit of a religious community and used as a place of residence for an office bearer

2.28 **“Owner”-**

2.29 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;

2.29.1 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;

2.29.2 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

2.29.3 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 in the Act of the term **“publicly controlled”**, provided that a person mentioned below may for the purpose of this Act be regarded by a municipality as the owner of a property in the following cases:

- a) A Trustee, in the case of a property in a trust excluding state trust land;
- b) An executor or administrator, in the case of a property in a deceased estate;
- c) A trustee or liquidator, in the case of a property in an insolvent estate or in liquidation;
- d) A judicial manager, in the case of a property in the estate of a person under judicial management;
- e) A curator, in the case of a property in the estate of a person under curatorship;
- f) 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;
- g) A lessee, in the case of a property that is registered in the name of a municipality and is leased by it;
- h) a lessee, in the case of property to which a land tenure right applies and which is leased by the holder of such a right; or
- i) A buyer in the case of a property that was sold by a municipality and of which possession was given to the buyer pending registration of ownership in the name of the buyer.

2.30 **“Person”** includes an organ of state.

- 2.31 **“Place of Public Worship”**, means property used primarily for the purposes of congregation, excluding a structure that is primarily used for educational instruction in which secular or religious education is the primary instructive medium: Provided that the property is:-
- a) registered in the name of a religious community;
 - b) registered in the name of a trust established for the sole benefit of a religious community; or
 - c) subject to land tenure right
- 2.32 **“Private Open Space”** means land that is owned and used for practising of sport, play- or leisure facilities or used as a botanical garden, cemetery or nature area;
- 2.33 **“Property”** means
- 2.34 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;
- 2.34.1 A right registered against immovable property in the name of a person, excluding a mortgage bond registered against the property;
 - 2.34.2 A land tenure right registered in the name of a person or granted in terms of legislation; or
 - 2.34.3 Public Service Infrastructure;
- 2.35 **“Rebate”** in relation to a rate on property, means a discount granted in terms of section 15 of the Act on the amount of the rate payable on the property;
- 2.36 **“Residential Property”** means a property included in a valuation roll in terms section 48 (2) (b) as residential;
- 2.37 **“Rural communal settlements”** means the residual portion of rural communal land excluding identifiable and rateable entities within the property and excluding State Trust Land and land reform beneficiaries as defined in the Act.
- 2.38 **“state trust land”** means land owned by the state-

- 2.38.1 in trust for persons communally inhabiting the land in terms of a traditional system of land tenure;
 - 2.38.2 over which land tenure rights were registered or granted; or
 - 2.38.3 which is earmarked for disposal in terms of the Restitution of Land Rights Act, 1994 (Act No. 22 of 1994).
- 2.39 **“Threshold”** means the amount, determined from time to time by the Council during its annual budget process referred to in section 12 of the Act, to be deducted from the market value of residential properties, resulting in rates to be determined on the balance of the market value of such properties only.
- 2.40 **“Vacant Land”** means land on which no immovable improvements have been erected excluding farm properties not used for any purposes as contemplated in section 8(2)(e) of the MPRA.
- 2.41 **“Zoning”** means the purpose for which land may lawfully be used or on which buildings may be erected or used, or both, as contained in any applicable Town Planning Scheme and “zoned” has corresponding meaning.

3. OBJECTIVES OF THE RATES POLICY

The objectives of this policy are to:

- 3.1 Comply with the provisions of the Municipal Property Rates Act, specifically with section 3 thereof;
- 3.2 Give effect to the principles outlined hereunder;
- 3.3 Ensure the equitable treatment of persons liable for rates;
- 3.4 Determine the methodology and to prescribe procedures for the implementation of the Act;
- 3.5 Determine criteria to be applied for the levying of differential rates for different categories of properties;
- 3.6 Determine or provide criteria for the determination of categories of properties and categories of owners of properties;
- 3.7 Determine criteria to be applied for granting exemptions, rebates and reductions;
- 3.8 Determine how the municipality's powers must be exercised in relation to multiple use properties;
- 3.9 Determine measures to promote local economic and social development; and
- 3.10 Identify which categories of properties the municipality has elected not to rate as provided for in section 15 of the Act.

4. FUNDAMENTAL PRINCIPLES OF THE RATES POLICY

The principles of the rates Policy are to ensure that:

- 4.1 The power of the municipality to impose rates on property within its area 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 as prescribed in terms of Section 229 of the Constitution of the Republic of South Africa;
- 4.2 All ratepayers, in a specific category, as determined by council from time to time, will be treated equitably;
- 4.3 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:
 - 4.3.1 Profits generated on trading and economic services; and
 - 4.3.2 The amounts required to finance exemptions, rebates and reductions of rates as approved by the municipal council from time to time;
- 4.4 Property rates will not be used to subsidize trading and economic services;
- 4.5 The rates income generated by the municipality will take into account relief measures to address the social and economic needs of the community;
- 4.6 This rates Policy and amendment thereof will be 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.

5. APPLICATION OF THE RATES POLICY

Imposition of rates

- 5.1 The council shall as part of each annual operating budget cycle, impose a rate in the 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 a property on which the municipality may in terms of section 2 of the Act levy a rate, excluding property fully excluded from the levy of rates in terms of the Act.
- 5.2 The council pledges itself to limit the annual increase if financially viable of the rate in the rand in accordance with the National Treasury guidelines and/or the approved integrated development priorities.

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

6. EQUITABLE TREATMENT OF RATEPAYERS

- 6.1 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.
- 6.2 Any differentiation in the levying of rates must not constitute unfair discrimination.

7. DISCRETIONARY RESOLUTIONS ADOPTED BY THE MUNICIPALITY WITH RESPECT TO LEVYING OF RATES

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

- 7.1 To levy rates on all rateable property in its area of jurisdiction;
- 7.2 To determine the date of implementation as being 1 July 2018
- 7.3 To determine on the 2nd of July 2018 as the valuations date to be the date of the next general valuation;
- 7.4 To levy different cents in the rand for different categories of rateable property;
- 7.5 That the categories of properties for the purpose of differential rating are those specified in this rates policy and By-Law document;
- 7.6 That the criteria for the categorization in terms of section 8(1) of the Act shall be actual use where a property is improved and vacant land shall be categorized according to the permitted use of the property. In case of a property used for multiple-purposes the categories shall be determined according to the actual uses of the property;
- 7.7 To rate public service infrastructure (excluding municipal public service infrastructure) that is identifiable and to which a market related value can be determined with the provision that the municipality may extend this annually to include other identifiable entities as the data set is developed; and
- 7.8 To not rate properties of which the municipality is the owner, except where leased to a third party.

8. CATEGORIES OF PROPERTIES FOR DIFFERENTIAL RATING

PURPOSES

8.1 For the purposes of differential rates, the following categories of rateable property have been determined, being:

8.1.1 **Residential Property**

Means improved property that:

- (a) Is used for residential purposes including any adjoining property registered in the name of the same owner and used together with such residential property as if it were one property. Any such grouping shall be regarded as one residential property for rate rebate or valuation reduction purposes;
- (b) Is a unit registered in terms of the Sectional Title Act and used for residential purposes; or
- (c) Is owned by a Share block company and used solely for residential purposes
- (d) For the purpose of this rates policy, the following are excluded :
 - i) Hotels
 - ii) Communes
 - iii) Boarding and lodging undertakings
 - iv) Guesthouses
 - v) Residential units used for timeshare and holiday letting

8.1.2 **Residential Property with special consent**

Means improved property that is granted additional rights and consent use other than residential in terms of the Town Planning Scheme.

8.1.3 **Business Property**

Means property that is used for business, commercial and industrial purposes.

8.1.4 **Agricultural Property**

Means a property used for bona fide agricultural purposes in which the property owner deriving his principal source of income from the produce of the land on such property. Agricultural/farming property not used for bona fide agricultural/farming purposes shall be rated according to the actual use thereof.

- 8.1.5 **State or Government Property**
Means property owned and used by the state excluding the kinds of publicly controlled infrastructure listed in the definition of Public Service Infrastructure.
- 8.1.6 **Public Service Infrastructure**
Means a property as defined by the Act.
- 8.1.7 **Public Benefit Organisation Property**
Means property owned by public benefit organizations and used for any specified public benefit 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
- 8.1.8 **Rural Communal Land**
Means the residual portion of a rural communal land excluding identifiable and rateable entities within the property and excluding State Trust Land and land reform beneficiaries as defined in the Act.
- 8.1.9 **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 a land tenure;
(b) over which land tenure rights were registered or granted; and
(c) which is earmarked for disposal in terms of the Restitution of Land Rights.
- 8.1.10 **Municipal property**
In relation to property shall mean those properties owned & exclusively used by the municipality;
- 8.1.11 **Places of Public Worship**
means a property registered in the name of and used primarily as a place of 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 the services at that place of worship;
- 8.1.12 **Properties used in conflict to its zoning (illegal use)**
Means any use that is inconsistent with or in contravention of the permitted use of the property. Properties used in conflict to its zoning / permitted (ILL), usage shall be rated by means of a 1:3 ratios in relation to residential property
- 8.1.13 **Accommodation establishments**

The accommodation establishments (ACC), which includes lodges, guest houses, bed and breakfast establishments, communes and other boarding and lodging establishments, shall be determined by means of a 1:1, 5 ratio in relation to residential property this will exclude hotels and similar establishments which will be rated as business

8.1.14 **Other property**

Means any property determined by the Municipality which is not associated with any of the categories of property listed above.

8.2 Differential rating among the above determined categories of properties will be done by way of setting different rates in the rand for each property category.

8.3 The basis of categorization of properties for rating purposes does not permit any illegal usage of such properties.

8.4 The criteria for weighting the categories determined above, for the purpose of determining cent in a rand amount (rates tariff) for each category, must take account of the following :

8.4.1 The reliance or otherwise of the owners of specific categories of property on the type of services supplied by the Municipality;

8.4.2 The strategic importance of a category of property with reference to the aims and objectives of the municipality and the Government of the Republic of South Africa as a whole (such as social, economic and developmental issues); and

8.4.3 The nature of the category of property, including its sensitivity to rating (for example agricultural properties used for agricultural purposes).

8.5 The following principles and section 8.4 above shall be applied for the determination of the cents in the rand;

8.5.1 The activities that take place on business, commercial, industrial and government properties have been identified as the cost drivers for community services;

8.5.2 The rate ratio between residential and the properties defined in the Local Government: Municipal Property Rates Act No. 6 of 2004 Circular No. 3 (issued on 31 March 2009) shall be as follows

8.5.2.1 Agricultural property shall be rated at a maximum of 1:0.25 prescribed by regulation

9. RELIEF MEASURES FOR PROPERTY OWNERS

- 9.1 The Municipality has considered the need and desire to grant relief to a specific category of owners of properties and owners of a specific category of properties with a view to providing for appropriate measures to alleviate the impact of the rates burden on them
- 9.2 The municipality will not grant relief in respect of the payment of rates other than by way of an exemption, rebate or reduction provided for in this policy and granted in terms of section 15 of the Act to:
- 9.2.1 A specified category of properties; or
- 9.2.2 A specified category of owners of property as provided for hereunder.
- 9.3 The municipality will not grant relief to the owners of property:
- 9.3.1 On an individual basis.
- 9.3.2 If the account is in arrears on the date of application.
- 9.4 The relief measures shall be granted as follows;

9.4.1 Category of specific owners

Part A: Rebates

(a) Indigent household	
Criteria	The owner should be registered in the indigent register in terms of the Indigent Policy of the municipality.
Rebate	The rebate on property rates shall be determined by the municipal council on annual basis during the budget process.
(b) Retired people	
Criteria	<ul style="list-style-type: none"> • Make application in writing in a prescribed form; • Own and permanently reside on the property; • Not own more than one property; • Be at least 60 years of age;
Rebate	A sliding scale rebate system on property rates account shall be determined by the municipal council on annual basis during the budget process.
(c) Owner of a property in estates/ complexes	
Qualification criteria	<ul style="list-style-type: none"> • Make an application in writing in a prescribed form; • The cost of rendering and maintaining of internal community services should incurred by residents or Home owners Associations • The property owner's account should be up to date.
Rebate	<ul style="list-style-type: none"> • A rebate on property rates account for owner of a property situated in unproclaimed area shall be determined by council on an annual basis during the budget process; and • A rebate on property rates account for owner of a property situated in proclaimed area where the municipality does not provide maintenance of the internal community services

	shall be determined by council on an annual basis during the budget process;
(d) Owner of properties in townships establishment (Private township developers/ Township owners)	
Qualification criteria	<ul style="list-style-type: none"> • Make an application in writing in a prescribed form; • Provide Service Level Agreement entered into with the municipality; • The full cost of infrastructural development of the township should be incurred by the owner(s); • The property owner's account should be up to date.
Rebate	<ul style="list-style-type: none"> • 100% rebates shall be granted as from proclamation date of the township and shall not exceed a period of twelve months; • Thereafter, a rebate of 75% year 1, 50% year 2 and 25% year 3 shall apply and/or terminated when a transfer to the third party takes place, whichever comes first. • Developers with existing Services agreement for Township development will be required to apply yearly for rebate and the application will be considered by a Property Rates Committee, consisting of the Accounting Officer and Chief Financial Officer or their nominees.
(e) Owner of a property in a formalized township within rural communal land	
Rebate	The rebate on property rates shall be determined by the municipal council on an annual basis during the budget process.
(f) Owner of a smallholding property categorised as a residential property	
Qualification criteria	<ul style="list-style-type: none"> • The municipality should not be providing any of the community services
Rebate	The rebate on property rates shall be determined by the municipal council on an annual basis during the budget process.

(g) Properties Owned by Public Benefit Organisations, which includes;	
<ul style="list-style-type: none"> • Properties used for any specified public benefit 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. • Any other properties that Council may deem to be owned and exclusively used for public benefit activities for the purpose of rebates. 	
Qualification criteria	<ul style="list-style-type: none"> • Make an application in writing in a prescribed form; • Provide proof of ownership of the property and registration as a Non-Profit Organisation in terms of the Income Tax Act or registration as a Public Benefit Organisation in terms of the Income Tax Act conducting one or more of the above specified public benefit activities listed in Part 1 of the 9th Schedule; • Submit an affidavit signed by the head of the organization before a Commissioner of Oaths that the property is used primarily for the specified public benefit activities and purposes of the organisation;

	<ul style="list-style-type: none"> that no private pecuniary profit is made from the property; and that no rent is received by the applicant for any use of the property by other persons; and Be in a position to submit audited annual financial statements.
Rebate	The rebate on property rates shall be determined by the municipal council on an annual basis during the budget process.

9.4.2 Category of specific properties

Part A: Rebates

Part B – Exemptions

(a) Residential Property	<ul style="list-style-type: none"> The first R40,000.00 of the market value of the property is exempted from levying of rates in terms of section 17(1)(h) of the Act.
(b) Public Services Infrastructure Property (refer to Addendum 1 - Circular No. 07 issued by the Department on 15 December 2014)	<ul style="list-style-type: none"> The first 30% of the market value of the property is exempted from levying of rates in terms of section 17(1)(a) of the Act. Provided that properties as defined in paragraphs (a), (b), (e), (g) and (h) of the Act shall be exempt from property rates subject to the following transitional provisions: <ul style="list-style-type: none"> 2017/18: Rate should be 40% of the rate otherwise applicable to that property 2018/19: Rate should be 20% of the rate otherwise applicable to that property 2019/20: Rate should be 10% of the rate otherwise applicable to that property
(c) Municipal Property	The property shall be 100% exempted from levying of rates
(d) Places of Worship, and properties registered in the name of Non Governmental Organisations (NGOs) and Non Profit Organisations (NPOs)	The property shall be 100% exempted from levying of rates.
(e) Other properties stated in terms of section 17 (1)(b), (c), (d), (e), (f) and (g) of the Act	The properties shall be 100% exempted from levying of rates

Part C: Reductions

(a) Properties Affected by a Disaster or other Serious Adverse Social or Economic Conditions	
Qualification criteria	The owner of any category of property may make application for the consideration of a reduction in the municipal valuation of property as contemplated in section 15 of the Act, where it is contended that the market value of the property is being affected by:
	(a) A disaster within the meaning of the Disaster Management Act (57 of 2002); or
	(b) Any other serious adverse social or economic conditions as may be defined and determined by the Council.
Reduction Granted	<p>The relief provided will be in the form of a reduction in the municipal valuation of the property in relation to a certificate issued for this purpose by the municipal valuer.</p> <p>The resultant reduction in the quantum of the rates payable will be for the current financial year only and calculated on a pro-rata basis from the date of the disaster or adverse conditions to the end of the financial year.</p> <p>Should the applicant consider that the conditions resulting in the granting of relief remain unaltered at the conclusion of the financial year in question, a further application may be lodged for the new financial year</p>

10. MULTIPLE PURPOSE PROPERTIES

- 10.1 The municipality shall determine a method of assessing the value of multi-purpose properties applying the following;
 - 10.1.1 The valuation for all other multiple-purpose properties will be assessed according to the actual uses of the property according to value.
- 10.2 With regard to the Rural Communal property;
 - 10.2.1 It shall be considered as a multiple use property as a whole;
 - 10.2.2 That identifiable and rateable entities within the property (such as commercial leases and commercial and institutional in possession of permission to occupy) be identified, valued and rated individually, with the proviso that the municipality may extend this annually to include other identifiable entities as the data set is developed; and
 - 10.2.3 That the residual portion of the land be considered as the 'Residual' portion of the land for valuation, rating and rebate purposes and be exempted from the payment of rates as stipulated in section 9.4.2, Part B, subsection (c).

11. PAYMENT OF RATES

- 11.1 The rates levied on the properties shall be payable:-
 - 11.1.1 on a monthly basis; or
 - 11.1.2 annually, before 30 September each year.
- 11.2 Ratepayers may choose paying rates annually in one instalment on or before 30 September each year. If the owner of property that is subject to rates, notify the municipal manager or his/her nominee in writing not later than 30 June in any financial year, or such later date in such financial year as may be determined by the municipality that he/she wishes to pay all rates annually, such owner shall be entitled to pay all rates in the subsequent financial year and each subsequent financial year annually until such notice is withdrawn by him/her in a similar manner.
- 11.3 The municipality shall determine the due dates for payments in monthly instalments and the single annual payment and this date shall appear on the accounts forwarded to the owner/ tenant/ occupants/ agent.
- 11.4 Rates payable on an annual basis will be subject to a discount of 5% if paid in full on or before 30 September of each year.
- 11.5 Interest on arrears rates, whether payable on or before 30 September or in equal monthly instalments, shall be calculated in accordance with the provisions of the Credit Control and Debt Collection Policy of the Municipality.
- 11.6 If a property owner who is responsible for the payment of property rates in terms of this policy fails to pay such rates in the prescribed manner, it will be recovered from him/her in accordance with the provisions of the Credit Control and Debt Collection By-law of the Municipality.
- 11.7 Arrears rates shall be recovered from tenants, occupiers and agents of the owner, in terms of section 28 and 29 of the Act and the Municipality's credit control and debt collection by-law.
- 11.8 Where the rates levied on a particular property have been incorrectly determined, whether because of an error or omission on the part of the municipality or false information provided by the property owner concerned or a contravention of the permitted use to which the property concerned may be put, the rates payable shall be appropriately adjusted for the period extending from the date on which the error or omission is detected back to the date on which rates were first levied in terms of the current valuation roll.

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

12. ACCOUNTS TO BE FURNISHED

- 12.1 The municipality will furnish each person liable for the payment of rates with a written account, which will specify:-
- 12.1.1 the amount due for rates payable,
 - 12.1.2 the date on or before which the amount is payable,
 - 12.1.3 how the amount was calculated,
 - 12.1.4 the market value of the property, and
 - 12.1.5 rebates, exemptions, reductions or phasing-in, if applicable.
- 12.2 A person liable for payment of rates remains liable for such payment, whether or not such person has received a written account from the municipality. If the person concerned has not received a written account, he/she must make the necessary enquiries with the municipality.
- 12.3 In the case of joint ownership the municipality shall consistently, in order to minimise costs and unnecessary administration, recover rates from one of the joint owners only provided that it takes place with the consent of the owners concerned.

13. PHASING IN OF RATES

- 13.1 The rates to be levied on newly rateable property shall be phased in as explicitly provided for in section 21 of the Act.
- 13.2 The phasing-in discount on the properties referred to in section 21 shall be as follows:-
- 13.2.1 First year : 75% of the relevant rate;
 - 13.2.2 Second year: 50% of the relevant rate; and
 - 13.2.3 Third year: 25% of the relevant rate.
- 13.3 No rates shall be levied on newly rateable properties that are owned and used by organisations conducting activities that are beneficial to the public and that are registered in terms of the Income Tax Act for those activities, during the first year. The phasing-in discount on these properties shall be as indicated below:-
- 13.3.1 First year : 100% of the relevant rate;

- 13.3.2 Second year: 75% of the relevant rate;
- 13.3.3 Third year: 50% of the relevant rate; and
- 13.3.4 Fourth year: 25% of the relevant rate.

14. SPECIAL RATING AREAS

- 14.1 The municipality will, whenever deemed necessary, by means of a formal Council resolution determine special rating areas in consultation with the relevant communities as provided for in section 22 of the Act.
- 14.2 The following matters shall be attended to in consultation with the committee referred to in clause 13.3 whenever special rating is being considered:-
 - 14.2.1 Proposed boundaries of the special rating area;
 - 14.2.2 Statistical data of the area concerned giving a comprehensive picture of the number of erven with its zoning, services being rendered and detail of services such as capacity, number of vacant erven and services that are not rendered;
 - 14.2.3 Proposed improvements clearly indicating the estimated costs of each individual improvement;
 - 14.2.4 Proposed financing of the improvements or projects;
 - 14.2.5 Priority of projects if more than one;
 - 14.2.6 Social economic factors of the relevant community;
 - 14.2.7 Different categories of property;
 - 14.2.8 The amount of the proposed special rating;
 - 14.2.9 Details regarding the implementation of the special rating;
 - 14.2.10 The additional income that will be generated by means of this special rating.
- 14.3 A committee consisting of 6 members of the community residing within the area affected will be established to advise and consult the municipality in regard to the proposed special rating referred to above. This committee will be elected by the inhabitants of the area concerned who are 18 years of age or older. No person under the age of 18 may be elected to serve on the committee. The election of the committee will happen under the guidance of the Municipal Manager. The committee will serve in an advisory capacity only and will have no decisive powers.
- 14.4 The required consent of the relevant community shall be obtained in writing or by means of a formal voting process under the chairmanship of the Municipal Manager. A majority shall be regarded as 50% plus one of the households affected. Each relevant

household within the special rating area, i.e. every receiver of a monthly municipal account, will have 1 vote only.

- 14.5 In determining the special additional rates the municipality shall differentiate between different categories as referred to in clause 7 of this policy.
- 14.6 The additional rates levied shall be utilised for the purpose of improving or upgrading of the specific area only and not for any other purposes whatsoever.
- 14.7 The municipality shall establish separate accounting and other record-keeping systems for the identified area and the households concerned shall be kept informed of progress with projects and financial implications on an annual basis.

15. FREQUENCY OF VALUATION

- 15.1 The municipality shall prepare a new valuation roll at least every 4 (four) years.
- 15.2 In accordance with the Act the municipality, under exceptional circumstances, may request the MEC for Local Government and Housing in the province to extend the validity of the valuation roll to 5 (five) years.
- 15.3 Supplementary valuations may be done on a continual basis but at least on an annual basis.

16. REGISTER OF PROPERTIES

- 16.1 The municipality will compile and maintain a register in respect of all properties situated within the jurisdiction of the municipality. The register will be divided into Part A and Part B.
- 16.2 Part A of the register will consist of the current valuation roll of the municipality and will include all supplementary valuations done from time to time.
- 16.3 Part B of the register will specify which properties on the valuation roll or any supplementary valuation roll are subject to:
 - 16.3.1 Exemption from rates in terms of section 15 of the Property Rates Act,
 - 16.3.2 Rebate or reduction in terms of section 15,
 - 16.3.3 Phasing-in of rates in terms of section 21, and
 - 16.3.4 Exclusions as referred to in section 17.
- 16.4 The register will be open for inspection by the public at the municipal main offices during office hours or on the website of the municipality.

- 16.5 The municipality will update Part A of the register during the supplementary valuation process.
- 16.6 Part B of the register will be updated on an annual basis as part of the implementation of the municipality's annual budget.

17. BY-LAWS TO GIVE EFFECT TO THE RATES POLICY

- 17.1 The municipality will adopt By-laws to give effect to the implementation of the Rates Policy and such By-laws may differentiate between different categories of properties and different categories of owners of properties liable for the payment of rates.

18. COMMUNITY PARTICIPATION

- 18.1 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:-
 - 18.1.1 Council must establish appropriate mechanisms, processes and procedures to enable the local community to participate and will provide for consultative sessions with locally recognised community organisations and where appropriate traditional authorities.
 - 18.1.2 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.
 - 18.1.3 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.
 - 18.1.4 Property owners and interest persons may obtain a copy of the draft policy from the municipal offices during office hours at a fee as determined by Council as part of its annual tariffs. Property owners and interest persons are invited to submit written comments or representations to the municipality within the specified period in the notice.
 - 18.1.5 Council will consider all comments and/or representations received when considering the finalisation of the rates policy.
 - 18.1.6 The municipality will communicate the outcomes of the consultation process in accordance with section 17 of the Municipal Systems Act 32 of 2000.

19. DISCLAIMER

- 19.1 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.
- 19.2 Where a ratepayer believes that the Council has failed to properly apply this policy he/she should raise the matter with the Municipal Manager within that financial year.

20. REVIEW OF THIS RATES POLICY

- 20.1 The rates policy must be reviewed on an annual basis to ensure that it complies with the Municipality's strategic objectives as contained in the Integrated Development Plan and relevant legislation.
- 20.2 The reviewed policy will be approved with the adoption of the annual budget for the applicable financial year in terms of section 16(2) of the MFMA

21. SHORT TITLE

- 21.1 This policy shall be known as the Dihlabeng Property Rates Policy.

22. IMPLEMENTATION AND APPROVAL OF THIS RATES POLICY

- 22.1 This rates policy shall be effective from 1 July 2018.

Municipal Manager
DIHLABENG LOCAL MUNICIPALITY

Date

Mayor
DIHLABENG LOCAL MUNICIPALITY

Date

COUNCIL RESOLUTION NUMBER _____

ADDENDUM 1: LOCAL GOVERNMENT: MUNICIPAL PROPERTY RATES
ACT NO 6 OF 2004 – CIRCULAR NO. 07 (ISSUED ON 15 DECEMBER
2014)