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RB9.1.2/31-05-2019

**TABLING OF THE 2019/2020 ANNUAL BUDGET**

**RESOLVED:**

1. Council approves the annual budget tables as prescribed by the Budgeting and Reporting Regulations, as set out in APPENDIX B.
  2. Council approves the annual budget supporting tables as prescribed by the Budgeting and Reporting Regulations, as set out in APPENDIX C.
  3. Council approves the Quality Certificate signed by the Accounting Officer, as set out in APPENDIX D.
  4. Council approves the revised budget related policies, as set out in APPENDIX E.
    - Absenteeism and Desertion Policy
    - Accounting Policy to the AFS
    - Asset Management Policy
    - Borrowing Policy
    - Budget Policy
    - Cash Management Policy
    - Cederberg Risk Management Policy Annex A - rating scales
- Amended

- Circular No 01-2018 – Disciplinary Procedure Collective Agreement
- Code of Ethics Policy
  
- Consumer Service Charter - Cederberg LM
  
- Customer Care Improvement Policy
  
- Customer Care, Credit Control and Debt Collection Policy
  
- Development Contributions Policy
  
- Drought Communication Strategy
  
- E3-Sexual Harassment policy
  
- Education Training and Development Policy
  
- Employment Equity Plan - Cederberg Municipality 2018-2023
  
- Employment Equity Policy
  
- Enterprise Risk Management Policy
  
- Enterprise Risk Management Strategy
  
- EPWP Policy
  
- Finance Management Internship Policy
  
- Fleet Management Policy
  
- Fraud and Corruption Prevention Policy
  
- Fraud and Corruption Prevention Strategy
  
- Free Basic Energy Policy Guidelines
  
- Funding and Reserves Policy
  
- Grants-In-Aid Policy
  
- HIV AND AIDS Workplace Policy
  
- ICT Data Backup and Recovery Policy
  
- ICT Disaster Recovery Policy
  
- ICT Municipal Corporate Governance of ICT - Cederberg

- ICT Operating System Security Controls Policy
- ICT Security Controls Policy
- ICT User Access Management Policy
- IGR Policy
- Indigent Support Policy
- Insurance Management Policy
- Investment Policy
- Job Evaluation Policy
- Kollektiewe ooreenkoms rakende Dissiplinere Prosedure
- Long-Term Financial Plan Policy
- Out of Pocket Expenses Policy
- Overtime & Standby Policy
- Performance Management Framework Policy
- Petty Cash Policy
- PPE Procedure 1
- Property Rates By-Law Cederberg
- Property Rates Policy
- Records Management
- Recruitment & Selection Policy
- Relocation Policy
- Revenue Enhancement Policy
- Risk and Ethics Management Committee Terms of Reference
- Risk assessment Methodology
- Risk Management Committee Charter
- Risk Management Policy
- Risk Management Register

- Risk Management Risk Appetite Framework
- Risk Management Strategy
- Selection of Housing Beneficiaries Policy
- Sexual Harassment Policy
- Smoking Policy
- Social Media Policy
- Special Rating Areas Policy
- Study Aid Policy
- Study Bursary Policy
- Substance Abuse Policy
- Supply Chain Management Policy - Cederberg Municipality –  
Amended May 2019
- Tariff Policy
- Travel and Subsistence Allowances Policy
- Virement Policy - MSCOA compliant
- Watermeter Vervangingsbeleid
- Whistle Blowing Policy
- Write-Off Policy

5. Council approves the property rates and charges on properties, tariffs, tariff structures and service charges for water, electricity, refuse, sewerage and other municipal services, as set out in APPENDIX F.
6. Council take note of the Budget Circulars, Dora, Provincial Gazette and approves the Service level standards frameworks, Procurement Plans and Budget Locking Certificate, as set out in APPENDIX G, H, I & J.

Proposed: Cllr. R Pretorius

Seconded: Cllr. J Meyer

  
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VOORSITTER / CHAIRPERSON

31-05-2019  
DATUM / DATE



2019/2020

# CEDERBERG LOCAL MUNICIPALITY

Municipal Rates Policy

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## 1. BACKGROUND

- 1.1. This Policy is formulated in terms of Section 3 of the Local Government Municipal Property Rates Act, (Act 6 of 2004) as amended. In 2015 Cederberg Municipality initiated a process to prepare a General Valuation Roll of all property situated within the geographical boundaries of the Municipality in terms of this Act and has been effective as from 1 July 2016.
- 1.2. Date of valuation = 1 July 2015
- 1.3. Date of implementation = 1 July 2016

## 2. LEGISLATIVE CONTEXT

- 2.1. In terms of Section 229 of the Constitution, a Municipality may impose property rates on property.
- 2.2. 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, property rates on property.
- 2.3. In terms of Section 2(1) of the Municipal Property Rates Act, (Act No. 6 of 2004) as amended, a local Municipality may levy a rate on property in its area in accordance with the other provisions of this Act. Herein after referred to as the MPRAA.
- 2.4. This Policy must be read together with and is subject to the provisions of the Municipal Property Rates Act and the Property Rates By-Law.
- 2.5. In terms of Section 8(1) of the Municipal Property Rates Act (MPRAA), the Municipality is levying property rates on the use of the property as determined on the valuation roll in terms of Section 48 of this Act.
- 2.6. Rates are levied in accordance with the Act as an amount in the Rand based on the market value of all rateable property as reflected in the valuation roll and any supplementary valuation roll, as contemplated in Chapters 6 and 8, respectively, of the Act
- 2.7. Now therefore the Municipal Council of **Cederberg Local Municipality** approves and adopts the following Property Rates Policy.



### 3. OBJECTIVES OF THE POLICY

3.1. The key objectives of this Policy are to:

- a) ensure that all owners of rateable property are informed about their liability for rates;
- b) specify relief measures for ratepayers who may qualify for relief or partial relief in respect of the payment of rates through exemptions, reductions and rebates as contemplated in section 15 of the Act;
- c) empower the Council to specify a threshold at which rating in respect of residential properties may commence as provided for in section 15 of the Act read with section 17 (1)(h), which it is hereby authorised to do;
- d) set out the criteria to be applied by the Council if it –
  - i. increases rates; and
  - ii. levies differential rates on different categories of property;
- e) provide for categories of public benefit organisations, approved in terms of section 30(1) of the Income Tax Act 58 of 1962, which are ratepayers, and may apply to the Council for relief from rates;
- f) recognise the State and the owners of public service infrastructure as property owners;
- g) encourage the development of property;
- h) ensure that all persons liable for rates are treated equitably as required by the Act; and
- i) provide that any rebate contemplated in paragraphs 7 of this Policy is to benefit the owner in occupation of the property.
- j) To determine the level of increases in rates, the criteria to be applied may include the following:
  - i. the inflation rate as indicated by the consumer price index excluding mortgage bonds;
  - ii. the financing of increased operating expenditure;
  - iii. the financing of additional maintenance expenditure;
  - iv. the additional cost of servicing debt included in the operating budget of the Council;
  - v. the augmentation of any revenue shortfall;
  - vi. the financing from the annual operating budget of expenditure related to anything the Council is lawfully empowered to do for which provision has to be made in the budget;
  - vii. the taking into consideration of the medium-term budget growth factors as determined by National Treasury;

- viii. In addition to the criteria specified in subparagraph (3) above, the following criteria is taken into account in determining whether a differential rate should be applied:
  - k) the need to promote economic development;
  - l) any administrative advantages in applying a differential rate; and
  - m) the need to alleviate the rates burden on the owners of any particular category of property specified in paragraph 7.
  - n) Exemptions, rebates and reductions may only be granted as provided for in the Rates

#### 4. DEFINITIONS:

4.1. For the purpose of this policy any word or expression to which a meaning has been assigned in the Local Government: Municipal Property Rates Act, 2004 (No. 6 of 2004) as amended shall bear the same meaning in this policy, and unless the context indicates otherwise-

4.2. Any word or expression –

- a) imparting any gender or the neuter includes both genders and the neuter, or
- b) imparting the singular only also includes the plural and vice versa, unless the context otherwise indicates.

**"agricultural use"** means a farm or smallholding used for the production of goods or products through farming or forestry activities

**"bona fide farmer"** means the owner of a property who is taxed by the South African Revenue Services as a farmer;

**"consent use"** means the purpose for which land may lawfully be used, and for which buildings may be erected and used only with the consent of the Council;

**"current monthly rates"** means the rate levied on a property divided into monthly payments;

**"financial year"** means any period commencing on 1 July of a calendar year and ending on 30 June of the next succeeding calendar year;

**"fit for purpose built"** used in connection with a structure, means that the structure is fit for use/habitation for purpose for which it was built;

**"MFMA"** means the Local Government: Municipal Finance Management Act, 56 of 2003;

**“municipal property”** means property owned, vested or under the control and management of the Council or its service provider in terms of any applicable legislation;

**“permitted use”** means 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 of land use scheme; or
- iii. any legislation applicable to any specific property or properties; or

(b) any alleviation of any such restrictions;

**“privately owned property”** means property not owned or vested in the state or an organ of state;

**“Private towns serviced by the owner”** means single properties situated in an area not ordinarily serviced by the municipality, divided through sub division or township establishment into (ten or more) full title stands and / or sectional titles and where all the rates related services inter alia for water ,electricity, sewerage and refuse removal, inclusive of water, electricity, sewerage and refuse removal and roads development are installed at the full cost of the developer and maintained and rendered by residents of such estate.

**“public service infrastructure”** means public service infrastructure as defined in the Act;

**“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;

**“ratepayer”** means any owner of rateable property as well as any owner of rateable property held under sectional title, situated within the area of jurisdiction of the Council;

**“regulation”** means a regulation promulgated in terms of the Act;

**“school”** means a school as defined in the South African Schools Act 84 of 1996;

**“Sectional Titles Act”** means the Sectional Titles Act, 95 of 1986;

**"Sectional titles property"** means sectional title units as defined in the Sectional Titles Act, 95 of 1986;

**"service provider"** means a service provider contemplated in paragraph (d) of the definition of Council;

**"State"** in so far as it relates to property owned and used by the State, means property owned and used by the National Government and Gauteng Provincial Government for the provision of community type services, including but not limited to police stations, hospitals and crematoria. All other property owned and used by the State will be classified in accordance with its zoning i.e. business for offices, residential for housing schemes and police flats etc;

**"State social security grant"** means any social assistance granted in terms of the Social Assistance Act 59 of 1992;

**"Structures Act"** means the Local Government: Municipal Structures Act, 117 of 1998;

**"Systems Act"** means the Local Government: Municipal Systems Act, 32 of 2000;

**"technical and other colleges"** means a public college and a private college as contemplated in the Further Education and Training Colleges Act, 16 of 2006;

**"the Act"** means the Local Government: Municipal Property Rates Act 6 of 2004 as amended

**"threshold"** means the reduction, as contemplated in section 15 of the Act, of residential property;

**"Land Use Scheme"** means – a land use scheme, which is in operation within the jurisdiction of the Cederberg Local Municipality contemplated in the Spatial Planning and Land Use Management Act, 16 of 2013, read with and it includes any town planning scheme that is still in operation in terms of any old order legislation such as the Town Planning and Townships Ordinance, 15 of 1986; and any scheme or document which in terms of any applicable legislation is legally in operation and records or sets out, by means of maps, schedules or any other document, the development rights specifying the purpose for which land may lawfully be used or any buildings may be erected, or both;

**“university”** means any university or Technikon as defined in section 1 of the Higher Education Act 101 of 1997; The category will be based on zoning;

**"zoning”** means the purpose for which land may lawfully be used or for which buildings may be erected or used, or both, as contained in any applicable Town Planning Scheme and **“zoned”** has corresponding meaning.

## 5. GENERAL PRINCIPLES:

- 5.1. The Municipality's rates policy is based on the following principles:
  - a) Equity
  - b) Affordability
  - c) Poverty alleviation
  - d) Social and economic development
  - e) Financial sustainability and
  - f) Cost efficiency
- 5.2. Rates to balance the operating budget after taking into account the profits generated on trading and economic services and the amounts required to finance the exemptions, rebates and reductions as approved by council are levied as an amount in the Rand based on the market value of all rateable property contained in the municipality's valuation roll.
- 5.3. Rates are levied in accordance with the MPRA as a cent in the rand based on the property value contained in the Municipality's General Valuation Roll and supplementary valuations
- 5.4. The Municipality has chosen to differentiate between various categories of property and owners of property. Some categories of property and categories of owners are granted relief from rates.
- 5.5. The Municipality does not grant relief in respect of payments for rates to any category of owners of properties, or to owners of properties on an individual basis, other than by way of an exemption, rebate or reduction provided for in this policy
- 5.6. The rate charged as a cent in the rand for residential properties as per the above definitions is the base rate and the rates charged in respect of all other categories of properties are reflected as ratios to the residential rate
- 5.7. the municipality shall take the effect of the rates on Indigent residents of the Municipality into account and shall provide relief to qualifying Indigents from the payment of property rates in terms of the Municipality's Indigent Policy

## 6. CATEGORIES OF PROPERTIES AND OWNERS:

- 6.1. In terms of section 3(3) of the Act the municipality must determine the criteria for the determination of categories of property and owners for granting exemptions, reductions and rebates and criteria if it levies different rates for different categories of property.
- 6.2. In terms of sections 8(1) and 15(1) read in conjunction with section 19 of the Act the municipality may exempt a category of owner of property from rates or grant a rebate or reduction in the rates.

## 7. PROPERTIES USED FOR MULTIPLE PURPOSES:

- 7.1. Rates on properties used for multiple purposes will be levied based on the dominant use of the property, in relation to which the property shall be assigned a category

## 8. DIFFERENTIAL RATING:

- 8.1. Criteria for differential rating on different categories of properties in terms of section 8(1) of the Act will be according to the use of the property
- 8.2. Differential rating among the various property categories will be done by way of setting different cent amount in the rand for each property category and/or by way of reductions and rebates.
- 8.3. The municipality shall use the criteria as set out in s8(2) of the MPRA. These categories are as follows:
  - a) Residential properties;
  - b) industrial properties;
  - c) business and commercial properties;
  - d) agricultural properties;
  - e) mining properties;
  - f) properties owned by an organ of state and used for public service purposes;
  - g) public service infrastructure properties;
  - h) properties owned by public benefit organisations and used for specified public benefit activities;
  - i) properties used for multiple purposes, subject to the condition that the properties used for multiple properties shall be assigned to a category

according to the dominant use of that property

## 9. CRITERIA FOR EXEMPTIONS, REDUCTIONS AND REBATES:

9.1. Criteria for determining categories of owners of property for the purpose of granting exemptions, rebates and reductions in terms of section 15(2) of the Act will be according to-

- a) Indigent status of the owner of a property;
- b) Sources of income of the owner of a property;
- c) Owners of property situated within an area affected by-
  - i. a disaster within the meaning of the Disaster Management Act, 2002 (Act No. 57 of 2002); or
  - ii. Any other serious adverse social or economic conditions;
- d) Owners of improved residential properties with a market value below a determined threshold of R50 000.
- e) Owners temporarily without income.
- f) The services provided to the community by public service organizations.
- g) The need to preserve the cultural heritage of the local community.
- h) The need to encourage the expansion of psi's.
- i) The need to accommodate indigents, less affluent pensioners and people depending on social grants for their livelihood.
- j) the inability of residential property owners to pass on the burden of rates, as opposed to the ability of the owners of business, commercial, industrial and certain other properties to recover such rates as part of the expenses associated with the goods or services, they produce
- k) The value of agricultural activities to the local economy coupled with the limited municipal services extended to such activities, but also taking into account the municipal services provided to municipal residents who are employed in such activities.; or
- l) owners of agricultural properties who are bona fide farmers;
- m) Registered owners of Residential Properties who are pensioners qualify for special rebates according to gross monthly household income of all persons permanently residing on that property. To qualify for the rebate a property owner must be a natural person and the registered owner of a property which satisfies the requirements of the definition of Residential



Property. This property owner must on 1 July of each financial year: occupy the property as his/her Primary Residence, and be at least 60 years of age, or has been declared medically unfit even if not yet 60 years of age and be in receipt of a gross monthly household income not exceeding the amount determined by Council during the Municipality's budget process.

- n) The requirements of the Act.
- o) Places of Worship; Churches or other bona fide places of worship (in the case of other religions), and one main residential property where the full-time pastor or reverend resides, as being the property registered in the name of the church

## 10. IMPERMISSIBLE RATES:

10.1. The municipality may not levy rates on categories of property and categories of owners of property as determined in sections 16(1) & 17(1) of the Act.

### Section 93 A: Transitional arrangement: Public service infrastructure

Rates may not be levied on the following properties referred to in the definition of public service infrastructure:

- a) Roads;
- b) Water infrastructure;
- c) Rail infrastructure;
- d) Airports and the vacant land surrounding it which must be vacant for air navigation purposes;
- e) Breakwaters, quays etc.
- f) The prohibition on levying rates on the above properties must be phased in with effect 1<sup>st</sup> July 2018 in line with the requirements of

## 11. EXEMPTIONS, REDUCTIONS AND REBATES

11.1. Over and above the exemptions provided for in paragraph 10 above, specific categories of property as indicated in the table below are exempted from the payment of rates within the meaning of section 15(1)(a) of the Act and section 10 of this policy.

### Exemptions

Description of category of property	% Exemption
<b>Municipal properties</b>	100%
<b>Cemeteries and Crematoriums</b>	100%
<b>Public service infrastructure (PSI)</b>	100%
<b>Registered Public Benefit organizations</b>	100%
<b>Registered Museums</b>	100%
<b>Registered National Monuments</b>	100%
<b>A right registered against immovable property</b>	100%
<b>Registered Old Age Homes</b>	100%
<b>Improved Residential Properties with a General Valuation less than R50 000;</b>	100%
<b>Protected Areas/ Nature Reserves</b>	100%
<b>Places of Worship, Churches and one main residential property where the full-time pastor or reverend resides, as being the property registered in the name of the church.</b>	100%

### Rebates

The municipality may grant rebates within the meaning of section 15(1) (b) of the Act on the rates to the owners of the following categories of properties.

Description of category of property	% Rebate
<p><b>Self-Sustainable towns without municipal services outside municipal towns at Residential Rate. (No R75k Discount) As per application.(Doorsprong, Soopjeshoogte, Bulshoek, Cedar Lake Development)</b></p>	75% (Rebate)
<p><b>Flat rebate applicable to all agricultural properties. Qualifying requirements are that the owner should be taxed by SARS as a bona fide farmer and the last tax assessment must be provided as proof</b></p>	75% Rebate
<p><b>Registered owners of residential properties who are pensioners qualify for special rebates</b></p>	Maximum 40%
<p><b>The municipality may grant rebates to properties in Crystal and Blue Waters on the basis that promote local, social and economic development in its area or, based on its Local, Social and Economic Development issues.</b></p> <p>The municipality shall consider the following criteria in deciding whether to provide rebates to these customers:</p> <ul style="list-style-type: none"> <li>a) Job creation in the municipal area;</li> <li>b) Social upliftment of the local community; and</li> <li>c) Creation of infrastructure for the benefit of the community.</li> </ul> <p><u>Rebates will be granted on application subject to:</u></p> <ul style="list-style-type: none"> <li>a) <i>A business plan issued by the directors of the company indicating how the local, social and economic development objectives of the municipality are going to be met;</i></li> </ul>	Maximum 25%

## 12. SPECIAL INCENTIVES TO DEVELOPERS:

12.1. Rebates will be granted as incentives to Cederberg Mill Mall and phased out over a 6-year period to Investors whom contribute to large capital developments and infrastructure to the Cederberg area. This will be stipulated in a development agreement.

12.2. The following rates rebates will be implemented.

<b>Rates Year</b>	<b>Rebate</b>
<b>Year 1</b>	<b>100,00%</b>
<b>Year 2</b>	<b>100,00%</b>
<b>Year 3</b>	<b>100,00%</b>
<b>Year 4</b>	<b>100,00%</b>
<b>Year 5</b>	<b>100,00%</b>
<b>Year 6</b>	<b>95,00%</b>
<b>Year 7</b>	<b>0,00%</b>

The property will be fully ratable from Year 7 of initial rating.

12.3. The rate in rand, as well as the rebates, will be determined and approved by Council when the budget and tariffs are annually submitted for consideration.

12.4. This rebate is available as a special incentive to all major developers subject to the following:

- a) The rebate is approved by a Council Resolution
- b) The rebate is budgeted for in the relevant year

## 13. CRITERIA TO QUALIFY FOR EXEMPTIONS:

### 13.1. Public Benefit Organisations

Public benefit organizations, inclusive of Old Age Homes, Museums, National Monuments as provided for in this Rates Policy may apply for the exemption of property rates subject to producing a tax exemption certificate issued by the South African Revenue Services (SARS) as contemplated in Part 1 of the Ninth Schedule of the Income Tax Act, 1962 (No 58 of 1962):

### 13.2. Exemptions will be subject to the following conditions:

- a) All applications must be addressed in writing to the municipality;
- b) A SARS tax exemption certificate must be attached to all applications;
- c) The municipal manager or his/her nominee must approve all applications;
- d) Applications must reach the municipality before the end of October preceding the start of the new municipal financial year for which relief is sought; and
- e) The municipality retains the right to refuse exemptions if the details supplied in the application form were incomplete, incorrect or false.

## 14. CRITERIA TO QUALIFY FOR REBATES

### 14.1. Agricultural use

A farm must be devoted primarily to the practice of producing and managing food (produce, grains or livestock) or forestry products. The operation must be taxed as a bona fide farmer for income tax purposes by SARS, and the owner of the property must provide a tax certificate to that effect by SARS; failing which the property owner will not obtain the benefit for that year of assessment. Agricultural property shall be rated at a ratio of 1:0.25 of the residential property rate.

14.2. Self-Sustainable towns without municipal services outside municipal towns will be rated at the residential rate; they will not qualify for the exemption normally available to residential customers. Towns to be identified by Council's Valuer.

14.3. The municipality may grant rebates to enterprises that promote local, social and economic development in its area of jurisdiction, based on its Local, Social and Economic Development Policy.

The municipality shall consider the following criteria in deciding whether to provide rebates to these customers:

- d) Job creation in the municipal area;
- e) Social upliftment of the local community; and
- f) Creation of infrastructure for the benefit of the community.

Rebates will be granted on application subject to:

- b) A business plan issued by the directors of the company indicating how the local, social and economic development objectives of the municipality are going to be met;
- c) A continuation plan issued by the directors and certified by auditors of the company stating that the objectives have been met in the first year after establishment and how the company plan to continue to meet the objectives;
- d) An assessment by the municipal manager or his/her nominee indicating that the company qualifies; and
- e) A municipal resolution.

### 14.4. Retired and Disabled Persons Rate Rebate

To qualify for the rebate a property owner must:

- a) occupy the property as his/her normal residence;
- b) be at least 60 years of age or in receipt of a disability pension from the Department of Welfare and Population Development;
- c) Be in receipt of a total monthly income from all sources (including income of spouses of owner) not exceeding the amount annually set by the council.
- d) not be the owner of more than one property; and
- e) Provided that where the owner is unable to occupy the property due to no fault of his/her own, the spouse or minor children may satisfy the occupancy requirement.
- f) Property owners must apply on a prescribed application form for a rebate as determined by the municipality.
- g) Applications must be accompanied by-
  - i. a certified copy of the identity document or any other proof of the owners age which is acceptable to the municipality;
  - ii. sufficient proof of income of the owner and his/her spouse;
  - iii. an affidavit from the owner;
  - iv. if the owner is a disabled person proof of a disability pension payable by the state must be supplied; and
  - v. If the owner has retired at an earlier stage for medical reasons proof thereof must be submitted.
- h) These applications must reach the municipality before the end of October preceding the start of the new municipal financial year for which relief is sought.
- i) The municipality retains the right to refuse rebates if the details supplied in the application form are incomplete, incorrect or false.

#### 14.5. Other Rebates

- a) Owners of rateable property registered in the name of institutions or organizations, which in the opinion of the council, performs the following:
  - i. welfare, charitable and humanitarian work;
  - ii. cultural work; amateur sport and social activities;
  - iii. protect or maintain collections or buildings of historical or cultural interest, including art galleries, archives and libraries;
  - iv. conservation; environment and animal welfare; education

- and development; health care;
  - v. agricultural (Experimental farms); municipal property and usage
  - vi. where the council is engaged in land sales transactions which take place after the financial year has started;
  - vii. where the municipality register a road reserve or servitude on a privately-owned property a pro-rata rebate equal to the value of the
  - viii. reserve or servitude will be given to the owner;
  - ix. State hospitals, clinics and institutions for mentally ill persons, which are not performed for gain.
- b) These applications must reach the municipality before the end of October preceding the start of the new municipal financial year for which relief is sought.

## 15. COST OF EXEMPTIONS, REBATES & REDUCTIONS

- 15.1. The Chief Financial Officer must inform the council of all the costs associated with the exemptions, rebates & reductions.
- 15.2. Provisions must be made in the operating budget for the full potential income associated with property rates, and the full cost of the exemptions, rebates & reductions. A list of all exemptions, rebates & reductions must be tabled before council.

## 16. RATES INCREASES

- 16.1. The municipality will consider increasing rates annually during the budget process in terms of the guidelines issued by National Treasury from time to time.
- 16.2. Rate increases will be used to finance the increase in operating costs of community and subsidized services.
- 16.3. Relating to community and subsidized services the following annual adjustments will be made:
- a) All salary and wage increase as agreed at the South African Local Government Bargaining Council
  - b) An inflation adjustment for general expenditure, repairs and maintenance and



- contributions to statutory funds, and
  - c) Additional depreciation costs or interest and redemption on loans associated with the assets created during the previous financial year.
  - d) Extraordinary expenditure related to community services not foreseen during the previous budget period and approved by the council during a budget review process will be financed by an increase in property rates.
  - e) Affordability of rates to ratepayers.
- 16.4. All increases in property rates will be communicated to the local community in terms of the municipality's policy on community participation.

## 17. NOTIFICATION OF RATES

- 17.1. The municipality will give notice of all rates approved at the annual budget meeting at least 30 days prior to the date that the rates become effective. Accounts delivered after the 30 days' notice will be based on the new rates.
- 17.2. A notice stating the purport of the municipality's resolution and the date on which the new rates become operational will be advertised in the media and the resolution will be displayed by the municipality at places provide for in legislation and the municipality's website and also promulgated in terms of and in accordance with section 14 of the Act.

## 18. PAYMENT OF RATES

- 18.1. Ratepayers may, by special written arrangements with the council, choose to pay rates annually in one instalment on or before 30 September, normally the rates will be payable in twelve equal instalments on or before the tenth day of the month following on the month in which it becomes payable.
- 18.2. The municipality must furnish each person liable for rates with a detailed account as set out in section 27 of the Act.
- 18.3. 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, Debt Collection and Indigent Policy of the municipality.

- 18.4. 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, Debt Collection and Indigent Policy of the Municipality.
- 18.5. Joint owners are jointly and severally liable for the amount due for rates. In the case of agricultural property, the rates due will be recovered as stipulated in the council's Rates Policy.
- 18.6. Arrears rates shall be recovered from tenants, occupiers and agents of the owner, in terms of section 28 and 29 of the Act.
- 18.7. 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.
- 18.8. Supplementary Valuations will be implemented during the year of review and date of the property to be billed on the amended valuation will be determined by Senior Management but not later than 3 months after the valuation has been performed.
- 18.9. 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.

## 19. DEFERRAL OF PAYMENT OF RATES LIABILITIES

- 19.1. The municipality will consider each application for deferral of rates, taking into account the merits and demerits of each and the financial implications thereof in so far, the cash-flow of the municipality is concerned.

- 19.2. Applications for deferral of payment must be made to the Municipality in writing

## 20. SPECIAL RATING AREA

- 20.1. The municipality may by council resolution, after consultation with the local community to obtain the majority's consent, determine an area within its boundaries as a special rating area for the purpose of raising funds for improving or upgrading that area; and differentiate between categories of property when levying an additional rate.
- 20.2. The municipality must determine the boundaries and indicate how the area is to be improved by the additional rates and establish a separate accounting and record-keeping system regarding the income & expenditure.
- 20.3. The municipality may establish a committee representing the Community to act as a consultative and advisory forum.
- 20.4. Representivity, including gender must be taken into account when establishing such a committee.

## 21. SUPPLEMENTARY VALUATION DEBITS

- 21.1. In the event that a property has been transferred to a new owner and a Supplementary Valuation took place, the previous owner as well as the new owner will jointly and separately be held responsible for the outstanding amount due for rates.

## 22. OWNERSHIP

- 22.1. Properties which vests in the municipality during developments i.e. open spaces and roads should be transferred at the cost of the developer to the municipality. Until such time, rates levied will be for the account of the developer

## 23. RATES CLEARANCE CERTIFICATE AND RATES REFUNDS

23.1. All monies collected by the Municipality including in respect of Special Rating Areas (including City Improvement Districts) and any estimated amounts for the duration of the validation period of a certificate in terms of Section 118(1) (a) of the Systems or Section 89 of the Insolvency Act, (Act 24 of 1936), are for the purpose of Section 118 of the Systems Act, deemed to be due and must be paid in order to facilitate the transfer of immovable property:

- a) all amounts that are due must be paid in full prior to the issuing of any clearance certificate in terms of Section 118, of the Systems Act;
- b) developer's contributions will be due and payable before any rates Clearance certificate is issued on new erven developments;
- c) in the case of new sectional title developments payment of developer's contribution will be due before services will be connected;
- d) no interest shall be paid by the Municipality to the registered seller in respect of these payments which are deemed to be due; and
- e) all payments will be allocated to the registered seller's municipal accounts and all refunds will be made to the transferring attorney;
- f) refunds will only be issued on written request or application for refund of the transferring attorney;
- g) Refunds will be allocated to arrear service debt of tenants and only the balance will be refunded.
- h) Refunds will not be issued if the services have not been connected on the new owner and the deed confirming new ownership is received.
- i) Outstanding services of tenants may only be recovered for a maximum period of two years if a request is lodged for a Section 118 (1) of the Municipal Systems Act (32 of 2000) Clearance Certificate. If this is done the conveyancer as well as the buyer of the property must be informed that the remaining debt will remain on the property according to subsection 3, the buyer will then be held responsible for it.
- j) The clearance certificate will only be valid for 60 days;
- k) Extension on a clearance certificate will be granted, if all services is paid in advance for another 60 days; If the valid period surpasses 30 June of the year in which the request was received, the total annual debit for the following financial year will be

payable.

## 24. SECTIONAL TITLE SCHEMES

- 24.1. A rate on property which is subject to a sectional title scheme will be levied on the individual sectional title units in the scheme.

## 25. GENERAL AND SUPPLEMENTARY VALUATIONS

- 25.1. The municipality shall prepare a new general valuation roll of all properties at least every (5) five years and at least one supplementary valuation roll annually; The General valuation roll takes effect from the start of the financial year following completion of the public inspection period and remains valid for that financial year or for one or more subsequent financial years, as the municipality may decide, but in total not for more than 5 (five) financial years.
- 25.2. The Supplementary Valuation roll remains valid for the duration of the current general valuation roll.