



**BUFFALO CITY LOCAL MUNICIPALITY
PROPERTY RATES POLICY**

**Municipal Property Rates Act, (Act No 6 of 2004)
Reviewed May 2010**

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1. PURPOSE OF THIS POLICY

The purpose of this Policy is to comply with the provisions of section 3 of the Municipal Property Rates Act No 6 of 2004, the Act or MPRA, which determines that the Council of a municipality must adopt a policy consistent with the Act on the levying of rates on rateable properties situated in the Municipality.

2. PREAMBLE

The Municipal Property Rates Act No. 6 of 2004 hereafter referred to as the MPRA or the Act, requires a municipality to develop and adopt a Rates Policies consistent with the Act on the levying of rates on rateable properties within its municipal boundaries.

Municipalities need a reliable source of revenue to provide basic services and perform its functions. Income derived from property rates is the most important source of general revenue for the municipality.

Revenue from property rates is used to fund services that benefit the community as a whole as opposed to individual households. These include installing and maintaining streets, roads, sidewalks, lighting, and stormwater drainage facilities; and building and operating clinics, parks, recreational facilities and cemeteries. Revenue from property rates is also used to fund municipal administration, such as computer equipment and stationery, and costs of governance, such as council and community meetings, which facilitate community participation on issues of Integrated Development Plans (IDPs) and municipal budgets.

Municipal property rates are set, collected, and used locally. Revenue from property rates is spent within a municipality, where the citizens and voters have a voice in decisions on how the revenue is spent as part of the Integrated Development Plans (IDP's) and budget processes. The municipality prior the council adopting the IDP and the budget invites communities to input in the IDP and budget process.

The Constitution of the Republic of South Africa, (Act No 108 of 1996), entitles municipalities to impose rates on property in their areas, subject to regulation in terms of national legislation.

The Constitution enjoins local government to be developmental in nature, in addressing the service delivery priorities of our country and promoting the economic and financial viability of our municipalities and in general to meet its obligations in terms of section 152 of the Constitution of the Republic of South Africa, 1996.

Local Government requires access to a sufficient and buoyant source of revenue necessary to fulfill its developmental responsibilities.

Income derived from property rates is a critical source of revenue for municipalities to achieve their constitutional objectives, especially in areas that were neglected in the past due to racially discriminatory, inadequate or inappropriate legislation and regulation.

It is essential that municipalities exercise their power to impose rates within a statutory framework that not only enhances certainty, uniformity and simplicity across the nation, but also takes into account historical imbalances and the rates burden on the poor.

The Constitution of the Republic of South Africa confers on Parliament the power to regulate the exercise by municipalities of their fiscal powers.

3. LEGISLATIVE FRAMEWORK

In terms of Section 229 of the Constitution of the Republic of South Africa, (Act No. 108 of 1996), a municipality may impose rates on properties within its judicial boundaries.

In terms of Section 4(1)(c) of the Municipal Systems Act, (Act No. 32 of 2000), a municipality has the right to finance the affairs of the municipality by imposing, *inter alia*, rates on property.

In terms of Section 2(1) of the MPRA, (Act no 6 of 2004), a municipality may levy a rate on property in its area of jurisdiction in accordance with the provisions of the said Act.

The Council of the Municipality will impose a rate in terms of the aforementioned legislation. Consequently, this rates policy has been developed within the parameters of the applicable legislation relating to property rates.

This Property Rates Policy ('the Policy') only applies to the rating of property valued in accordance with the Act and the applicable regulations. In preparing General Valuation Rolls in terms of the MPRA the principle of *current dominant use* will be applied in terms of the valuation process. The application of this principle therefore underpins the rates policy recommendations outlined in this policy document.

4. **COMMUNITY PARTICIPATION**

Community participation is advocated and undertaken in terms of section 4 of the Act.

In preparing this Policy cognizance will be taken of all verbal and written submissions received by the municipality as a result of the community participation processes.

5. **DEFINITIONS**

“Act” means the Local Government: Property Rates Act, (Act No 6 of 2004) and includes the regulations made in terms of Section 83 of the Act;

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

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

“agricultural purpose” in relation to the use of a property, excludes the use (of a property for the purpose of eco-tourism or for the trading in or hunting of game);

“annually” means once every financial year;

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

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

“Bona fide farmer,” means a property owner who can prove that his / her tax status is that of a farmer; who can produce an Annual Workmen's Compensation Return in respect of his / her farming activities; and as the land owner must prove that she/he

has complied with the National Veld and Forest Fire Act 101 of 1998 and legislation governing the control of alien invasive species.

“category”

- (a) in relation to property, means a category of properties determined in terms of Section 8; and
- (b) in relation to owners of properties, means a category of owners determined in terms of section 15(2).

“Chief Financial Officer” means the Chief Financial Officer as defined in the Municipal Finance Management Act;

“Child-headed household” means a household where the main caregiver of the said household is younger than 18 years of age. Child-headed household means a household headed by a child as defined in section 28(3) of the Constitution, i.e. a household in which (1) the parents of the household has died or is terminally ill, (2) a minor has assumed the role of care giver in respect of another minor in the household, (3) such minors reside permanently on the property, and (4) the situation pertaining to the household has been verified by a social worker.

“Council” means the Council of the Buffalo City Municipality;

“data-collector” means a person designated as a data-collector in Section 36 of the Act;

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

“district management area” means a part of a district municipality which in terms of section 6 of the Municipal Structures Act has no local municipality and is governed by that municipality alone;

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

“dominant use” in relation to a property means where a particular use is the largest proportion as compared to other uses on that property;

“due date” means the date specified as such on a municipal account dispatched from the offices of the responsible officer for any rates payable and which is the last day allowed for the payment of such rates;

“early childhood development centre” means Early Childhood Development Centers (ECDC’s) functioning under the auspices of the National and/or Provincial Department of Education;

“Education Institutions” as defined in the Schools Act (Act No 84 of 1996) including Schools and Independent Schools, Further Education and Training (FET) Colleges, as defined in the FET College Act, (Act No 16 of 2006) and Early Childhood Development Centers (ECD’s) functioning under the auspices of the National and or Provincial Department of Education;

“effective date”-

- (a) in relation to a Valuation Roll, means the date on which the Valuation Roll takes effect in terms of section 32(1);
- (b) in relation to a Supplementary Valuation Roll, means the date on which a Supplementary Valuation Roll takes effect.

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

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

“financial year” means the period starting from 1 July in a year to 30 June the next year;

“formally protected areas” means a formally protected area as defined in the National Environmental Management: Protected Areas Act, (Act No 57 of 2003) and the National Environmental Management: Biodiversity Act, (Act No 10 of 2004);

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

“Industrial Development Zone” means an Industrial Development Zone (IDZ) that is a purpose-built industrial estate, linked to an international port or airport, which have

been specifically designated for new investment by export oriented industries and related services by the Department of Trade and Industry;

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

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

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

“local community”, in relation to a municipality:

- (a) body that mean of persons comprising –
 - (i) the residents of the municipality;
 - (ii) the ratepayers of the municipality;
 - (iii) any civic organisations and non-governmental, private sector or labour organisations or bodies which are involved in local affairs within the municipality; and
 - (iv) visitors and other people residing outside the municipality who, because of their presence in the municipality, make use of services or facilities provided by the municipality; and
- (b) includes, more specifically, the poor and other disadvantaged sections of such body of persons

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

“market value”, in relation to a property, means the value of the property determined in accordance with Section 46 of the Act;

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

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

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

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

“municipal council” or **“council”** means a municipal council referred to in section 18 of the Municipal Structures Act;

“Municipal Finance Management Act” means the Municipal Finance Management Act, (Act No. 56 of 2003);

“Municipal Systems Act” means the Local Government: Municipal Systems Act, (Act No 32 of 2000);

“Municipality”-

- (a) as a corporate entity, means a municipality described in section 2 of the Municipal Systems Act; and
- (b) as a geographical area, means a municipal area demarcated in terms of the Municipal Demarcation Act No. 27 1998.

“Municipal Manager” means a person appointed in terms of section 82 of the Municipal Structures Act;

“Municipal owned property” refers to 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 or in terms of a rental agreement. Municipal owned properties are used by the municipality in the execution of its Constitutional obligations, excluding properties used for trading services. Properties must be listed and verified by the Chief Financial Officer of the Municipality.

“Municipal Structures Act” means the Municipal Structures Act, (Act No 117 of 1998);

“Municipal Systems Act” means the Municipal System Act, (Act No. 32 of 2000);

“Municipal Valuer” or “Valuer of a Municipality” means a person designated as a municipal valuer in terms of section 33(1) of the MPRA;

“Newly Rateable Property” means any rateable property on which property rates were not levied before the end of the financial year preceding the date on which this Act took effect, excluding-

- (a) a property which was incorrectly omitted from a valuation roll and for that reason was not rated before that date; and
- (b) a property identified by the Minister by notice in the Gazette where the phasing-in of a rate is not justified;

“occupier”, in relation to a property, means a person in actual occupation of a property, whether or not that person has a right to occupy the property;

“organ of state” means an organ of state as defined in section 239 of the Constitution;

“owner”-

- (a) in relation to a property referred to in paragraph (a) of the definition of “property”, means a person in whose name ownership of the property is registered;
- (b) in relation to a right referred to in paragraph (b) of the definition of “property”, means a person in whose name the right is registered;
- (c) in relation to a land tenure right referred to in paragraph (c) of the definition of “property”, means a person in whose name the right is registered or to whom it was granted in terms of legislation; or
- (d) in relation to public service infrastructure referred to in paragraph (d) of the definition of “property”, means the organ of state which owns or controls that public service infrastructure as envisaged in the definition of “publicly controlled”, provided that a person mentioned below may for the purposes of this Act be regarded by a municipality as the owner of a property in the following cases:
 - (i) a trustee, in the case of a property in a trust excluding state trust land;
 - (ii) an executor or administrator, in the case of a property in a deceased estate;
 - (iii) a trustee or liquidator, in the case of a property in an insolvent estate or in;

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

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

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

“person” includes an organ of state;

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

“property” means -

- (a) immovable property registered in the name of a person, including, in the case of a sectional title scheme, a sectional title unit registered in the name of a person;
- (b) a right registered against immovable property in the name of a person, excluding a mortgage bond registered against the property;
- (c) a land tenure right registered in the name of a person or granted to a person in terms of legislation; or
- (d) public service infrastructure;

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

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

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

“Public Benefit Organizations” means organisations registered as PBO in terms of section 30 of the Income Tax Act, and who provide the type of services outlined in items 1, 2 & 3 of Part 1 of the ninth schedule to the Act, i.e. Welfare and Humanitarian Services, Health Care Services and Educational and Development Services).

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

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

“public service infrastructure” means publicly controlled infrastructure of the following kinds:

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

- (h) breakwaters, sea walls, channels, basins, quay walls, jetties, roads, railway or infrastructure used for the provision of water, lights, power, sewerage or similar services of ports, or navigational aids comprising lighthouses, radio navigational aids, buoys, beacons or any other device or system used to assist the safe and efficient navigation of vessels;
- (i) any other publicly controlled infrastructure as may be prescribed; or
- (j) rights of way, easements or servitudes in connection with infrastructure mentioned in paragraphs (a) to (i).

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

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

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

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

“register”-

- (a) means to record in a register in terms of
 - (i) the Deeds Registries Act 47 of 1937; or
 - (ii) the Mining Titles Registration Act 16 of 1967; and
- (b) includes any other formal act in terms of any other legislation to record-
 - (i) a right to use land for or in connection with mining purposes; or
 - (ii) a land tenure right;

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

“rural communal settlements” means the residual portion of rural communal land excluding identifiable and ratable entities within the property, including State Trust Land and land reform beneficiaries as defined in the Act.

“rural communal land” which includes State Trust Land as defined in the Communal Land Rights Act, the Provision of Land Assistance Act and the Communal Property Association Act;

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

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

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

“senior citizen”, is a property owner who is sixty (60) years or older, in possession of a bar coded South African ID document, is the registered owner of the primary property for which relief is sought, resides permanently on the property, and whose gross monthly income does not exceed the amount approved by Council from time to time.

“specified public benefit activity” means an activity listed in item 1 (welfare), 5 (humanitarian), 2 (health care), and 4 (education and development) of Part 1 of the Ninth Schedule to the Income Tax Act;

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

- (a) in trust for persons communally inhabiting the land in terms of a traditional
- (b) over which land tenure rights were registered or granted; or
- (c) which is earmarked for disposal in terms of the Restitution of Land Rights

“this Act” includes regulations made in terms of section 83(2). In this Act, a word or expression derived from a word or expression defined in subsection (1) has a corresponding meaning unless the context indicates that another meaning is intended.

“vacant land” means land where no immovable improvements have been erected.

6. GUIDING PRINCIPLES

In formulating the Rates Policy for Buffalo City Municipality the following guiding principles will be taken into account:

- **Equity**, i.e. that all categories of property and categories of owners be treated equitably in relation to each other.
- **Affordability**, i.e. that the rates policy should take into account issues of affordability across categories of owners.
- **Poverty Alleviation**, i.e. that the rates policy should facilitate poverty alleviation within the context of the mechanisms at its disposal.
- **Social and Economic Development**, i.e. that the rates policy should within the context of the mechanisms at its disposal seek to enhance social and economic development.
- **Financial Sustainability and Cost Efficiency**, i.e. that the rates policy should be cost efficient and should enhance the financial sustainability of the municipality.
- **Encouragement of Development of Property**, i.e. that the rates policy should utilize the mechanism at its disposal to encourage the development of property in line with the socio-economic development needs and goals of the municipality.
- **Community Participation**, i.e. that the rates policy should be reflective of issues and options expressed during public engagements.

7. LEGISLATIVE EXCLUSIONS IN TERMS OF SECTION 17 OF THE MPRA (I.E. IMPERMISSIBLE RATES)

This Policy is reflective of the legislative exclusions to rating imposed in section 17 of the MPRA. These are:

- 7.1** The first 30% of the market value of Public Service Infrastructure as defined in the MPRA;
- 7.2** Any part of the seashore;
- 7.3** Any part of the territorial waters of the Republic of South Africa;
- 7.4** Any islands of which the state is the owner;
- 7.5** Formally protected areas;
- 7.6** Mineral rights;
- 7.7** (Land owned by) Land Reform Beneficiaries;
- 7.8** The first R15 000 of the market value of residential property and properties used for multiple purposes of which one or more components are used for residential purposes; and
- 7.9** Property used primarily for religious worshipping purposes, including an official residence occupied by an officiating officer.

8. PROPERTY CATEGORIES

Provision is made for the following **property categories**:

- 8.1** Residential properties.
- 8.2** Commercial properties.
- 8.3** Agricultural properties.
- 8.4** Public Service Infrastructure.
- 8.5** Rural communal land which includes State Trust Land.
- 8.6** Formally Protected Areas.
- 8.7** Vacant Land (excluding agricultural vacant land).
- 8.8** Vacant properties (excluding agricultural vacant land).
- 8.9** Mining properties, including quarries.
- 8.10** Special properties e.g. Museums, Libraries, National Monuments, National Botanical Gardens and Heritage Sites.

9. RATING OF MULTIPLE USE PROPERTIES

9.1 MULTIPLE USE PROPERTIES

Multiple use properties will be rated on the principle of current dominant use in terms of section 9(1)(b) of the Act.

- 9.1.1** Where the municipality leased its properties, these properties will be included in the rates base and rated for ease of the leaseholders account.
- 9.1.2** Multi let block(s) of flats that are not sectionalized and used for residential purposes will be rated in terms of the Commercial/Business rate.
- 9.1.3** Properties leased to educational institutions and not owned by the institution will be rated on a Commercial/Business rate.
- 9.1.4** Properties zoned residential where dominant use is commercial will be rated on the Commercial/Business rate.

10. CONTRAVENTION OF PERMITTED USE OF THE PROPERTY

Properties that are identified not to be conforming to the legal permitted use or zoning will be valued in terms of section 46 (2) (a) (b) (c) of the MPRA.

11. DIFFERENTIAL RATING

In terms of the provisions of section 8 of the MPRA, Buffalo City Municipality intends to implement differential tariff rates structure based on the following categories of property.

Property Category
Residential properties
Commercial, Business and Industrial properties
Agricultural properties: i) Farms ii) Residential iii) Smallholding iv) Business and Commercial v) Game farms
Public Service Infrastructure (PSI)
Government owned properties (including dwellings)
Public Benefit Organisation owned properties (PBO)
Vacant Land (excluding Agricultural vacant land)
Special Properties
Rural Communal Land

12. CATEGORIES OF PROPERTY OWNERS

In terms of the provisions of section 8 of the MPRA provision is made for the following categories of property owners:

- 12.1** Duly registered Public Benefit Organizations
- 12.2** Land Reform Beneficiaries as defined in the Municipal Property Rates Act.
- 12.3** Indigent Households as defined in the Municipality's Indigent Policy.
- 12.4** Beneficiaries of Old Age Grants.
- 12.5** Beneficiaries of Disability Grants.
- 12.6** Property Owners who are not beneficiaries of Old Age or Disability Grants, but who can prove that their income is equivalent to that of such beneficiaries.
- 12.7** Senior Citizens.
- 12.8** Child Headed Households.
- 12.9** Bona fide farmers
- 12.10** Sporting bodies.
- 12.11** Owners of properties situated within an area affected by a disaster within the meaning of the Disaster Management Act, No 57 of 2002.

12.12 Municipal Owned properties used by the municipality in the execution of its Constitutional Obligations.

13. COMPULSORY PHASING IN OF RATES IN RESPECT OF NEWLY RATABLE PROPERTIES

13.1 Newly rateable property refers to any rateable property on which property rates were not levied before the end of the financial year preceding the date on which this Act (the MPRA) took effect, excluding a property which was incorrectly omitted from a valuation roll and a property identified by the Minister by notice.

13.2 The phasing-in discount in respect of newly rateable property is 75% of the applicable rate in the first year, 50% of the applicable rate in the second year and 25% of the applicable rate in the third year.

14. RATES RELIEF WILL BE CONSIDERED ON AN APPLICATION BASIS

In line with the determinations of section 15 of the MPRA the following categories of owners will be considered for rates relief to be granted on an annual application basis:

14.1 Properties owned by duly registered Public Benefit Organizations and used in support of the registered functions of such PBO.

14.2 Properties owned by Land Reform Beneficiaries.

14.3 Properties owned by Beneficiaries of Old Age Grants.

14.4 Properties owned by Beneficiaries of Disability Grants.

14.5 Properties owned by Households as defined in the Municipality's Indigent Policy.

14.6 Property Owners who are not beneficiaries of Old Age or Disability Grants, but who can prove that their income is equivalent to that of such beneficiaries.

14.7 Properties owned by Senior Citizens.

14.8 Properties owned by Child Headed Households.

14.9 Municipal owned properties used by the municipality in the execution of its Constitutional Obligations, excluding properties used for trading services.

14.10 Agricultural properties owned or leased for agricultural purposes by *bona fide* farmers.

- 14.11** Properties owned or leased by Sporting bodies.
- 14.12** Properties of owners situated within an area affected by a disaster within the meaning of the Disaster Management Act, No 57 of 2002.
- 14.13** Owners of properties who do not enjoy the full range of municipal services.
- 14.13** Property owners who do not enjoy full range of municipal services like water, sewerage, refuse removal, electricity, etc.
- 14.14** Commercial and Industrial properties that are located within the demarcated areas identified by Council for urban renewal and/or township regeneration will qualify for rates relief. To qualify the businesses to be established or that are already established should be contributing to the upliftment and creation of employment opportunities for the previously disadvantaged individuals of which proof must be provided.
- 14.15** Industrial properties that are located within the East London Industrial Development Zone (ELIDZ) qualify for rates relief. Rates relief will be granted in terms of guidelines as identified by Council from time to time.

15. VALUATION AND RATING OF CONTIGUOUS PROPERTIES

In accordance with the Act, all registered properties will be valued and rated individually and separately. Consumers or account holders who wish to receive a single statement will have to furnish a written application to the Municipal Manager.

16. PROCEDURES FOR GRANTING EXEMPTIONS, REBATES & REDUCTIONS

- 16.1** Applications for exemptions and rebates will only be considered after an application on the prescribed form has been lodged with the Chief Financial Officer (CFO) on an annual basis. Applications must reach the Municipality before 31 May preceding the start of the financial year for which relief is sought. Failure to timeously apply for exemption or rebate will result in the exemption or rebate lapsing until a new valid application is received and approved by the municipality.
- 16.2** All applications must be made under oath.
- 16.3** Properties for which application for a rebate is made must be used exclusively for the purpose that forms the basis for the application for the rebate. Where a property is found not to be complying with the contents of the application, that property will be deemed to be forming part of the multiple use category and will be revalued and property rates levied accordingly with the category applicable.

- 16.4** An application for an exemption or rebate implies authority for the Municipality to inspect the property at any reasonable time during the financial year to confirm compliance with the conditions of the exemption or rebate. Where access is denied, the exemption or rebate may be withheld, or withdrawn.
- 16.5** Applications for a reduction in rates based on a reduction in value of a property must be made on the prescribed form within 30 days of the occurrence of the event giving rise to the reduction of the value of the property relied upon.
- 16.6** The onus rests on the applicant to ensure that the application form and all supporting documents are lodged timeously, and that the property concerned qualifies for the exemption, rebate, or reduction.
- 16.7** The effective date of an exemption or rebate shall be the date when the Municipality approves the application for exemption or rebate, irrespective of whether or not the property qualified for exemption or rebate in terms of its use prior to that date.
- 16.8** The Municipality reserves the right to refuse an exemption, reduction or rebate if the details supplied in the application are incomplete, incorrect, or false. In accordance with Section 15(3) of the Act, the Municipal Manager of the Municipality shall annually table in the Council of the Municipality:
- (a)** list of all exemptions, rebates and reductions granted by the Municipality during the previous financial year; and
 - (b)** statement reflecting the income of the Municipality foregone during the previous financial year by way of such exemptions, rebates and reductions and the exclusions referred to in Section 17 (1) (a), (e), (g), (h) and (i) of the Act.
- 16.9** The exemptions, rebates and reductions shall be clearly indicated on the property rates account submitted to each property owner.
- 16.10** **The following specific procedures need to be adhered to when applying for rates relief:**
- 16.10.1 Properties owned by duly registered public benefit organizations** and used in support of the registered functions of such PBO. Applications for exemptions or Grant in Aid by Public Benefit Organisations must be accompanied by a letter from the South African Revenue Service confirming that the organisation qualifies for exemption in terms of the Income Tax Act.
- 16.10.2 Properties owned by Land Reform Beneficiaries.** Applications must be accompanied by documentary proof of the status of the owner.

16.10.3 Properties owned by Beneficiaries of Old Age Grants. Applications must be accompanied by documentary proof of the status of the owner.

16.10.4 Properties owned by Beneficiaries of Disability Grants. Applications must be accompanied by documentary proof of the status of the owner.

16.10.5 Properties owned by Households as defined in the municipality's Indigent Policy. Applications must be accompanied by documentary proof of the status of the owner.

16.10.6 Property Owners who are not beneficiaries of Old Age or Disability Grants, but who can prove that their income is equivalent to that of such beneficiaries. Applications must be accompanied by documentary proof of the status of the owner.

16.10.7 Properties owned by Senior Citizens. Applications must be accompanied by documentary proof of the status of the owner's monthly income. The monthly income amount as determined by Council from time to time.

16.10.8 Properties owned by Child Headed Households. The situation pertaining to the household must be verified in writing by a Registered Social Worker.

16.10.9 Municipal owned properties are properties used by the municipality in the execution of its Constitutional obligations, excluding properties used for trading services. Properties must be listed and verified by the Chief Financial Officer of the Municipality.

16.10.10 Agricultural properties owned by *bona fide* farmers: Applications must be accompanied by proof of the tax status of the applicant and the employer status of the applicant, i.e. by submitting a copy of the applicant's Annual Workmen's Compensation Return, and must indicate the:

- availability and condition of municipal roads in respect of the property;
- availability of municipal sewerage;
- availability of municipal electricity;
- availability of municipal supplied water;
- availability of municipal refuse removal;
- contribution to local employment and job creation (i.e. the number of permanent staff employed);

- extent to which permanent residential properties are provided for permanent staff;
- extent to which such properties are provided with potable water;
- extent to which such properties are provided with electricity;
- extent to which land and buildings are made available to farm workers for cemeteries, education and recreational purposes.

16.10.11 Properties owned or leased by Sporting Bodies. Applications must be supported by Annual Financial Statements indicating inability to pay for rates, as well as proof that the body's membership is not race or gender biased, and that the body is actively involved in promoting its sports code amongst disadvantaged communities.

16.10.12 Properties of owners situated within an area affected by a disaster within the meaning of the Disaster Management Act, (Act No 57 of 2002). Applications must be supported by documentary proof of the extent of damage suffered.

16.10.13 Properties of owners that do not receive the full range of municipal services. Applications must indicate:-

- The availability and condition of the municipal roads in respect of the property.
- The availability of municipal sewerage.
- The availability of municipal electricity.
- The availability of municipal supplied water.
- The availability of municipal refuse removal.

17. LIABILITY FOR AND RECOVERY OF RATES

17.1 The registered owner of a property is liable for the payment of rates.

17.2 In the case of joint owners the owners are jointly and severally liable for the payment of rates.

17.3 In the case of sectional title schemes the owner of the sectional title unit is liable for the payment of rates.

17.4 The municipality will recover rates on a monthly or annual basis as advised by council from time to time.

17.5 Accounts for rates will specify the amount due for rates, the date on which the amount is payable, how the amount was calculated, the market value of the property, the

amount of discount for phasing-in if applicable, and the amount due for additional rates if applicable.

- 17.6** If an amount due for rates is unpaid by the owner the municipality may, in terms of the provisions of section 28 & 29 of the MPRA, recover that amount due from a tenant or occupier, or agent.

18. DUTIES OF PROPERTY OWNERS/OCCUPIERS TO MUNICIPAL EMPLOYEES AND REPRESENTATIVES

In terms of section 36(1) of the MPRA, Valuers, Data Collectors or Inspectors are employees of the municipality. It is, therefore, the duty and responsibility of the property owner or occupier to ensure that the municipal employee/representative is allowed unfettered access to the property. Property owners and/or occupiers are encouraged to volunteer information especially defects, peculiarities or value forming attributes of a property. This will assist in recording the exact nature of the property to arrive at the fair value of the property.

19. PROPERTY RATES – OBJECTION AND APPEAL

In terms of section 50 of the act, any person may within reasonable time object and lodge an objection with the Municipal Manager against any matter as reflected in a valuation roll. Property owners are not and cannot be denied the right to object to a property value. Valuation rolls are advertised for exposure and comment by property owners. If a property owner is not satisfied and decides to object to the value and follow all the necessary procedures, he or she will after verification of facts by the municipal valuer receive the municipal valuer's opinion on the objected value. The municipal valuer will furnish reasons for his/her decisions. If the property owner is still not convinced with the decision of the municipal valuer. The property owner may appeal the valuer's decision and lodge an appeal. The appeal will have to be on a prescribed form and a prescribed fee as approved by Council is payable.

20. ANNUAL REVIEW OF RATES POLICY

In accordance with the determinations of section 5 of the MPRA, the municipality will, annually, review and if necessary amend this Rates Policy taking into account public comments and inputs.