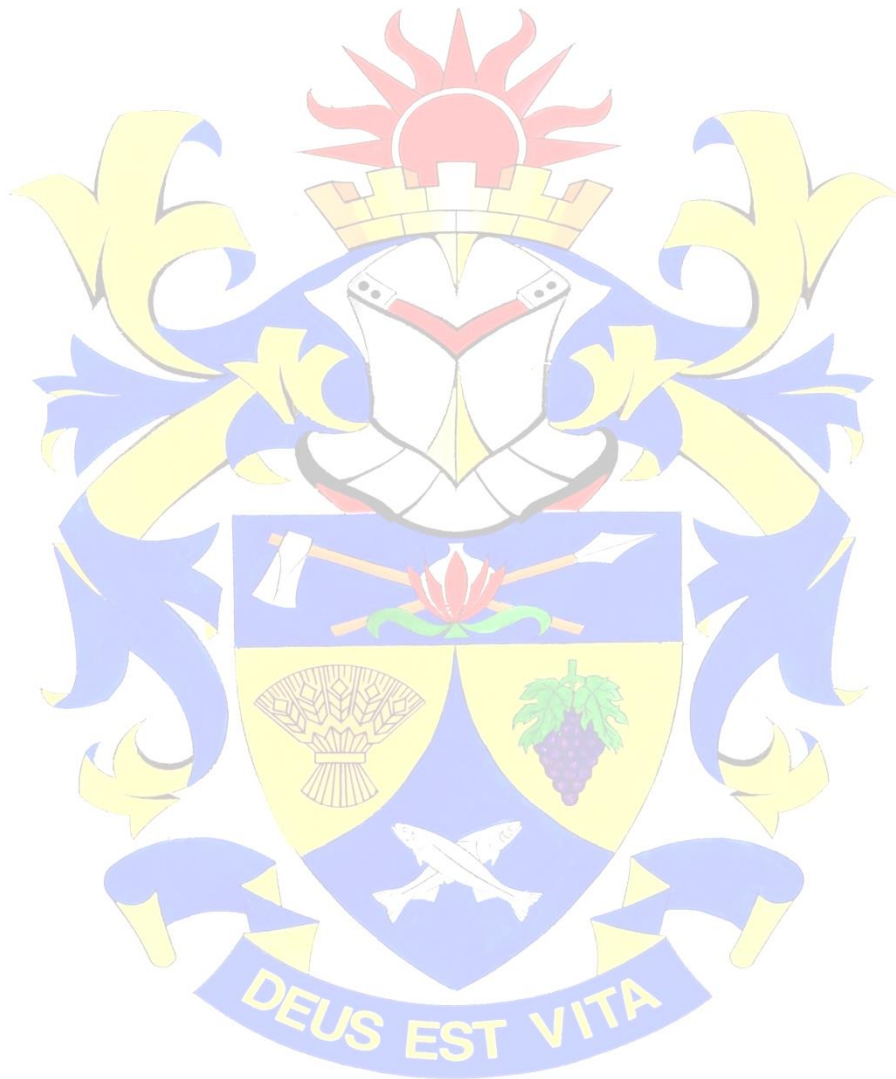


BERGRIVIER

Munisipaliteit / Municipality



RATES POLICY 2018/19 FINANCIAL YEAR

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PREAMBLE

WHEREAS section 3 of the Local Government: Municipal Property Rates Act, 2004 (No 6 of 2004) determines that a municipality must adopt a rates policy in accordance to the determination of the Act; and

In terms of section 229 of the Constitution of the Republic of South Africa, 1996, a municipality may impose rates on property; and

In terms of the Local Government: 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 powers 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 and

In terms of section 4(1)(c) of the Local Government: 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; and

In terms of section 62(1)(f)(ii) of the Local Government: Municipal Finance Management Act, 2003 (no 56 of 2003) the Municipal Manager must ensure that the municipality has and implements a rates policy.

NOW THEREFORE the following policy on the levying of property rates is accepted.

1. OBJECTIVES:

In developing and adopting this rates policy, the council has sought to give effect to the sentiments expressed in the preamble of the Property Rates Act, namely that:

- the Constitution requires local government to be developmental in nature, in addressing the service delivery priorities of our country and promoting the economic and financial viability of our municipalities;
- there is a need to provide local government with access to a sufficient and buoyant source of revenue necessary to fulfil its developmental responsibilities; and
- revenues derived from property rates represent a critical source of income for municipalities to achieve their constitutional objectives, especially in areas neglected in the past because of racially discriminatory legislation and practices; and
- it is essential that municipalities exercise their power to impose rates within a statutory framework which enhances certainty, uniformity and simplicity across the nation, and which takes account of historical imbalances and the burden of rates on the poor.

In applying its rates policy, the council shall adhere to all the requirements of the Property Rates including any regulations promulgated in terms of that Act.

The objectives of this policy are also to ensure that-

- all ratepayers within a specific category are treated equal and reasonable;
- All rates levied are affordable. In dealing with the poor/indigent ratepayers the municipality will provide relief measures through exemptions, reductions or rebates.
- rates are levied in accordance with the market value of the property;
- the rate will be based on the value of all rateable property in that category and the amount required by the municipality to balance the operational

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- budget, taking into account the surplus obtained from the trading- and economical services and the amounts required to finance exemptions, reductions and rebates that the municipality may approve from time to time;
- income derived from rates will be used to finance community- and subsidised services only;
 - to optimally safeguard the income base of the municipality through exemptions, reductions and rebates that are reasonable and affordable taking into account the poor/indigent ratepayers;
 - In order to minimise major shocks to certain ratepayers the market values in the new valuation roll or tariffs determined by Council may be phased-in over the entire periods as stipulated in the Rates Act.
 - to adhere to the legal requirements of the Property Rates Act.

2. DEFINITIONS

In this policy, unless the context indicates otherwise—

“Act”, means the Local Government: Municipal Property Rates Act, 2004 (Act No. 6 of 2004) as amended

“Agent”, in relation to the owner of a property, means a person appointed by the owner of the property –

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

“accommodation establishment” means a facility zoned for single residential purposes, that provides for lettable residential accommodation on a regular and continuous basis in addition to its permitted use for a single family and includes guesthouses, “bed & Breakfast” and “Self-catering” establishments;

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“Agricultural property”, means property that is used primarily for agricultural purposes and excludes any portion thereof that is used commercially for the hospitality of guests, and excludes the use of the property for the purpose of ecotourism or for the trading in or hunting of game.

“annually” means once every financial year;

“business” means the activity of buying, selling or trade in goods or services and includes any office or other accommodation on the same erf, the use of which is incidental to such business, with the exclusion of the business of mining, agriculture, farming, or inter alia, any other business consisting of cultivation of soils, the gathering in of crops or the rearing of livestock or consisting of the propagation and harvesting of fish or other aquatic organisms.

“category” –

- (a) in relation to property, means a category of property determined in terms of section 8 (2) of the Act;
- (b) in relation to owners of property, means a category of owners determined in terms of section 15 (2) of the Act;

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

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

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

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

“household income” means the income accruing to all members of the household permanently residing at the address. It includes income of spouses;

“income tax act” means the Income Tax Act ,1962 (Act 58 of 1962)

“indigent person” means a person whose household income does not exceed the minimum household income as predetermined by the council;

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

- (a) acquired the property through-
 - (i) the Provincial Land and Assistance Act, 1993 (Act 126 of 1993);
 - (ii) the Restitution of Land Rights Act, 1994 (act 22/1994);
- (b) holds the property subject to the Communal Property Associations Act, 1996 (Act 28 of 1996); or
- (c) holds or acquires the property in terms of such other land tenure reform legislation as may pursuant to section 25(6) and (7) of the Constitution be enacted after this Act has taken effect;

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

“local community”, in relation to a municipality—

- (a) means that body of persons comprising—
 - (i) the residents of the municipality;

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

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

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

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

“mining” means any operation or activity for extracting any mineral on, in or under the earth, water or any residue deposit, whether by underground or open working or otherwise and includes any operation or activity incidental thereto;

“minister” means the Cabinet member responsible for local government;

“multiple purposes”, in relation to a property, means the use of a property for more than one purpose, subject to section 9 of the MPRA, 2004 (Act 6 of 2004) and cannot be assigned to a single category.

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

“Municipal Finance Management Act” means the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003);

“municipality”—

- (a) as a corporate entity, means a municipality described in section 2 of the Municipal Systems Act; and
- (b) as a geographical area, means a municipal area demarcated in terms of the Local Government: Municipal Demarcation Act, 1998 (Act. 27 of 1998);

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

“municipal properties” means those properties of which the municipality is the owner;

“Municipal Systems Act” means the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000);

“newly rateable property” means any rateable property on which property rates were not levied before the end of the financial year preceding the date on which this Act took effect, excluding a property which was incorrectly omitted from a valuation roll and for that reason was not rated before that date;

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

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

“Official residence”, in relation to places of public worship, means

- a) a portion of the property used for residential purposes; or
- b) one residential property, if the residential property is not located on the same property as the place of public worship, registered in the name of a religious community or registered in the name of a trust established for the sole benefit of a religious community and used as a place of residence for the office bearer.

“owner”—

- (a) in relation to property referred to in paragraph (a) of the definition of “property”, means—
 - a person in whose name ownership of the property is registered;
- (b) in relation to a right referred to in paragraph (b) of the definition of “property”, means a person in whose name the right is registered; or
- (c) in relation to a land tenure right referred to in paragraph (c) of the definition of “property”, means a person in whose name the right is registered or to whom it was granted in terms of legislation, provided that a person mentioned below may for the purposes of this Act be regarded by a municipality as the owner of a property in the following cases:
 - (i) A trustee, in the case of a property in a trust excluding state trust land;
 - (ii) an executor or administrator, in the case of a property, in a deceased estate;
 - (iii) a trustee or liquidator, in the case of a property, in an insolvent estate or in liquidation;
 - (iv) a judicial manager, in the case of a property, in the estate of a person under judicial management;

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

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

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

“person” includes an organ of the state;

“Place of public worship”, means property used primarily for the purposes of congregation, excluding a structure that is primarily used for educational instruction in which secular or religious education is the primary instructive medium: Provided that the property is—

- i. registered in the name of the religious community;
- ii. registered in the name of a trust established for the sole benefit of a religious community; or
- iii. subject to a land tenure right

“private open space” means any land in private ownership used primarily as a private site for play, rest or recreation without financial gain.

“property” means—

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

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

“protected area” means an area that is or has to be listed in the register referred to in section 10 of the National Environmental Management: Protected Areas Act, 2003;

“public benefits organisation” means an organisation conducting specified public benefit activities as defined in the act and registered in terms of the Income Tax Act for tax reductions because of those activities.

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

- (a) a public entity listed in the Public Finance Management Act, (Act 1/1999)
- (b) a municipality; or
- (c) a municipal entity as defined in the Municipal Systems Act

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“public service infrastructure” means publicly controlled infrastructure as determined in terms of chapter 1 of the Local Government: Municipal Property Rates Act (Act 6/2004)

“Public Service Purposes”, in relation to the use of a property, means property owned and used by an organ of state as—

- (a) hospitals or clinics;
- (b) schools, pre-schools, early childhood development centres or further education and training colleges;
- (c) national and provincial libraries and archives;
- (d) police stations;
- (e) correctional facilities; or
- (f) courts of law, but excludes property contemplated in the definition of ‘public service infrastructure’

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

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

“Ratio”, in relation to section 19 of the Municipal Property Rates Act, means the relationship between the cent amount in the Rand applicable to residential properties and different categories of non-residential properties: Provided that the two relevant cent amounts in the Rand are inclusive of any relief measures that amount to rebates of a general application to all properties within a property category.

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

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

“Residential property” means property included in a valuation roll in terms of section 48 (2) (b) of the Act (read with section 8) as residential inclusive of a suite of rooms which forms a living unit that is exclusively used for human habitation purposes, or a multiple number of such units on a property, excluding accommodation establishments, bed & breakfast, hotel, guest house, commune, boarding and undertaking, hostel, place of instruction and sectional title units.

“Sectional Titles Act” means the Sectional Titles Act, 1986 (Act 95 of 1986)

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

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

“State-owned properties” means properties owned by the State, which are not included in the definition of public service infrastructure in the Act. These state-owned properties are classified as follows:

- (a) State properties that provide local services.
- (b) State properties that provide regional/municipal district-wide/ metro-wide service.
- (c) State properties that provide provincial/national service.

“**The Act**” means the Local Government Municipal Property Rates Act, 2004 (No. 6 of 2004).

(Herein after called “The Act”)

“**Vacant land**” means all undeveloped land irrespective of its current or future intended zoning. Agricultural properties will not be considered as being vacant erven.

3. PURPOSE OF THE POLICY

The policy document guides the annual setting (or revision) of property rates. It does not make specific property rates proposals. Details pertaining to the various property rates are determined when the budget is considered and approved every year

4. POLICY PRINCIPLES

Rates are levied in accordance with the Act as an amount in the Rand based on the market value of rateable property contained in the municipality’s valuation roll and supplementary valuation rolls.

As allowed for in the Act, the municipality may choose 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 does not, however, 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.

The rates policy for the municipality is based on the following principles:

a. Equity

The municipality will treat all similar ratepayers with similar properties the same.

b. 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, and/or reductions and/or rebates.

c. Sustainability

Rating of property will be implemented in a way that-

- i. It supports sustainable local government by providing a stable and buoyant revenue source within the discretionary control of the municipality; and
- ii. Supports local social and economic development.

d. Cost efficiency

Rates will be based on the value of all rateable property and the amount required by the municipality to balance the operating budget after taking into account the amounts required to finance exemptions, rebates and reductions as approved by the municipality from time to time. The implementation of the policy must be as cost-effective as possible.

5. APPLICATION OF THE POLICY

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

6. CLASSIFICATION OF SERVICES AND EXPENDITURE

The Chief Financial Officer shall, subject to the guidelines provided by the legislation and the Executive Mayor, provide for the classification of services

as outlined in the Municipality's annual budget into trading and economic services.

7. CATEGORIES OF PROPERTIES

7.1 Criteria for determining categories of properties for the purpose of levying different rates and for the purpose of granting exemptions, rebates and reductions will be according to the–

- (a) use of the property
- (b) permitted use of the property, or
- (c) geographical area in which the property is situated.

7.2 Categories of property for the municipality may include, but not limited to-

Properties may be **categorised** as follows:-

- (a) Residential properties.
 - (i) Residential
 - (ii) Sectional Title Schemes
- (b) Institutional (university, school, church, mental hospitals, rehabilitation centres etc.)
- (c) Industrial/business properties
- (d) Farm properties used for-
 - (i) agricultural purposes;
 - (ii) other business and commercial purposes;
 - (iii) multiple purpose
 - (iv) residential purposes; or
 - (v) other than (i) to (iii).

- (e) Farm properties not used for any purpose.

- (f) Small holdings used for-
 - (i) agricultural purposes;
 - (ii) residential purposes;
 - (iii) industrial/commercial purposes;
 - (iv) multiple purposes; or
 - (v) other than (i) to (iv).

- (g) State-owned properties:
 - (i) State properties that provide local services
 - (ii) State properties that provide regional/municipal district-wide / metro-wide services.
 - (iii) State properties that provide provincial/national services

- (h) Municipal owned properties:
 - (i) Public Open Space
 - (ii) Special
 - (iii) Town Planning Scheme Border
 - (iv) Indefinite
 - (v) Subdivision area
 - (vi) Local Government Border (commonage)

- (i) Public service infrastructure

- (j) Privately owned towns/developments and open spaces serviced by the owner.

- (k) Formal and informal settlements on stands not subdivided into formal residential stands

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- (l) Communal land as defined in the Communal Land Rights Act.
- (m) State trust land
- (n) Properties-
 - (i) acquired through Provision of Land and assistance Act, 1993 (Act 126 of 1993) or the Restitution of Land Rights Act, 1994 (Act 22 of 1994); **or**
 - (ii) subject to the Communal Property Associations Act, 1996 (Act 28 of 1996).
- (o) Protected areas.
- (p) National monuments
- (q) Properties owned by public benefit organisations (Part 1 of the Ninth Schedule of the Income Tax Act (Act 58 of 1962)
- (r) Properties used for multiple purposes
- (s) Resort
- (t) Transport
- (u) Public benefit organisations
- (v) vacant land
- (w) accommodation establishments

8. DIFFERENTIAL RATES

A municipality may levy different rates for different categories of rateable property, determined in subsection (2) and (3), which must be determined according to the—

- (a) use of the property;
- (b) permitted use of the property; or
- (c) a combination of (a) and (b).

Differential rating among the various property categories will be done by way of setting different Cents in the Rand for each property category.

9. MULTIPLE PURPOSE PROPERTIES

(1) A property used for multiple purposes must, for rates purposes, be assigned to a category determined by the municipality for properties used for-

- (a) A purpose corresponding with the permitted use of the property;
- (b) A purpose corresponding with the dominant use of the property; or
- (c) Multiple purpose in terms of section 8(2)(i)

Dominant use is used in the compilation of the General Valuation Roll which is implemented 1 July 2018 and rates are levied accordingly.

10. CATEGORIES OF OWNERS

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

- (a) indigent status of the owner of a property
- (b) sources of income or/and monthly household 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; or
- (e) owners of agricultural properties who are **bona fide** farmers.

11. LEVYING OF RATES

(1) Liability for rates by property owners:

Rates levied by a municipality on a property must be paid by the owner of the property, subject to Chapter 9 of the Municipal Systems Act.

Joint owners are jointly and severally liable for the amount due for rates on that property.

In a case of agricultural property owned by more than one owner in undivided shares where the holding of such undivided shares was allowed before the commencement of the subdivision of the Agricultural Land Act (Act 70 of 1970) the municipality may consider the following options for determining the liability for rates:

- (i) If the joint owners are all available, the issue of who is liable for rates will be dealt with in the context of whether they have entered into an agreement or not regarding payment of rates liabilities. Where the joint owners have a written agreement that a specific joint owner is liable for all the rates, the municipality will hold such a joint owner liable in respect of all the rates. A certified copy of the agreement must be submitted to the municipality.

Where there is no agreement, the municipality will hold anyone of the joint owners responsible for the whole property or hold any joint owner only liable for his undivided share.

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- (ii) If the joint owners are not traceable with the exception of one joint owner and such joint owner is occupying or using the entire property or a significant larger portion the municipality will hold that joint owner liable for the total rates bill.
- (iii) If the traceable joint owner is only using or occupying a small portion of the entire property, the municipality will hold that joint owner only responsible for his own undivided share in that property

(2) Method and time of payment

The municipality will recover the rate levied in periodic instalments of equal amounts in twelve months. The instalment is payable on or before due date indicated on monthly account. Interest will be charged at 1% above the prime interest rate for any late payments received. For the interest calculation, part of a month will be calculated as a full month.

(3) Annual Payment Arrangements

By prior arrangement with the municipality the rate may be paid in a single amount before 30 September of the year it is levied in, however, application, in writing, must be submitted before 30 June prior to the financial year of implementation of the arrangement. The Director of Financial Services will consider any applications after this date.

(4) Recovery of arrear rates from owner

Recovery of arrear rates is dealt with in accordance with the Credit Control and Debt Collection Policy.

(5) Recovery of arrear rates from tenants, occupiers and agents

Arrears rates shall be recovered from tenants, occupiers and agents of the owner, in terms of the Act.

(5A) Deferral of payment of rates liabilities

Refer to Credit Control and Debt Collection Policy.

(6) Supplementary Valuation Debits

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 settling the supplementary rates account.

(7) Ownership

Properties, which vest 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.

(8) Clearance Certificate

8.1 On the sale of any property in the municipal jurisdiction, Council will withhold the transfer until all rates, service and sundry charges and any estimated amounts for the duration of the certificate in connection with the property are paid, by withholding a clearance certificate.

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- 8.2 When debt has been written off as irrecoverable it will not be recovered again when a clearance certificate on a property is issued.
- 8.3 The municipality will issue such clearance certificate on receipt of an application on the prescribed form from the conveyer.
- 8.4 All payments will be allocated to the subject property.
- 8.5 No interest shall be paid in respect of these payments.
- 8.6 The Municipality will only issue a clearance certificate once a completed prescribed application form from the conveyer has been received.
- 8.7 Where any residential or non-residential debtor has entered into an arrangement with the Municipality in respect of the arrears on a property, the prescribed certificate as referred to in Section 118 of the Systems Act, will not be issued until such time as the full outstanding amount have been paid.
- 8.8 The rates clearance certificate validation period is 60 days and the amount due for payment is calculated as follows:
 - a. Applications received between the 1st and the 14th of the month will include 3 (three) months advance collections plus all current outstanding debt on the property.
 - b. Applications received between the 15th and the end of the month will include 4 (four) months advance collections plus all current outstanding debt on the property.

(9) Levying of rates on property in sectional title schemes

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

12. IMPERMISSIBLE RATES

A municipality may not levy the following rates in terms of sections 16 (1) and 17 (1) of the Act:

- (1) Rates that would prejudice national economic policies.
- (2) Rates that would prejudice economic activities across boundaries
- (3) Rates that would prejudice national mobility of goods, services, capital or labour.

(see conditions under section 16(2-5) of the Property Rates Act)

- (4) On the first 30% of market value of public service infrastructure
- (5) On any part of the seashore as defined in the Seashore Act
- (6) On any part of the territorial waters of the Republic in terms of the Marine Zones Act (15/1994)
- (7) On any island of which the state is the owner including the Prince Edward Islands
- (8) On a special nature reserve, national park or nature reserve within the meaning of the National Environmental Management Biodiversity Act of 2004 which are not developed or used for commercial, business or residential agricultural purposes.
- (9) On a mineral right within the definition of property.
- (10) On a property belonging to a land reform beneficiary or his or her heirs, provided that this exclusion lapses ten years from the date on which such beneficiary's title was registered in the office of the Registrar of deeds
- (11) On the first R 15 000 of the market value of a property assigned in the valuation roll or supplementary valuation roll to a category determined as residential property or multiple used property provided that one or more component is used for residential purposes.
- (12) On property registered in the name of and used primarily as a place of public worship by a religious community, including an official residence registered in the name of that community, which is occupied by an

office-bearer of that community who is, officiates at services at that place of worship.

(The exclusion lapses if not used for the purposes as indicated above).
(See conditions under section 17(2-5) of the Property Rates Act)

13. EXEMPTIONS, REBATES AND REDUCTIONS

The following criteria may be taken into consideration for the purpose of granting exemptions, reductions and rebates:

- indigent status of the owner of a property;
- income of the owner and/or household on a property;
- Owners temporarily without income
- The services provided to the community by public service organisations
- The need to preserve the cultural heritage of the local community
- The need to encourage the expansion of public service infrastructure
- The indispensable contribution which property developers make towards local economic development and the continuing needs to encourage such development
- market value of residential property below a determined threshold;
- owners of property situated within an area affected by –
 - a disaster within the meaning of the Disaster Management Act, 2002 (Act No. 57 of 2002); or
 - any other serious adverse social or economic conditions;
- zoning and/or actual use of the property; and
- availability of services funded by rates for a property.

To qualify for the rebate a property owner must:

- (i) occupy the property as his/her normal residence;

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- (ii) be at least 60 years of age **or** in receipt of a disability pension from the Department of Welfare and Population **Social** Development;
- (iii) 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;
- (iv) not be the owner of more than one property; and
- (v) 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.
- (vi) Owners of rateable property registered in the name of institutions or organisations, which in the opinion of the council, performs welfare, charitable and humanitarian work; cultural work; amateur sport and social activities; protect or maintain collections or buildings of historical or cultural interest, including art galleries, archives and libraries; conservation; environment and animal welfare; education and development; health care; agricultural (Experimental farms); municipal property and usage where the council is engaged in land sales transactions which take place after the financial year has started; where the municipality register a road reserve or servitude on a privately owned property a pro-rata rebate equal to the value of the reserve or servitude will be given to the owner; state hospitals, clinics and institutions for mentally ill persons, which are not performed for gain.

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

Applications must be accompanied by—

- (i) a certified copy of the identity document or any other proof of the owner's age which is acceptable to the municipality;

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- (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.

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

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

13.1 EXEMPTIONS

The following properties **may be** exempted from rates

- (i) municipal properties
- (ii) municipal public infrastructure
- (iii) informal settlements
- (iv) museums
- (v) national monuments
- (vi) property lower in value than the amount determined by the municipality
- (vii) a right registered against immovable property
- (viii) public benefit organisations use their property for specific public benefit activities and listed in part 1 of the 9th schedule of the Income Tax Act
- (ix) Cemeteries & Crematoriums
- (x) 30% of Public Service Infrastructure

13.2 REBATES

Categories of properties & owners

Rebates for the following categories of owners will be considered:

(a) Rebates in respect of income categories:

The following owners may be granted a rebate on, or a reduction in the rates payable on their property if they meet the following criteria-

- Registered owner of the property that resides on the property;
- Income must not exceed an amount annually set by the Council

(b) Public benefit organisations:

(i) Welfare and humanitarian

Rateable property registered in the name of an institution or organisation, which, in the opinion of the council, performs welfare and humanitarian work as contemplated in the ninth Schedule of the Income Tax Act, 1962 (Act 58 of 1962).

Rateable property, registered in the name of a trustee or trustees or any organisation, which is maintained for the welfare of war veterans.

(ii) Cultural:

Rateable property registered in the name of Boy Scouts, Girl Guides, Sea Scouts, Voortrekkers or any other organisation which in the opinion of the council is similar or any rateable property let by a council to any of the said organizations.

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The promotions, establishment, protection, preservation or maintenance of areas, collections or buildings of historical or cultural interest, national monuments, proclaimed national heritage sites, museums, including art galleries, archives and libraries.

(iii) Sports:

Sports grounds used for the purpose of amateur and any social activities, which are connected with such sport.

(iv) Conservation, environment and animal welfare:

Means properties that is registered in the name of an organisation or institution that is engaging in the conservation, rehabilitation or protection of the natural environment, including flora and fauna. Rateable property registered in the name of an institution or organisation, which has as its exclusive objective the protection of tame or wild animals or birds.

(v) Education and development:

Rateable property registered in the name of an educational institution established, declared or registered by or under any law.

(vi) Health care:

Rateable property registered in the name of an institution or organisation which has as its exclusive objective is health care or counselling of terminally ill persons or persons with a severe physical or mental disability and persons affected with HIV/AIDS.

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(c) Agricultural (Experimental Farms):

Rateable property, registered in the name of an agricultural society affiliated to or recognised by the South African Agricultural Union, which is used for the purposes of such a society.

(d) Municipal property and usage:

A pro-rata rebate will be granted where the municipality is engaged in land sales transactions which have taken place after the financial year has started. Where the municipality register a road reserve or servitude on a privately owned property a pro-rata rebate equal to the value of the reserve or servitude will be given to the owner of the property.

(e) Municipal interim valuation:

When a municipal interim valuation is effected during a financial year a pro-rata rebate will be given from the beginning of the financial year until the interim valuation became effective as per Section 78 (2)b of the Act.

(f) Rateable property registered in the name of the Council, if such property is used in supplying electricity, water, or sewerage services

(g) State hospitals, state clinics and institutions for mentally ill persons, which are not operated for gain;

(h) Rateable property registered in the name of an institution or organisation which, in the opinion of the Council, performs charitable work;

(i) Local, Social And Economic Developments

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The municipality may grant rebates to organisations that promote local, social and economic development in its area of jurisdiction based on the criteria determined in its local, social and economic development policy.

The following criteria will apply:

- (a) job creation in the municipal area;
 - (b) social upliftment of the local community; and poverty alleviation to the indigents
 - (c) Improve local economic growth
 - (d) Promote service delivery
- (j) Agricultural properties will be granted rebates as determined by Council in its annual Budget.
- (k) An additional ~~10%~~ rebate calculated as follow could also be granted, **limited to 5 % for the 2018/19 financial year:**
- | | | |
|-------|----------------------------------------------------------------------------------------|-------|
| i. | 1 x Two bedroom houses on property | 1.00% |
| ii. | 2 x Two bedroom houses on property | 2.00% |
| iii. | 3 x Two bedroom houses on property | 4.00% |
| iv. | >3 x Two bedroom houses on property | 5.00% |
| v. | If electricity provided to worker's houses | 0.25% |
| vi. | If water is provided to worker's houses | 0.25% |
| vii. | If sewer is provided to worker's houses | 0.25% |
| viii. | If refuse is removed from worker's houses | 0.25% |
| ix. | If school on property or transport is provided to learners | 1.00% |
| x. | If sport facilities on property | 1.00% |
| xi. | If transport to nearest town is provided at no cost to workers at least once per month | 1.00% |
| xii. | If training is provided to workers | 1.00% |

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The above additional 5% will only be granted to Bona Fide farmers with submission of the following documentation with their application:

- (i) Proof of VAT registration
- (ii) Existing account must not be in arrears with the Municipality.
- (iii) Copy of I.D. document of all workers residing on the farm

Where the farming operations are spread across different property even as registered at the Deeds office, the above rebate will be extended to all adjoining farms which are used as a combined farming operation. The additional rebate can only be granted on the value of property as it appears on the valuation roll. Properties of the same owner but valued separately cannot be added together for the calculation purposes.

- (l) Disaster relief can be sought in years when the Municipal area or Region is classified as a disaster area by Provincial or National Authorities.

Agricultural Properties qualifying for the rebate in terms of 12.2(k) may apply for an additional a disaster relief rebate of between 5 and 10% up to 10% limited to the amount budgeted annually by the municipality.

The application must be lodged together with the abovementioned rebate application on the prescribed form and must include proof of substantial loss of income because of the disaster. Evidence can include, but is not limited to:

- Audited Financial Statements or Management Accounts
- Produce delivery statements
- Letter from the Company's Banker stating the year-on-year loss of income

Applications will be considered by the Financial Services committee and recommend for approval to the Executive Mayoral Committee.

Applications for the rebate must be submitted before the 15 July of the financial year for which relief is sought. Late applications may be considered for a pro-rata approval based on date of receipt of application.

14. COSTS OF EXEMPTIONS, REBATES, REDUCTIONS, PHASING IN OF RATES

- (1) During the budget process the Chief Financial Officer must inform council of all the costs associated with the suggested exemptions, rebates, reductions, phasing in of rates.

- (2) Provisions must be made in the operating budget –
 - (a) for the full potential income associated with property rates; and
 - (b) for the full costs associated with exemptions, rebates, reductions, phasing in of rates.
 - (c) A list of all exemptions, rebates, reductions, exclusions, phasing in etc. must be tabled before council.

15. ADDITIONAL RATING AREA

The municipality may by council resolution 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

Before determining a special rating area the municipality must consult the local community on the proposed boundaries of the area, the proposed improvement or upgrading of the area and obtain the consent of the majority of the ratepayers in that proposed special rating area.

The municipality must determine the boundaries and indicate how the area is to be improved or upgraded by the funds derived from the additional rate. Establish a separate accounting and record-keeping system regarding the revenue generated by the special rate and the improvement or upgrading of the area.

The municipality may establish a committee composed of persons representing the community to act as a consultative and advisory forum. Representatively, including gender must be taken into account when such a committee is established.

16. RATE INCREASES/DECREASES

- (2) The municipality may consider increasing/decreasing rates annually during the budget process.
- (2) Rate increases will be used to finance the increase in operating costs of rates funded services.
- (3) Rates adjustments may be made taking into account all or any of the following factors:
 - all salary and wage increases as agreed at the South African Local Government Bargaining Council;
 - inflation;
 - the cost of capital;
 - statutory increases affecting the Municipality; and
 - increases or decreases on operating subsidies received

17. NOTIFICATION OF RATES

- (1) The council 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.
- (2) A notice stating council's resolution, date on which the new rates shall become operational will be published in the media and the **Provincial Gazette** and displayed by the municipality at places installed for that purpose.

18. CORRECTION OF ERRORS AND OMISSIONS

Where the rates levied on a particular property have been incorrectly determined, whether by 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. In addition, where the error occurred because of false information provided by the property owner or because 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. SHORT TITLE

This policy is the **Rates Policy** of the **Bergrivier Local Municipality**.