



**LEKWA TEEMANE LOCAL  
MUNICIPALITY**

**DRAFT  
RATES POLICY**

**2017/2018**

**FORMULATED IN TERMS OF SECTION 3  
OF THE MUNICIPAL PROPERTY RATES  
ACT, NO. 6 OF 2004**

## RATES POLICY

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## RATES POLICY

### 1. LEGISLATIVE CONTEXT

- 1.1 This policy is mandated by Section 3 of the Local Government: Municipal Property Rates Act, 2004 (No. 6 of 2004), which specifically provides that a municipality must adopt a Rates Policy.
- 1.2 The Constitution of the Republic of South Africa, 1996, and the Local Government: Municipal Property Rates Act, Act 6 of 2004, as amended by the provisions of the Local Government: Municipal Property Rates Amendment Act, Act 29 of 2014 (hereinafter referred to as “the MPRA”), empowers the Lekwa Teemane Local Municipality (hereinafter referred to as “the Municipality”) to impose rates on property;
- 1.3 In terms of the Municipal Property Rates Act, 2004 (No. 6 of 2004) a municipality in accordance with-
  - a. Section 2(1), may levy a rate on property in its area; and
  - b. Section 2(3), must exercise its power to levy a rate on property subject to-
    - i. Section 229 and any other applicable provisions of the Constitution;
    - ii. the provisions of the Property Rates Act; and
    - iii. the rates policy.
- 1.4 In terms of Section 4 (1) (c) of the Municipal Systems Act, 2000 (No. 32 of 2000), the municipality has the right to finance the affairs of the municipality by imposing, *inter alia*, rates on property.
- 1.5 In terms of Section 62(1)(f)(ii) of the Municipal Finance Management Act, 2003 (No. 56 of 2003) the municipal manager must ensure that the municipality has and implements a rates policy.
- 1.6 This policy must be read together with, and is subject to the stipulations of the Local Government: Municipal Property Rates Act, 2004 (No. 6 of 2004) and amendments to the Act and the Regulations promulgated in terms thereof.
- 1.7 The policy of the **Lekwa Teemane Local Municipality** for levying rates on rateable property is set out in this document. The municipality adheres to all requirements of the Local Government: Municipal Property Rates Act, 2004, [MPRA] and the Municipal Finance Management Act, 2003 [MFMA] including any amendments and regulations promulgated in terms of these Acts.

- 1.8 As part of each annual Operating Budget, the municipality is obliged to impose a rate in the Rand on the market value of all rateable properties as recorded in the municipality's valuation roll or supplementary valuation rolls. Rateable property shall include any rights registered against such property, with the exception of a mortgage bond. Generally, all land within the **Lekwa Teemane Local Municipal** area of jurisdiction is rateable unless it is specifically exempted as set out in Section 15 or subjected to Section 7 (2) (a) of the MPRA and includes:
- Cemeteries,
  - Sport grounds for exercising amateur sport,
  - Properties owned by welfare organizations.
- 1.9 The Rates Policy sets out the broad policy framework within which the municipality rates its area as per Section 3, and **must** be reviewed annually, and if necessary, amends the Rates Policy as per Section 5 of the MPRA.
- 1.10 This Policy and the Municipal Property Rates Act, 2004 could be obtained from the Municipal Website [www.lekwateemane.co.za](http://www.lekwateemane.co.za).

## 2. DEFINITIONS

- 2.1 **“accommodation and hospitality facilities:** means a dwelling, building or individual units, where the majority of facilities are shared and where a maximum of 10 rooms housing not more than 16 guests, are leased on a short-term basis (maximum 21 days) and may include catering facilities for guests that stay overnight but does not include self-catering facilities.
- 2.2 **“Act”** means the Local Government: Municipal Property Rates Act, 2004 (Act No. 6 of 2004).
- 2.3 **Bona fide farmer** means the registered owner of agricultural land which is predominantly used for agricultural purposes;
- 2.4 **"building"** means a building as defined in the National Building Regulations and Building Standards Act, 1977 (Act 103 of 1977) as amended shall also include a structure of any nature or description whatsoever.
- 2.5 **"business and Commercial properties"**, in relation to the rating category means property that is zoned primarily for business or commercial uses and , without the derogating from Section 9, of the Act, such property portions that are used as business /commercial as

contemplated in the definition of Lekwa Teemane Town Planning scheme.

- 2.6 **“cultural heritage”** means properties to which the provisions of the National Heritage Resources Act, 1990 (Act No. 25 of 1999), apply, or an institution that has been declared to be subject to the Cultural Institutions Act, 1998 (Act No. 119 of 1998).
- 2.7 **“date of promulgation”** means the date on which the notice of the approval of the notice was done in the NW Provincial Gazette.
- 2.8 **“dwelling unit”** means a self-contained suite of rooms mutually connected and consisting of habitable room(s), bathroom(s), toilet(s) and not more than one kitchen, and may include outbuilding(s) as an ancillary and subservient use to the dwelling unit.
- 2.9 **“erection of a building”** also includes the structural alteration of, or the making of any addition to a building.
- 2.10 **“existing building”** means a building erected in accordance with building plans approved by the local authority or a building considered by the local authority to be lawful and the building operations of which -
- 2.10.1 were completed on or before the date of promulgation, or
- 2.10.2 in the opinion of the local government, were commenced within a reasonable time before date of promulgation, but were only completed thereafter, or
- 2.10.3 were completed in accordance with the conditions imposed by the local government when granting its permission.
- 2.11 **“family”** means -
- 2.11.1 a single person who maintains an independent household, or
- 2.11.2 two or more persons who are related in one of the following ways and who maintain a joint household –
- 2.11.2.1 by blood or marriage,
- 2.11.2.2 by adoption,
- 2.11.2.3 who is a dependent of a family head, the latter being a taxpayer as defined in the Income Tax Act, 1962 (Act 58 of 1962), as amended.
- 2.12 **“Game Farm”** means property that is used predominantly for the trading in or hunting of game

- 2.13 “ **informal settlement**” means a property on which an approved Surveyor General Diagram / General plan has been drawn up, where occupation and the use of the property occur and where a permission-to-occupy- procedure exists in expectation of formal township establishment.
- 2.14. “**Institution** ” means the zoning/use of property as a hospital, nursing home, sanatorium, clinic with associated offices and consulting rooms, whether public or private.
- 2.15 “**Municipality**” means the local municipality for the municipal area of jurisdiction for **Lekwa Teemane**.
- 2.16 “**nominal rent rate**” nominal rental as determined by Council from time to time for the leasing of Council property.
- 2.17 “**public benefit organizations**” with acronym **P.B.O** in relation to a rating category , means property owned by public benefit organizations and used for an specific benefit activity listed as welfare, humanitarian, health care, education , development as indicated in the ninth schedule to the Income Tax Act .
- 2.18 “**privately developed townships**” means a property on which a township has been established and which are owned ( not the council) by means of an single title deed which consists of at least 10 proposed subdivisions/stands, and where necessary infrastructure like water, sewerage, electricity, paved roads etc are installed. Also referred to as the "township owner interest";
- 2.19 “**Residential property**” means improved property that:
- (a) Is used predominantly (60% or more) for residential purposes;
    - does not have more than two units per property; and
    - includes any adjoining property registered in the name of the same owner and used together with such residential property as if it were one propertyAny such grouping shall be regarded as one residential property for rate rebate or valuation reduction purposes.
  - (b) Is a unit registered in terms of the Sectional Title Act and used predominantly for residential purposes.
  - (c) Is owned by a share-block company and used solely for residential purposes.
  - (d) Is a residence used for residential purposes situated on property used for or related to educational purposes.

- 2.20 **"special use"** means land used or a building designed or used for any use other than one of the uses specifically defined in this policy and/or mentioned in the definitions;
- 2.21 **"special rating area"** according to the Section 22 of the Act *supra*;
- 2.22 **"supplementary valuation roll"** as compiled in terms of Chapter 78 of the Act *supra*;
- 2.23 **"tariff"** means the cent in the Rand as determined by Council from time to time;
- 2.24 **"zoning"** relates to the permitted use as stipulated in the wording of the MPRA, and or per the current Lekwa Teemane Town Planning scheme were applicable, or otherwise described in the definitions.
- 2.25 **All other terms** are used within the context of the definitions contained in the Local Government Municipal Property Rates Act, 2004 (No. 6 of 2004), the Municipal Finance Management Act, 2003 (Act No. 56 of 2003), any amendments and Regulations in terms of these Acts and within the context of any other Legislation, Regulations and Policies applicable for the management of the municipality.

### **3. POLICY PRINCIPLES**

- 3.1 Rates are levied in accordance with the Act as an amount in the rand based on the market value of all rateable property contained in the municipality's valuation roll and supplementary valuation roll.
- 3.2 As allowed for in the Act, the municipality has chosen to differentiate between various categories of property and categories of owners of property. Some categories of property and categories of owners are granted relief from rates. The municipality however does not grant relief in respect of payments for rates to any category of owners or 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.
- 3.3 Phasing in of rates will be based on the new valuation roll and in terms of Section 21 of the Municipal Property rates Act (Act No. 6 of 2004) where applicable.
- 3.4 Phasing out of rates will be based on the provision of Section 93A of the MPRA read with the definition for *Public Service Infrastructure* and Section 17(1)(aA).
- 3.5 The rates policy for the municipality is based on the following principles:



### 3.5.1 Equity

The municipality will treat all ratepayers with similar properties the same

### 3.5.2 Affordability

The ability of a person to pay rates will be taken into account by the municipality. In dealing with the poor/indigent ratepayers the municipality will provide relief measures through exemptions, reductions or rebates.

### 3.5.3 Sustainability

Rating of property will be implemented in a way that:

- i. supports sustainable local government by providing a stable and buoyant revenue source within the discretionary control of the municipality; and
- ii. supports local and social economic development with consideration and compliance with the LED strategy of the municipality.

### 3.5.4 Cost efficiency

Rates will be based on the value of all rateable properties and the amount required by the municipality to balance the operating budget after taking into account profits generated on trading services (water, electricity) and economic services (refuse removal, sewerage removal) and the amounts required to finance exemptions, rebates, reductions and phasing-in of rates as approved by the municipality from time to time.

## **4. POLICY OBJECTIVES**

- To ensure certainty and clarity as to amounts payable on property rates,
- To ensure the promotion of efficient, economic and effective use of resources,
- To promote development and endeavour to attract investments for job creation,
- To spread the rate burden impartially, fairly, equitably and without bias,
- To create an opportunity for public participation in policy making,
- To contribute towards the accountability of the municipality,
- To contribute towards the transparency of the municipality,
- To contribute towards the financial sustainability of the municipality.

## **5. SCOPE OF THE POLICY**

This policy guides the annual setting (or revision) of property rates. Details pertaining to the applications of the various property rates are published in the Provincial Gazette and the municipality's schedule of tariffs, which must be read in conjunction with this policy.

## **6. APPLICATION OF THE POLICY**

The municipality shall as part of each annual operating budget component impose a rate in the rand on the market value of all rateable property as recorded in the municipality's valuation roll and supplementary valuation rolls. Rateable property shall include any rights registered against such property, with the exception of a mortgage bond.

The municipality shall, in imposing the rate for each financial year, take proper cognizance of the aggregate burden of rates and service charges on representative property owners, in the various categories of property ownership, and of the extent to which this burden is or remains competitive with the comparable burden in other municipalities within the local economic region.

## **7. PRINCIPLES APPLICABLE TO FINANCING OF SERVICES**

7.1 The municipal manager or his/her nominee must, subject to the guidelines provided by the National Treasury and Executive Committee of the municipality, make provision for the following classification of services:-

### **7.1.1 Trading services**

- I. Water
- ii. Electricity

### **7.1.2 Economic services**

- i. Refuse removal.
- ii. Sewerage disposal.

### **7.1.3 Community services**

- i. Air pollution
- ii. Fire fighting services
- iii. Local tourism
- iv. Municipal planning
- v. Municipal public works, only in respect of the needs of municipalities in the discharge of their responsibilities and

to administer functions specially assigned or authorised to them under the Constitution or any other law.

- vi. Storm water management system in built-up areas.
- vii. Trading regulations
- viii. Fixed billboards and the display of advertisements in public places
- ix. Cemeteries
- x. Control of public nuisances
- xi. Control of undertakings that sell liquor to the public
- xii. Township development
- xiii. Facilities for accommodation, care and burial of animals
- xiv. Fencing and fences
- xv. Licensing of dogs
- xvi. Licensing and control of undertakings that sell food to the public
- xvii. Local amenities
- xviii. Local sport facilities
- xix. Municipal parks and recreation
- xx. Municipal roads
- xxi. Noise pollution
- xxii. Pounds
- xxiii. Public places
- xxiv. Street trading/street lighting
- xxv. Traffic and parking
- xxvi. Building control
- xxvii. Licensing of motor vehicles and transport permits
- xxviii. Nature reserves
- xxix. Forestry

#### 7.1.4 Subsidised services

- i. Health and ambulance.
- ii. Libraries and museums.
- iii. Proclaimed roads.

7.2 Trading and economic services must be ring fenced and financed from service charges while community and subsidised services will be

financed from profits on trading and economic services, regulatory fees, rates and rates related income.

7.3 **Expenditure** will be classified in the following **categories**:

- (a) Salaries, wages and allowances
- (b) Bulk purchases
- (c) General expenditure
- (d) Repairs and maintenance
- (e) Capital charges (interest, redemption and depreciation)
- (f) Contribution to fixed assets
- (g) Contribution to funds-
  - i. bad debts.
  - ii. working capital; and
  - iii. statutory funds.
- (h) Contribution to reserves.
- (i) Gross expenditure. (a to h)
- (j) Less charge-out. (Inter departmental charge-outs)
- (k) Net expenditure. (i – j)
- (l) Income.
- (m) Surplus/Deficit – (Difference between (k) and (l))

7.4 **Cost centres** will be created to which the costs associated with providing the service can be allocated-

- (a) by Department;
- (b) by Section/services; and
- (c) by Division/services.

7.5 The subjective classification of expenditure each with a unique vote must be applied to all cost centres.

## 8. CATEGORIES OF PROPERTY

8.1 Criteria for determining categories of properties for the purpose of levying different rates and for the purpose of granting exemptions will be according to the;

- (a) Use of the property;
- (b) Permitted use of the property,
- (c) A combination of (a) and (b)

## 8.2 Categories of property for the municipality include-

- (a) (i) Residential properties;
- (a) (ii) undeveloped residential properties;
- (c) Business and Commercial properties;
- (c) (i) Developed Business and Commercial properties;
- (c) (ii) Vacant Business, Commercial and Industrial properties
- (d) Industrial properties [Developed];
- (e) Mining properties;
- (d) Public service infrastructure;
- (e) Properties owned by public benefit organisations and used for specified public benefit activities
- (f) Agricultural properties;
- (g) Game farms;
- (h) Properties owned by an organ of state and used for public service purposes;
- (i) Municipal owned properties;
- (j) Properties owned by other municipalities;
- (k) Public Worship properties;
- (l) Properties used for multiple purposes, subject to section 9 of MPRA
- (m) Protected areas;
- (n) Private Roads;
- (o) Public open spaces;
- (p) Any other category of properties as may be determined by the Minister by Notice in the Gazette.

## 9. CATEGORIES OF OWNERS

### 9.1 Criteria for determining categories of owners of properties, for the purpose of granting exemptions, rebates and reductions will be according to the-

- (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 residential properties with a market value below a determined threshold (determined as R 110 000); or

- 9.2 Owners of agricultural properties who are *bona fide* farmers and who have contributed to the enhancement of socio-economic matters of the farm-workers.

## **10. PROPERTIES USED FOR MULTIPLE PURPOSES**

- 10.1 Rates on properties used for multiple purposes will be levied on properties used for-

- (a) A purpose corresponding with the permitted use of the property, if the permitted use of the property is regulated;
- (b) A purpose corresponding with the dominant use of the property;
- or
- (c) multiple purposes in terms of section 8 (2) (i) of the Act. By apportioning the market value of a property to the different purposes for which the property is used; and

- 10.2 A rate levied on a property assigned in terms of subsection (10.1) (c) to a category of properties used for multiple purposes will be determined by-

- (a) Apportioning the market value of the property, in a manner as may be prescribed, to the different purposes for which the property is used; and
- (b) Applying the rates applicable to the categories determined by the municipality for properties used for those purposes to the different market value apportionments.

## **11. DIFFERENTIAL RATING**

- 11.1 Criteria for differential rating on different categories of properties will be according to-

- (a) The nature of the property including its sensitivity to rating e.g. agricultural properties used for agricultural purposes.
- (b) The promotion of social and economic development of the municipality.

- 11.2 The municipality has the right, but is not compelled, to levy different rates for different categories of rateable properties. However the municipality is bound to follow the provisions of the "REGULATIONS ON THE RATE RATIO BETWEEN THE RESIDENTIAL AND NON-RESIDENTIAL CATEGORIES OF PROPERTIES" published by way of Government Notice 32061 on March 2009, as amended which provides that the rate on the categories on certain non-residential properties may not exceed the ratio to the rate on residential properties listed in the second column of the table in such regulation.

- 11.3 Differential rating among the various property categories will be done by way of the set rate for each property category

and/or

11.4 By way of reductions and rebates.

11.5 The Municipality will determine a rate for residential property and will apply the following rate ratios in relation to non-residential property;

<b>Categories</b>	<b>Ratio in relation to residential property</b>
Residential property	1:1
Farm property as defined in Section 8(2)(d)(i) and 8(2) (f) (i) property used for agricultural purposes and smallholdings used for agricultural purposes)	1:0.25
Public Service Infrastructure properties	1:0.25
Public Benefit Organisations	1:0,25

11.6 The ratios for Agriculture, Public Service Infrastructure and Public Benefit Organisation properties are **effective** ratios. This means that the ratios imply rates for these three categories of properties after having taken into account any rebates applied by the municipality on residential properties.

## **12. EXEMPTIONS**

12.1 The following categories of property are exempted from rates:

### 12.1.1 Municipal properties

Subject to a majority decision, a municipality may exempt the following municipal properties from paying rates as it will increase the rates burden or service charges to property owners or consumers.

- (a) rateable properties registered in the name of the municipality and is let to the employees of the municipality for residential purposes,
- (b) rateable property registered in the name of another municipality if such property is used in connection with the supply of electricity, water, gas or sewerage services, or
- (c) rateable property registered in the name of the municipality and which is let or lease.

**except**

- (d) If any property belonging to a municipality is disposed off to any person, he shall be considered to be the owner liable for the

payment of rates from the date he takes possession and/or ownership.

#### 12.1.2 Residential properties

On the first R110 000 of the market value of a property assigned in the valuation roll or supplementary valuation roll of the municipality to the category-

- (i) Developed residential properties,
- (ii) Agricultural properties also used for residential purposes,
- (iii) Properties used for multiple purposes, provided that one or more components of the property are used for residential purposes.

The R15000 impermissible rates contemplated in section 17(1) of the Act is included in the R110 000 amount.

#### 12.1.3 Cemeteries and crematoria

Registered in the names of private persons and operated not for gain.

#### 12.1.4 Public Worship

Properties for public worship as indicated in Section 17(1)(i) of the Act.

#### 12.2 Exemptions will be subject to the following conditions:

- 12.2.1 All applications must be addressed in writing to the municipality in the prescribed manner or application form;
- 12.2.2 A SARS tax exemption certificate must be attached to all applications;
- 12.2.3 The municipal manager or his/her nominee must approve all applications;
- 12.2.4 Applications must reach the municipality before the end of January preceding the start of the new municipal financial year for which relief is sought; and
- 12.2.5 The municipality reserves the right to refuse exemptions if the details supplied in the application form are incomplete, incorrect or false.

### **13. REDUCTIONS**



13.1 A reduction in the rates in terms of Section 15(2)(d) of the Act *supra* may be granted where the property is affected by :

13.1.1 A disaster within the meaning of the Disaster Management Act, 2002 (Act No. 57 of 2002); or

13.1.2 any other serious adverse social or economic condition(s).

### 13.2 Criteria for granting reductions

13.2.1 A reduction in the municipal valuation may be done in terms of sect 78 (1)(d) if the value of a property is materially affected / damaged due to such disaster, and /or ;

13.2.2 A reduction in the rates ( indicated in Annexure B) will be granted for a certain period only, not exceeding 1 year at an time.

13.2.3 The reduction will be in relation to the certificate issued for this purpose by the municipal valuer.

## 14. **REBATES**

### 14.1. Categories of property

#### 14.1.1 Business, commercial, industrial and agricultural properties

14.1.1.1 The municipality may grant rebates to rateable enterprises that promote local, social and economic development in its area of jurisdiction, based on its Local, Social and Economic Development Policy as outlined in schedule A. The following criteria will apply:

- (a) job creation in the municipal area;
- (b) social up liftment of the local community;
- (c) creation of infrastructure for the benefit of the local community; and subject to:-
- (d) the land or property must be zoned for the abovementioned purpose in terms of the Town Planning Scheme or land use management plan in operation, of the municipality

14.1.1.2 A maximum rebate as annually determined by the municipality may be granted on application as [**prescribed application form available at the municipality and on the web-site of the municipality**] and received before 30 September prior to

the financial year that the rebate is applied for. In the year that a new valuation roll is prepared for the municipality, the final date for such application shall be 28 February of the calendar year in which the valuation roll becomes effective. The following must be submitted with the application:

- (a) Proof of registration at the Department of Labour registered as Employer and Number of Employees contribute Unemployment Insurance Fund (UIF), and
- (b) an assessment by the municipal manager or his/her nominee indicating that the company qualify.

#### 14.1.2 State properties

Receive a rebate as determined in schedule A for payment of rates in full before 30 September of the financial year applicable.

#### 14.1.3 Private and Public Schools properties

Receive a rebate as determined in schedule A.

#### 14.1.4 Privately owned township developed and serviced by the owner

The municipality may grant a rebate of 50%, which applies to privately developed townships qualifying as defined in paragraph 2[definition] of this policy provided that an application to that effect, is received not later than 30 September of each year preceding the financial year for which rebate is being applied for, provided that the necessary proof of such private development, be submitted with application. In the year that a new valuation roll is prepared for the municipality, the final date for handing in such an application shall be 28 February of the calendar year in which the valuation roll becomes effective.

#### 14.1.5 Public Benefit Organisations

The following Public Benefit Organisations will receive a rebate on their rates in line with the Rates Ratio applicable for Public Benefit Organisations:

##### (i) Health care institutions

Properties used exclusively as a hospital, clinic and mental hospital, including workshops used by the inmates, laundry or cafeteria facilities, provided that any profits from the use of the property are used entirely for the benefit of the institution and/or to charitable purposes within the municipality.

##### (ii) Welfare institutions

Properties used exclusively as an orphanage, non-profit retirement villages; old age home or benevolent institution, including workshops used by the residents, laundry or cafeteria facilities, provided that any profits from the use of the property are used entirely for the benefit of the institution and/or to charitable purposes within the municipality.

(iii) Educational institutions and Independent schools

Property belonging to educational institutions and independent schools declared or registered by law and not receiving any subsidy from government for their operational costs.

(iv) Charitable institutions

Property belonging to not-for-gain institutions or organisations that perform charitable work.

(v) Sporting bodies

Property used by an organisation whose main purpose is to use the property for sporting purposes on a non-professional and non-profitable basis.

(vi) Cultural institutions

Properties declared in terms of the Cultural Institutions Act, Act 29 of 1969 or the Cultural Institutions Act, Act 66 of 1989.

(vii) Museums, libraries, art galleries and botanical gardens

Registered in the name of private persons, open to the public and not operated for gain.

(viii) Youth development organisations

Property owned and/or used by organisations for the provision of youth leadership or development programmes.

(ix) Animal welfare

Property owned or used by institutions/organisations whose exclusive aim is to protect birds, reptiles and animals on a not-for-gain.

#### 4.1.6 Agricultural property rebate

14.1.6.1 Agricultural properties may be granted a rebate subject to the owner providing the municipality with required information in an affidavit received not later than 30 September each year. In the year that a new valuation roll is prepared for the municipality, the final date for handling in such an affidavit shall be 28 February of the calendar year in which the valuation roll becomes effective.

14.1.6.2 Qualifying requirements are that the owner should provide proof that he is registered as a *bona fide* farmer with SARS,

Or

14.1.6.3 Where the owner is not taxed as a farmer, proof is required that income from farming activities exceeds 40% of the household income.

14.1.6.4 Rebates may be granted on the following as outline in Schedule A:

(a) The extent of municipal services provided to agricultural properties

- i. if there are no municipal roads next to the property.
- ii. if there is no municipal sewerage to the property.
- iii. if there is no municipal electricity to the property.
- iv. if water is not supplied by the municipality,
- v. if there is no refuse removal that is provided by the municipality.

(b) The contribution of agriculture to the local economy

A rebate may be granted as determined in Schedule A to agricultural property that contributes substantially to job creation, and the salaries/wages of farm workers are reasonable, e.g. if they meet minimum standards set by Basic Conditions Act (Sectorial Determination) or if they are in line with the sector's average.

(c) Rebates may be granted as determined in Schedule A after submission of proof by the owner, to the extent to which agriculture assists in meeting service delivery and development obligations of the municipality and contribution to the social and economic welfare of farm workers:

- i. if the owner is providing permanent residential property to the farm workers.
- ii. if such residential properties are provided with potable water.
- iii. if the farmer has electrified such residential properties of his farm workers including alternative energy sources.
- iv. if the farmer is availing his land/buildings to be used for education purposes of the farm workers and their dependants and the nearby community in general.

#### 14.1.7 Conservation Land

No rebates are granted to privately owned properties whether designated or used for conservation purposes subject to the provision of Section 17(1)(e) of the Act.

#### 14.1.8 Historical or heritage properties

No rebates are granted other than residential rebates if appropriate.

#### 14.1.9 Public Service Infrastructure

14.1.9.1 A rebate of 30% as mandated by the Act, [Section 17(1)(a)] will be granted for Public Service Infrastructure as they provide essential services to the community;

14.1.9.2 on any property referred to in paragraphs (a), (b), (e), (g) and (h) of the definition of "public service infrastructure and mandated in terms of Section 17(1)(aA) of the Act

### 14.2 Categories of owners

#### 14.2.1 Retired Persons Rate Rebate

14.2.1.1 Retired Persons qualify for special rebates according to monthly household income. To qualify for the rebate a property owner must:

- a. occupies 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 Social Development or other approved pension funds;
- c. be in receipt of a total monthly income from all sources (including income of spouses of owner) as per schedule A;
- d. not be the owner of more than one property.

14.2.1.2 Property owners must apply on a prescribed application form for a rebate as determined by the municipality.

14.2.1.3 Applications must be accompanied by-

- a. a certified copy of the bar coded identity document/passport, driver's license, birth certificate or any other proof of the owner's age which is acceptable to the municipality;
- b. sufficient proof of income of the owner and his/her spouse;
- c. an affidavit from the owner;
- d. if the owner has retired at an earlier stage for medical reasons proof thereof must be submitted.
- e. be in receipt of a total monthly income from all sources (including income of spouses of owner) as determined in schedule A;

14.2.1.4 These applications must reach the municipality before the end of January preceding the start of the new municipal financial year for which relief is sought.

14.2.1.5 The municipality reserves the right to refuse rebates if the details supplied in the application form are incomplete, incorrect or false.

## **15 COMPULSORY PHASING IN OF RATES**

15.1 Rates on Property belonging to a land reform beneficiary or his/her heirs

15.1.1 The exclusion on property belonging to a land reform beneficiary or his/her heirs from levying of rates will lapse ten years from the date on which such beneficiary's title was registered in the office of the Registrar of Deeds,

15.1.2 After the exclusion period has lapsed, rates payable on the properties concerned will be phased-in over a period of three financial years as per section 21(b) of the Act,

15.1.3 The phasing-in discount will be determined as follow:

- (a) the first year, must be at least 75% of the rate for that year applicable to the property,
- (b) in the second year, must be at least 50% of the rate for that year applicable to the property, discount on the rates for the year;

- (c) in the third year, must be at least 25% of the rate for that year applicable to the property,

## **16. SPECIAL RATING AREAS**

- 16.1 The municipality will, whenever deemed necessary, by means of a formal Council resolution determine special rating areas in consultation with the relevant communities as provided for in section 22 of the Act.
- 16.2 The following matters shall be attended to in consultation with the committee referred to in clause 16.3 whenever special rating is being considered:
  - 16.2.1 Proposed boundaries of the special rating area;
  - 16.2.2 Statistical data of the area concerned giving a comprehensive picture of the number of erven with its zoning, services being rendered and detail of services such as capacity, number of vacant erven and services that are not rendered;
  - 16.2.3 Proposed improvements clearly indicating the estimated costs of each individual improvement;
  - 16.2.4 Proposed financing of the improvements or projects;
  - 16.2.5 Priority of projects if more than one;
  - 16.2.6 Social economic factors of the relevant community;
  - 16.2.7 Different categories of property;
  - 16.2.8 The amount of the proposed special rating;
  - 16.2.9 Details regarding the implementation of the special rating;
  - 16.2.10 The additional income that will be generated by means of this special rating.
- 16.3 A committee consisting of 6 members of the community of who 3 shall be women will be established to advise and consult the municipality in regard to the proposed special rating referred to above. This committee will be elected by the inhabitants of the area concerned who are 18 years of age or older. No person under the age of 18 may be elected to serve on the committee. The election of the committee will happen under the guidance of the Municipal Manager. The committee will serve in an advisory capacity only and will have no decisive powers.
- 16.4 The required consent of the relevant community shall be obtained in writing or by means of a formal voting process under the chairmanship of the Municipal Manager. A majority shall be regarded as 50% plus one of the households affected. Each relevant household, i.e. every receiver of a monthly municipal account, will have 1 vote only.

- 16.5 In determining the special additional rates the municipality shall differentiate between different categories as referred to in paragraph 4.
- 16.6 The additional rates levied shall be utilised for the purpose of improving or upgrading of the specific area only and not for any other purposes whatsoever.
- 16.7 The municipality shall establish separate accounting and other record-keeping systems, compliant with GAMAP/GRAP, for the identified area and the households concerned shall be kept informed of progress with projects and financial implications on an annual basis.

**17. COST TO THE MUNICIPALITY DUE TO EXEMPTIONS, REDUCTIONS, REBATES, EXCLUSIONS, PHASING IN AND THE BENEFIT THEREOF TO THE LOCAL COMMUNITY**

- 17.1 The Municipal Manager shall ensure that the revenues forgone in respect of the rebates are appropriately disclosed in each annual operating budget component and in the annual financial statements and annual report, and that such rebates are also clearly indicated on the rates accounts submitted to each property owner.
- 17.2 The municipal manager shall annually table in the council of the municipality:
- (a) list of all exemptions, rebates and reductions granted by the municipality;
  - (b) statement reflecting the income for the municipality foregone during the previous financial year by way of such exemptions, rebates and reductions;

**18. RATES INCREASES**

- 18.1 The municipality may consider increasing rates annually during the budget process in terms of the guidelines issued by National Treasury from time to time.
- 18.2 Rate increases will be used to finance the increase in operating costs of community and subsidised services.
- 18.3 Relating to community and subsidised services the following annual adjustments will be made:
- i. All salary and wage increases as agreed at the South African Local Government Bargaining Council as well as increases of Section 56 and 57 managers;
  - ii. An inflation adjustment for general expenditure, repairs and maintenance and contributions to statutory funds, and



- iii. Additional depreciation costs or interest and redemption on loans associated with the assets created during the previous financial year.

18.4 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.

18.5 Affordability of rates to ratepayers.

18.6 All increases in property rates will be communicated to the local community in terms of the municipality's policy on community participation.

## **19. NOTIFICATION OF RATES**

19.1 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.

19.2 A resolution levying rates in a municipality will annually be promulgated within 60 days from the date of the resolution, by publishing the resolution in the Provincial Gazette.

The resolution will-

- (i) contain the date on which the resolution levying rates was passed;
- (ii) differentiate between categories of properties; and
- (iii) reflect the cent amount in the Rand rate for each category of property.

19.3 When the municipality passes a resolution for the levying of rates, the municipal manager without delay, will-

(a) Conspicuously display the resolution for a period of at least 30 days-

- (i) at the municipality's head and satellite offices and libraries; and
- (ii) on the official website of the municipality as envisaged in section 21B of the Municipal Systems Act, on that website; and

(b) Advertise in the media a notice stating that-

- (i) A resolution levying a rate on property has been passed by the council; and
- (ii) The resolution is available at the municipality's head and satellite offices and libraries for public inspection during office hours and, on the official website of the municipality.

## **20. PAYMENT OF RATES**

- 20.1 Ratepayers may choose between paying rates annually in one instalment on or before 30 September or in twelve equal instalments on or before the seventh day of the month following on the month in which it becomes payable.
- 20.2 If the owner of property that is subject to rates, notifies the municipal manager or his/her nominee in writing not later than 31 May in any financial year, or such later date in such financial year as may be determined by the municipal manager or his/her nominee that he/she wishes to pay all rates in respect of such property in instalments, such owner shall be entitled to pay all rates in the subsequent financial year and each subsequent financial year in twelve instalments until such notice is withdrawn by him/her in a similar manner.
- 20.3 Interest on arrears rates, whether payable on or before 30 September or in equal monthly instalments, shall be calculated in accordance with the interest rate as determined by the Minister for Cooperative Governance.
- 20.4 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.
- 20.5 Arrears of rates shall be recovered from tenants, occupiers and agents of the owner, in terms of section 28 and 29 of the MPRA as follows:
- 20.5.1 If an amount due for rates levied in respect of a property is unpaid by the owner of the property after the date determined, the municipality will recover the amount in whole or in part from the tenant or occupier of the property or from the agent of the owner, despite any contractual obligation between the tenant, occupier or agent and the owner. The municipality will only recover the outstanding rates from the tenant, occupier or agent of the owner after a written notice has been served to the tenant, occupier or agent of the owner.
- 20.5.2 The amount that will be recovered by the municipality will be limited to the amount of the rent or other money due and payable, but not yet paid by the tenant, occupier or agent of the owner to the owner of the property. The tenant, occupier or agent of the owner must set off any amount recovered from them by the municipality against any money owed to the owner.
- 20.5.3 The tenant, occupier or agent of the owner of a property will on request of the municipality, furnish the municipality with a written statement specifying all payments to be made by the tenant, occupier or agent of the owner to the owner of the property for rent

or other money payable on the property during a period as may be determined by the municipality.

## **21 PAYMENT OF RATES ON PROPERTY IN SECTIONAL TITLE SCHEME**

- 21.1 A rate on a property, which is subject to a sectional title scheme, will be levied on the individual sectional title units in the scheme and not on the property as a whole
- 21.2 The rate levied on a sectional title unit will be payable and must be recovered from the owner of the unit. The municipality will not recover the rate on such sectional title unit, or any part of such rates, from the body corporate controlling the sectional title unit, **except** when the body corporate itself is the owner of any specific sectional title unit.
- 21.3 The common area of the property in sectional title schemes, shall be proportionally divided and included into each sectional title unit and these proportioned common areas shall be payable by the owners of the specific sectional title units.

## **22 ACCOUNTS TO BE FURNISHED**

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

## **23 CORRECTION OF ERRORS AND OMISSIONS**

If an adjustment in the valuation of a property due to 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, affects the amount due for rates payable on that property, the municipal manager must-

- (a) calculate-
  - (i) the amount actually paid on the property since the effective date; and
  - (ii) the amount payable in terms of the adjustment on the property since the effective date; and
- (b) either-
  - (i) recover from, the person liable for the payment of the rate the difference determined in terms of paragraph (a) without adding interest on the amount due for rates; or
  - (ii) repay to the person who made the payment the difference determined in terms of paragraph (a) plus interest at the prescribed rate as per Chapter 9 of Rates Regulations, 2006, Government Notice R. 468 of 30 April 2009;

## 24 FREQUENCY OF VALUATION

The municipality will prepare a **new general valuation roll** every 5 (five) years, with the option to extend the validity of the valuation roll to 6(six) or 7 (seven) years with the approval of the MEC for Local Government in the province.

**Supplementary valuations** will be done in terms of the Act on continues basis but **at least once a year** to ensure that the valuation roll is properly maintained.

## 25 COMMUNITY PARTICIPATION

Before the municipality adopts any amendments to the rates policy, the municipal manager will follow the process of community participation envisaged in chapter 4 of the Municipal Systems Act and comply with the following requirements:

The municipal manager will:

- 25.1 Conspicuously display the draft amended rates policy for a period of at least 30 days at the municipality's head and satellite offices and libraries and on the website.
- 25.2 Advertise in the media a notice stating that the draft amended rates policy has been prepared for submission to council and that such policy is available at the various municipal offices and on the website for public inspection. Property owners and interest persons may obtain a copy of the draft amended policy from the municipal offices during office hours at the prescribed fee payable per copy. Property owners and interest persons are invited to submit written comments

or representations to the municipality within the specified period in the notice.

25.3 Council will consider all comments and/or representations received when considering the finalisation of the amendments to the rates policy.

## **26 REGISTER OF PROPERTIES**

The municipality will compile and maintain a register in respect of all properties situated within the jurisdiction of the municipality. The register will be divided into Part A and Part B.

Part A of the register will consist of the current valuation roll of the municipality and will include all supplementary valuations done from time to time.

Part B of the register will specifies which properties on the valuation roll or any supplementary valuation roll are subject to:

- i. Exemption from rates in terms of section 15 of the Property Rates Act,
- ii. Rebate or reduction in terms of section 15,
- iii. Phasing-in of rates in terms of section 21, and
- iv. Exclusions as referred to in section 17.

The register will be open for inspection by the public at the municipal main offices during office hours or on the website of the municipality.

The municipality will update Part A of the register during the supplementary valuation process when necessary.

Part B of the register will be updated ...

## **27 BY-LAWS TO GIVE EFFECT TO THE RATES POLICY**

The municipality will adopt a By-law to give effect to the implementation of the Rates Policy. The By-law may differentiate between:

- (a) different categories of properties, and
- (b) different categories of owners of properties liable for the payment of rates.

## **28 REGULAR REVIEW PROCESSES**

The rates policy **must be reviewed on an annual basis** to ensure that it complies with the Municipality's strategic objectives as contained in the IDP and with any amendments to legislation.

**29 SHORT TITLE**

This policy is the Property Rates Policy of the **Lekwa Teemane Local Municipality**.

**30 ENFORCEMENT/IMPLEMENTATION**

This amended policy has been adopted by the Municipality in terms of resolution .....dated ..... and comes into effect from 1 July 2017

**SCHEDULE A**  
**SCHEDULE OF REBATES**

Category/Description	Proposed rebate	Council's adopted rebate	Adopted Rebates
State Properties			
Residential Properties			
Public schools			
Private schools			
Public Service Infrastructure	30%		
<b>Rebate on payment of Rates before 30 September</b>			
<b><u>Rebates on Agricultural Land</u></b>			
➤ No municipal roads next to property	7,5%		
➤ No municipal sewerage to the property	7,5%		
➤ No municipal electricity to the property	7,5%		
➤ No water supply to the property by the municipality	15%		
➤ No refuse removal provided by the municipality	7,5%		
➤ Contribution to job creation 1 to 10 workers 11 to 50 workers 51 workers and more	5% 8% 10%		
<b><u>Contribution to social and economic welfare of farm workers:</u></b>			
➤ Residential property provide with potable water	5%		
➤ Residential property provide with electricity	5%		
➤ Availing land/buildings for: education purposes recreational purposes	5 %		
<b><u>Retired and disabled person on residential properties only :</u></b>			
➤ Owner with income less than R 2 500 per month	40%		
➤ Owner with income between R 2 501 and R 3 500	20%		
➤ Owner with income between R 3 501 and R 5 000	10%		
➤ Total income R 0.00 – R 20 000 per year			100%
➤ Total income R 20 001 – R 40 000 per year			80%
➤ Total income R 40 001 – R 60 000 per year			60%
➤ Total income R 60 001 – R 80 000 per year			40%
➤ Total income R 80 001 – R 100 000 per year			20%
➤ Total income R 100 001 and more per year			0%

## SCHEDULE B

### The costs associated with exemptions, reductions, rebates, exclusions and phasing in of rates

		R	c
i.	<u>Exemptions</u>		
	Municipal properties		.....
	Residential properties		.....
	Cemeteries and crematoriums		.....
	Public service infrastructure		.....
	Public benefit organisations		.....
ii.	<u>Reductions</u>		
	Properties affected by disaster		.....
	Properties affected by serious adverse social or economic conditions		.....
iii.	<u>Rebates</u>		
	Enterprises that promote local, social and economic development		.....
	State properties		.....
	Residential properties		.....
	Retired and disabled persons		.....
iv.	<u>Phasing in</u>		
	Newly rateable property		.....
	Land reform beneficiaries		.....
v.	<u>Exclusions</u>		
	Public service infrastructure		.....
	Protected areas		.....
	Land reform beneficiary		.....
	Residential property (mandated R 15 000 exemption)		.....
	Public places of worship		.....
<b>Total Cost</b>			_____