

# MORETELE LOCAL MUNICIPALITY



## RATES POLICY

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## **PART 1: INTRODUCTION AND BACKGROUND**

[1] 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 property.

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

[3] In terms of Section 2(1) of the Local Government: Municipal Property Rates Act, No. 6 of 2004 ('the Act'), a metropolitan or local municipality may levy a rate on property in its area of jurisdiction in accordance with the provisions of the said Act.

[4] This Property Rates Policy ('the Policy') only applies to the rating of property valued in accordance with the Act and the applicable regulations; it does not regulate the process of property valuation and the approval of the valuation roll, which is governed by the Act.

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## **PART 2: DEFINITIONS**

[6] In addition to the definitions provided in the Act, the following definitions apply for the purposes of the application of the Policy:

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

'agricultural purposes' refers to the active pursuit, for primary income generation, of farming activity;

'bona fide farmers' is a person that is fulltime farmer and if such land is used *bona fide* and exclusively by the owner or occupier for agricultural purposes;

'Chief Financial Officer' means the Chief Financial Officer of the Budget and Treasury Directorate of the Municipality;

'Constitution' means the Constitution of the Republic of South Africa, Act No 108 of 1996;

'Core family' means a couple, irrespective of gender (whether married or not), with or without children and/or the parents of either;

'Council' means the Council of the Moretele local municipality;

'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;

‘exclusion’, in relation to a municipality’s rating power, means a restriction of that power as provided for in Section 17 of the Act;

‘exemption’, in relation to the payment of a rate, means an exemption granted by the Municipality in terms of Section 15 of the Act;

‘dwelling’ means a house designed to accommodate a single core family, including the normal outbuildings associated therewith;

‘farm property’ refers to property that is able to be used productively for agricultural and farming purposes, either on a full-time or a part-time basis, regardless of whether or not agriculture forms the principal source of income;

‘improved value’ means the market value of the property, less the land value of the property;

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

‘multiple-use property’ refers to property where there is a combination of different categories of property on the same registered property and where the market value of each is apportioned on the valuation roll; however, this excludes property included in the category of mixed-use property;

‘Municipal Systems Act’ means the Local Government: Municipal Systems Act, No 32 of 2000;

‘Municipality’ means the Moretele Local Municipality;

‘owner’ means:

a) in relation to a property referred to in paragraph (a) of the definition of ‘property’, 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’, 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’, a

person in whose name the right is registered or to whom it was granted in terms of legislation; and

d) in relation to public service infrastructure referred to in paragraph (d) of the definition of

‘property’, the organ of state that owns or controls that public service infrastructure; provided that a person mentioned below may for the purpose of the Act be regarded

by a

municipality as the owner of a property in the mentioned circumstances:

(i) a trustee in the case of a property registered in the name of the trustee 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 an estate in liquidation;
- (iv) a judicial manager, in the case of a property in the estate of a legal 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 to the lessee;
- (viii) a buyer, in the case of a property that has been sold by the Municipality and of which possession has been given to the buyer pending registration of ownership in the name of the buyer; or an occupier of a property that is registered in the name of the Municipality.

‘property’ means -

- a) immovable property situated within the boundaries of the municipality 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;

‘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 of the Act, levy a rate, excluding property fully excluded from the levying of rates in terms of Section 17 of the Act;

‘rebate’, in relation to a rate payable on a property, means a discount granted in terms of Section 15 of the Act 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 Act of the amount for which the property was valued and the rating of the property at that lower amount;

‘smallholding’ refers to property, whether improved by the construction of a dwelling or not, not large enough to support a commercially viable farming operation, but able to provide a subsistence level of output to the owner of the property.

‘CATEGORIES OF PROPERTIES’ MEANS THE CATEGORIES RECOGNIZED IN TERMS OF PARAGRAPH 14 AND OF THIS POLICY –

- (i) 'business and commercial property' refers to property on which the activity of buying, selling or trading in goods and services occurs, but excludes a property that forms part of the mixed-use property category. It includes any office or other accommodation on the same erf, the use of which is incidental to the business, but excludes the business of mining and agriculture or the gathering in of crops or the rearing of livestock;
- (ii) 'farm property: residential' refers to property that is farm property, but is used as residential property;
- (iii) 'farm property: business and commercial' refers to property that is farm property, but is used as business and commercial property;
- (iv) 'farm property: industrial' refers to property that is farm property, but is used as industrial property;
- (v) 'farm property: agricultural' refers to property that is farm property as defined herein in regard to which agriculture forms the principal source of income;
- (vi) 'industrial property' refers to property on which a trade or manufacturing, production assembling or the processing of finished or partially finished products from raw materials or fabricated parts occurs on such a large scale that capital and labour are significantly involved;
- (vii) 'property used for multiple purposes' means the property is used for more than one purpose;
- (viii) 'public service infrastructure' means publicly controlled infrastructure of the following kinds:
  1. national, provincial or other public roads on which goods, services or labour move across a municipal boundary;
  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;
  3. power stations, power substations or power lines forming part of an electricity scheme serving the public;
  4. gas or liquid fuel plants or refineries or pipelines for gas or liquid fuels forming part of a scheme for transporting such fuels;
  5. railway lines forming part of a national railway system;
  6. communication towers, masts, exchanges or lines forming part of a communication system serving the public;
  7. 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;

8. any other publicly controlled infrastructure as may be prescribed; or

9. rights of way, easements or servitudes in connection with infrastructure mentioned in paragraphs (1) to (10).

- (ix) 'residential property' refers to a dwelling that is used exclusively for human habitation, but excludes a hotel, a guest-house, a commune, a boarding establishment, a hostel or a place of instruction.
- (x) 'residential property: mixed use' refers to property that is used predominantly for residential purposes (51 % or more) but has significant portions of the property devoted to purposes that fall within other categories of property;
- (xi) 'smallholding: residential' refers to property that is a smallholding used as residential property;
- (xii) 'smallholding: industrial' property that is a smallholding used as industrial property;
- (xiii) 'smallholding: business and commercial' refers to property that is a smallholding used as business and commercial property;
- (xiv) 'smallholding: agricultural' refers to property that is a smallholding used for agricultural purposes as defined herein;
- (xv) 'vacant land' refers to unimproved land, irrespective of the category of property.

#### CATEGORIES RECOGNIZED IN TERMS OF PARAGRAPH 16 AND OF THIS POLICY

- (i) 'Public benefit organizations and not-for-gain institutions' refer to institutions/organizations that are approved in terms of Section 30 of the Income Tax Act, 1962, read with the Ninth Schedule to that Act;
- (ii) 'Land reform beneficiaries in relation to a property, means a person who:-
  - (a) acquired the property through –
    - (i) the Provision of Land and Assistance Act, 1993 (Act No.126 of 1993);
    - (ii) the Restitution of Land Rights Act, 1994 (Act No. 22 of 1994);
  - (b) holds the property subject to the Communal Property Associations Act, 1996 (Act No. 28 of 1996); or

- (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.
- (iii) 'Indigent household' means a household that benefits from the Municipality's indigent policy
- (iv) 'Pensioner' refers to a person who is at least 60 years of age and is in receipt of a total monthly income from all sources (including the income of the spouse of the owner) not exceeding R2 220 per month; and is not a recipient of an indigent subsidy;
- (v) 'Disabled person' refers to a person who is a recipient of a disability grant and whose total monthly income from all sources (including the income of the spouse of the owner) does not exceed R2 220 per month; and who is not a recipient of an indigent subsidy;
- (vi) 'Sporting bodies' refers to organizations whose sole purpose is to use the property owned by them for sporting purposes, whether for gain or not;
- (vii) 'Specified development zones' refers to where the Council identifies specific area within its area of jurisdiction, industrial development zones;
- (viii) 'Commercial and industrial developers' refers to a legal institution as per the companies act and that such developer is confirmed with the requirement of the building industry;
- (ix) '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;
- (x) 'State-owned property' refers to property used or owned by the State other than public service infrastructure as defined in the Act;
- (xi) 'Critical Biodiversity Area' refers to areas defined as Critical Biodiversity Areas 1 and 2 (CBA1; CBA2) as defined in the Conservation Assessment and Plan that forms part of the municipal Spatial Development Framework (SDF);
- (xii) 'Long-term protected critical biodiversity area' refers to critical biodiversity areas which been made subject to contractual agreements between the land owner and the municipality for a period of thirty years or in perpetuity, and entered into the title deeds of the land;
- (xiii) 'Short-term protected critical biodiversity area' refers to critical biodiversity areas which have been made subject to contractual agreements between the land owner and the municipality for a period of five years.

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### **PART 3: GUIDING PRINCIPLES**

[7] The rating of property will be implemented impartially, fairly, equitably and without bias, and these principles also apply to the setting of criteria for exemptions, reductions, and rebates contemplated in Section 15 of the Act.

[8] The rating of property will be implemented in a way that -

- (a) is developmentally oriented;
- (b) supports sustainable local government by providing a stable and buoyant revenue source within the discretionary control of the Municipality;
- (c) supports local and socio-economic development;
- (d) promotes simplicity, uniformity, and certainty in the property rates assessment process;
- (e) gives due consideration to the need for simple and practical process of billing and collection of property rates;
- (f) promotes sustainable land management, especially that which reduces the risk from natural disasters; and
- (g) achieves national and local environmental management objectives.

[9] In developing or amending this Policy, the Municipality commits itself to a process of community participation, as envisaged in Chapter 4 of the Municipal Systems Act. In addition to the requirements laid down in the said Act, the Municipality will engage interested parties and structures, such as ratepayer organisations, directly in the process of community participation. In addition, use will be made of established community consultation structures, such as ward committees, to ensure thorough participation with regard to the aforementioned process.

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### **PART 4: IMPOSITION OF RATES**

[10] Rates are levied in accordance with Section 11 of the Act and are expressed as an amount in each rand of the market value of each category of property within the Municipality, as recorded in the Municipality's valuation roll and supplementary valuation rolls, and are determined together with the finalisation of the Municipality's annual budget.

[11] The Council shall, when levying property rates for each financial year, take cognisance of the burden of rates and service charges on property owners in the various categories of property ownership.

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## **PART 5: CATEGORIES OF PROPERTY AND OWNERS OF PROPERTY**

[12] The Council has resolved to levy different rates for different categories of property, based on the use of the property concerned, the ownership of the property concerned, and the geographical area where the property is situated.

[13] The following categories of property are recognised:

- (a) residential property;
- (b) residential property: mixed use;
- (c) industrial property;
- (d) business and commercial property;
- (e) farm property: residential;
- (f) farm property: business and commercial;
- (g) farm property: industrial;
- (h) farm property: agricultural;
- (i) smallholding: residential;
- (j) smallholding: industrial;
- (k) smallholding: business and commercial;
- (l) smallholding: agricultural;
- (m) public service infrastructure;
- (n) property used for multiple purposes; and
- (o) vacant land.

[14] In determining the categories of owners identified for the purpose of exemptions, rebates and reductions, the following criteria were utilised:

- (a) the income of the owner of the property;
- (b) the source of income of the owner of the property;
- (c) the employment status of the owner of the property; and
- (d) use of the property

[15] The following categories of owners and the geographical area, as defined in the Act or herein, [part 6], have been identified for the purpose of exemptions, rebates and reductions:

- (a) public benefit organisations and not-for-gain institutions;
- (b) land reform beneficiaries;
- (c) indigent households;
- (d) pensioners;
- (e) disabled persons;
- (f) *bona fide* farmers;
- (g) sporting bodies;
- (h) specified development zones;
- (i) commercial and industrial developers;
- (j) municipal owned property;
- (k) state owned property;
- (l) protected critical biodiversity areas;
- (m) protected biodiversity; and
- (n) owners of property situated within an area affected by a disaster within

the meaning of the Disaster Management Act, No. 57 of 2002.

[16] Whilst some categories of property and categories of owners are granted relief with regard to the payment of rates, no relief shall be granted in respect of the payment for rates to any category of owner of property or to owners of properties on an individual basis, and any relief granted shall only be by way of an exemption, rebate or reduction, as provided for in this Policy.

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## **PART 6: EXEMPTIONS, REBATES AND REDUCTIONS**

[17] The Council has considered the following factors for the purposes of granting exemptions, rebates and reductions:

- (a) the need to accommodate indigent persons and less affluent pensioners;
- (b) the services provided to the community by public service organizations;
- (c) the value of agricultural activities to the local economy coupled, with the extent of municipal services extended to properties on which such activities are carried out, but also taking into account the municipal services provided to municipal residents who are employed in such activities
- (d) the environmental amenity value and reduced environmental risk; and
- (e) the private contribution to meeting municipal and national environmental management objectives and biodiversity targets.

### **[18] EXEMPTIONS: PUBLIC BENEFIT ORGANISATIONS, NOT-FOR-GAIN INSTITUTIONS AND LONG-TERM PROTECTED CRITICAL BIODIVERSITY AREAS**

- (1) In addition to the provisions made in Section 7 (2) (a) of the Act and the exclusions outlined in section 17 of the Act, the Public Benefit Organisations and not-for-gain institutions or organisations may apply annually for the exemption of rates in respect of the following categories of properties owned by them:
  - (a) properties used exclusively as hospitals, clinics, mental hospitals, orphanages, retirement villages, old age homes, or any other benevolent institutions, provided that any profits from the use of such properties are used entirely for the benefit of the institution and/or to charitable purposes within the Municipality;
  - (b) properties belonging to not-for-gain institutions or organisations that perform charitable work;
  - (c) land used exclusively for cemeteries and crematoriums;
  - (d) properties declared as Long-term Protected Critical Biodiversity Areas by contractual agreement entered into with the municipality, or the provincial

- biodiversity conservation authority, and which are compliant with regulations under the Biodiversity Act (Act 10 of 2004), and the Protected Areas Act (Act 57 of 2003);
- (e) properties declared in terms of the Cultural Institutions Act, No. 29 of 1969 or the Cultural Institutions Act, No. 66 of 1989;
  - (f) museums, libraries, art galleries and botanical gardens registered in the name of private persons and open to the public;
  - (g) properties registered in the name of a trustee or trustees and/or organisations, as defined in the Social Aid Act, No. 66 of 1989, which are maintained for the welfare of war veterans and their families;
  - (h) properties owned and/or used by youth organisations for the promotion and development of the youth;
  - (i) properties owned, or used, by institutions or organisations, the exclusive aim of which is to protect birds, reptiles, fish and animals on a not-for-gain basis;
  - (j) properties 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 in terms of Section 17(1)(i) of the Act; and
  - (k) property owned by or used by institutions/organisations whose exclusive aim is to protect biodiversity, registered in terms of Schedule 9 of the Income Tax Act, and compliant with relevant regulations under the Biodiversity Act or provincial legislation.
- (2) The effective date of the exemption from rating will be the date when the Municipality approves the application for exemption, irrespective of whether the property qualified for exemption in terms of its use prior to that date.

#### [19] REBATES

- (1) The level of rebate granted to specific owners within each category of property situated within the service area of the Municipality will be determined annually as part of the operating budget process. Granting of rebates within a particular category of property is aimed at ensuring an equitable distribution of the property rates burden amongst the categories of property that constitute the property rates base of the Municipality.
- (2) **Indigent households**  
The Council has adopted an indigent Policy that provides for the alleviation of the rates burden on the low income sectors of the community within the Municipality. Owners of property who qualify for the assistance provided by this Policy must make application to access the relief provided if they do not automatically receive it.
- (3) **Pensioners and disabled**  
Retired and disabled persons qualify for rebates in accordance with their monthly household income. To qualify for such rebate, a retired or disabled property owner must:
- (a) occupy the property as his or her normal residence;
  - (b) be the owner of the property;

- (c) produce a bar-coded identity document;
- (d) be at least 60 years of age on 1 July of the financial year concerned or be in receipt of a pension, disability grant or income from any other source;
- (e) be in receipt of a total monthly income from all sources (including the income of the spouse of the owner) not exceeding R2 220 per month.

(4) *Bona fide* farmers

In the case of properties that are used for agricultural purposes, the owner(s) may qualify for an agricultural rebate, subject to the following conditions:

- (a) The property must be used predominantly for *bona fide* agricultural purposes;
  - (b) The usage of the property must accord with the zoning scheme for the area; and
  - (c) The owner must be registered with the South African Revenue Service as a farmer and must submit a copy of the last IT48 (“calculation of taxable income from farming operations”) together with the application for a rebate. If no IT48 can be produced due to recent ownership change, upon application, a municipal official, authorised by the Municipal Manager shall issue an agricultural certificate to the owner of the property after an inspection of the property if he or she is satisfied that such land is used *bona fide* and exclusively by the owner or occupier for agricultural purposes.
  - (d) If the owner is a company or a close corporation, which would preclude the South African Revenue Services from issuing an IT48 on behalf of the owner, upon application, a municipal official, authorised by the Municipal Manager shall issue an agricultural certificate to the owner of the property after inspection of the property if he or she is satisfied that such land is used *bona fide* and exclusively by the owner or occupier for agricultural purposes.
- (e) The land owner must prove that he/she has complied with the National Veld and Forest Fire Act (Act 101 of 1998) and legislation governing the control of alien invasive species.
- (f) Property used entirely, or in part, for eco-tourism or for the trading in or hunting of game, shall not qualify for the rebate.

(5) Sporting bodies

Organisations, the sole purpose of which is to use the property owned by them for sporting purposes, whether for gain or not, qualifies for a rebate. In this regard it is noted that assistance offered to professional sporting organisations may differ from that afforded to amateur organisations.

(6) Biodiversity Rebate

Where important biodiversity areas or environmentally sensitive areas contained within a municipal Spatial Development Framework or municipal conservation plan exist, the owner may qualify for a rates rebate subject to the following conditions:

- (a) the owners of the land must enter into an agreement with the Municipality to conserve their land (by the protection and appropriate management thereof) for a defined period of time
- (b) the rebate is only applicable to the area that is subject to the conservation agreement between the land owner and the municipality;

- (c) the conservation value of the property must be assessed via a set of rigorous ecological criteria (such as the municipal Spatial Development Framework or Municipal Conservation Assessment and Plan);
- (d) in the event that the conservation agreement is not adhered to by the land owner, the municipality may terminate the agreement with the owner of the land and the associated rate rebate with immediate effect; and
- (e) in the event that the conservation agreement is not adhered to by the owner of the land, the owner of the land will become liable for all the rates that would have been levied on the land as if the agreement were not in place, from the effective date of the start of the rate rebate or for the last five years, whichever is the shorter period.

(7) Specified development zones

Where the Council identifies specific development zones within its area of jurisdiction, development within these areas may be encouraged by granting rebates in accordance with the Spatial Development framework of Council.

(8) Commercial or industrial developers

Where the Council identifies areas for potential commercial and industrial development within its area of jurisdiction, development within these areas may be encouraged by granting rebates in accordance with the Spatial Development framework of Council.

- (9) If the usage of a property changes during a financial year, the rebate applicable will be reduced *pro rata* for the balance of the financial year.

## [20] REDUCTIONS

Owners of property situated within an area affected by a disaster Property owners within any category of property may apply for a reduction in the property value for rates purposes where the value of the property has been adversely affected by a natural disaster, as defined in terms of the Disaster Management Act, No 57 of 2002, and the property shall be re-valued as at date of such natural disaster, in accordance with the Act.

## [21] PROCESS FOR GRANTING EXEMPTIONS, REBATES AND REDUCTIONS

- (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 on an annual basis. applications must reach the Municipality before 30 June preceding the start of the financial year for which relief is sought, failing which the exemption or rebate will lapse and will only be re-instated once the application has been approved
- (2) All applications must be made under oath. In addition, applications for exemptions 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. All other property owners

seeking an exemption must submit either a letter from their auditors, or annual financial statements confirming that the applicant qualifies for an exemption.

- (3) The properties mentioned in [19](1)(i) above shall be exempted from property rates only on submission of a written affidavit in the prescribed form certifying that the use of the property is in compliance with Section 17(1)(i) of the Act. Affidavits must reach the Chief Financial Officer before 30 June of the year preceding the start of the financial year for which relief is sought.
- (4) Properties for which application for exemption from the payment of rates is made must be used exclusively for the purpose that forms the basis for the application for exemption. Where this is not the case, the property will form part of the category multiple use properties and those portions not used for the purpose for which application for exemption has been made will be re-valued and property rates levied in accordance with the category/categories of property applicable.
- (5) An application for an exemption or rebate must authorize 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, if already effective.
- (6) 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.
- (7) 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.
- (8) 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.
- (9) The Municipality reserves the right to refuse an exemption or rebate if the details supplied in the application are incomplete, incorrect, or false.

[22] 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:

- (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. The exemptions, rebates and reductions shall be clearly indicated on the property rates account submitted to each property owner.

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#### PART 7: CRITERIA FOR RATING MULTIPLE USE PROPERTY

[23] The following criteria will apply to the rating of multiple use properties within the Municipality:

(a) apportionment of the market value of a property to the different purposes for which the property is used; and

(b) application of the relevant rate to each of the components of the property, based on its value.

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#### PART 8: MUNICIPAL OWNED PROPERTY

[24] That Moretele Municipality-owned land, being utilised by other Directorates for administrative purposes, such as electricity, water, sanitation, refuse and fresh produce market be rateable.

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#### PART 9: AMOUNT DUE FOR RATES

[25] A rate will be determined for each of the different categories of property within the Municipality in order to establish the revenue to be generated from property rates. This property rates revenue, less any rates rebates applicable to the different categories of property, will be included in the annual operating budget approved by the Council for each financial year. The rates and levels of rebate as approved by Council, will be published together with the Municipality's annual budget.

[26] Joint owners of property are jointly and severally liable for the payment of property rates.

[27] The payment of property rates may not be deferred beyond the due date by reason of an objection to the valuation of the property concerned in the valuation roll.

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## PART 10: FREQUENCY OF PAYMENTS

[28] Assessment rates are levied annually as a single amount and are payable as such, or may be paid monthly by arrangement. In the case of an application for a certificate in terms of Section 118 of the Local Government: Municipal Systems Act, No. 32 of 2000, the full amount which remains unpaid, inclusive of all installments, for the remaining financial year shall be payable.

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## PART 11: FREQUENCY OF VALUATIONS

[29] The Municipality shall every four years prepare a new valuation roll by means of a general valuation of all rateable property within the Municipality. Supplementary valuations will be undertaken twice during each financial year.

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## PART 12 : CORRECTION OF ERRORS AND OMISSIONS

[30] If the rates levied on a particular property have been incorrectly determined because of an error in valuation, the rates shall be appropriately adjusted from the beginning of the financial year in which the incorrect valuation was brought to the attention of the Municipality. Where the rates levied on a particular property have been incorrectly determined because of false information provided by the property owner concerned or used by the owner of a property for a purpose other than a permitted use, the correct amount will be levied by the Municipality for the full financial year concerned. In addition, where the error occurred because of false information provided by the owner or as a result of the 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 determined by the Council for the payment of overdue rates accounts.

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## PART 13: EFFECTIVE DATE OF THE POLICY

[31] This Policy takes effect from the commencement of the municipal financial year in which the first valuation roll compiled in terms of the Act is implemented.

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## PART 14 : ANNUAL REVIEW OF THE POLICY

[32] In accordance with the Act, the Policy management committee will annually review and, if necessary, amend this Policy after taking into account the comments and representations of the local communities.

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## PART 15: LEGAL REQUIREMENTS

[33] A summary of the key sections of the Act that affect the property rates process is attached hereto as Schedule 1. Said summary is not meant to cover the complete contents of the Act, but is focused rather on those requirements which are immediately relevant to their policy. Consequently, the sections dealing with transitional arrangements have been omitted, and so have most of the provisions dealing with the valuation process.

[34] A person whose rights are affected by a decision of a municipal officer may appeal against that decision by giving written notice of the appeal and reasons to the Chief Financial Officer of the Municipality or, where applicable, the appeal authority referred to below, within 21 days of the date of the notification of the decision.

[35] When the appeal is against a decision taken by:  
(a) the Chief Financial Officer, the Municipal Manager is the appeal authority;  
(b) the Municipal Manager, the Mayor is the appeal authority.

[36] An appeal authority must commence with an appeal within six weeks and decide upon the appeal within a period of twelve weeks.

### *SCHEDULE 1*

#### SECTION 2: POWER TO LEVY RATES

A metropolitan or local municipality may levy a rate on property in its municipal area. A municipality must exercise its power to levy a rate on property subject to Section 229 and any other applicable provisions of the Constitution, the provisions of the present Act, and the rates policy it must adopt in terms of this Act.

#### SECTION 3: ADOPTION AND CONTENTS OF RATES POLICY

The council of a municipality must adopt a policy consistent with the present Act on the levying of rates on rateable property in the municipality. Such a rates policy will take effect on the effective date of the first valuation roll prepared by the municipality in terms

of the present Act, and such policy must accompany the municipality's budget for the financial year concerned when that budget is tabled in the council in terms of the requirements of the Municipal Finance Management Act.

A rates policy must:

- treat persons liable for rates equitably;
- determine the criteria to be applied by the municipality if it:
  - levies different rates for different categories of property;
  - exempts a specific category of owners of properties, or the owners of a specific category of properties, from payment of a rate on their properties;
  - grants 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 rate payable in respect of their properties; or
  - increases rates;
- determine or provide criteria for the determination of categories of properties for the purposes of levying different rates, and categories of owners of properties, or categories of properties, for the purpose of granting exemptions, rebates and reductions;
- determine how the municipality's powers in terms of Section 9 must be exercised in relation to properties used for multiple purposes;
- identify and quantify in terms of cost to the municipality and any benefit to the local community, exemptions, rebates and reductions; exclusions; and rates on properties that must be phased in in terms of Section 21;
- take into account the effect of rates on the poor and include appropriate measures to alleviate the rates burden on them;
- take into account the effect of rates on organisations conducting specified public benefit activities and registered in terms of the Income Tax Act for tax reductions because of those activities, in the case of property owned and used by such organisations for those activities;
- take into account the effect of rates on public service infrastructure;
- allow the municipality to promote local, social and economic development; and
- identify, on a basis as may be prescribed, all rateable properties in a municipality that are not rated in terms of Section 7.

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:

- the extent of services provided by the municipality in respect of such properties;
- the contribution of agriculture to the local economy;
- the extent of which agriculture assists in meeting the service delivery and development obligations of the municipality; and
- the contribution of agriculture to the social and economic welfare of farm workers.

Any exemptions, rebates or reductions granted and provided for in the rates policy adopted by a municipality must comply and be implemented in accordance with a national framework that may be prescribed after consultation with organized local government.

No municipality may grant relief in respect of the payment of rates to:

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

#### SECTION 4: COMMUNITY PARTICIPATION

Before a municipality adopts its rates policy, the municipality must follow the process of community participation envisaged in Chapter 4 of the Municipal Systems Act; and comply with the following requirements, as set out below.

The municipal manager of the municipality must:

- conspicuously display the draft rates policy for a period of at least 30 days at the municipality's head and satellite offices and libraries, and, if the municipality has an official website or a website available to it, on that website as well; and
- advertise in the media a notice stating that a draft rates policy has been prepared for submission to the council, and that such policy is available at the various municipal offices for public inspection, and (where applicable) is also available on the relevant website; and inviting the local community to submit comments and representations to the municipality within a period specified in the notice, but which period shall not be less than 30 days.

The council must take all comments and representations made to it into account when it considers the draft rates policy.

#### SECTION 5: ANNUAL REVIEW OF RATES POLICY

The council must annually review, and – if needed – amend its rates policy. Any amendments to the rates policy must accompany the municipality's annual budget when it is tabled in the council in terms of the Municipal Finance Management Act.

When the council decides to amend the rates policy, community participation must be allowed for as part of the municipality's annual budget process.

#### SECTION 6: BY-LAWS TO GIVE EFFECT TO RATES POLICY

A municipality must adopt by-laws to give effect to the implementation of its 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.