

VENTERSDORP LOCAL MUNICIPALITY



RATES POLICY

**FORMULATED IN TERMS OF SECTION 3 OF
THE MUNICIPAL PROPERTY RATES ACT,
NO. 6 OF 2004
2012/2013**

RATES POLICY

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RATES POLICY

1. LEGISLATIVE CONTEXT

- 1.1 This policy is mandated by Section 3 of the Municipal Property Rates Act, 2004 (No. 6 of 2004), which specifically provides that a municipality must adopt a Rates Policy.
- 1.2 In terms of Section 229 of the Constitution of the Republic of South Africa, 1996 (No.108 of 1996), a municipality may 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.

2. DEFINITIONS

- 2.1 **“Act”** means the Municipal Property Rates Act, 2004 (No. 6 of 2004).
- 2.2 **“Agricultural purposes”** in relation to the use of a property, excludes the use of a property for the purpose of eco-tourism or for the trading in or hunting of game.
- 2.3 **“Business”** means the activity of buying, selling or trading 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 soil, the gathering in of

crops or the rearing of livestock or consisting of the propagation and harvesting of fish or other aquatic organisms.

- 2.4 **“Industrial”** means a branch of trade or manufacturing, production, assembling or processing of finished or partially finished products from raw materials or fabricated part, on so large scale that capital and labour are significantly involved.
- 2.5 **“Market value”** in relation to a property means the amount the property would have realised if sold on the date of valuation in the open market by a willing seller to a willing buyer.
- 2.6 **“Mining”** means any operation or activity for the purpose of 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.
- 2.7 **“Multiple purposes”** in relation to a property, means the use of a property for more than one purpose and therefore, it cannot be assigned to a single category.
- 2.8 **“Municipality”** means the municipal council for the municipal area of **VENTERSDORP (NW 401)**
- 2.9 **“Municipal properties”** means those properties of which the municipality is the owner.
- 2.10 **“Newly rateable property”** means any rateable property on which property rates were not levied by 30 June 2005, excluding a property that was incorrectly omitted from a valuation roll and for that reason was not rated before that date.
- 2.11 **“Protected areas”** means those parts of a special nature reserve, national park or nature reserve within the meaning of the Protected Areas Act, 2003.
- 2.12 **“Public Benefits Organisations”** means organisations conducting welfare and humanitarian, health care, education and development activities and registered in terms of the Income Tax Act for tax reductions because of those activities.
- 2.13 **“Public Service Infrastructure”** means publicly controlled infrastructure of the following kinds:
- (a) national, provincial or other public roads on which goods, services or labour move across a municipal boundary;

(b) water or sewer pipes, ducts or other conduits, dams and water supply reservoirs, water treatment plants or water pumps forming part of a water or sewer scheme serving the public;

(c) power stations, power substations or power lines forming part of an electricity scheme serving the public;

(d) gas or liquid fuel plants or refineries or pipelines for gas or liquid fuels, forming part of a scheme for transporting such fuels;

(e) railway lines forming part of a national railway system;

(f) communication towers, masts, exchanges or lines forming part of a communication system serving the public;

(g) runways or aprons at national or provincial airports;

(h) breakwater, sea walls, channels, basin, quay walls, jetties, roads, railway or infrastructure used for the provision of water, lights, power, sewerage or similar services of ports, or navigational aids comprising light houses, radio navigational aids, buoys, beacons or any other device or system used to assist the safe and efficient navigation of vessels;

(i) any other publicly controlled infrastructure as may be prescribed;
or

(j) rights of way, easements or servitudes in connection with the infrastructure mentioned in paragraphs (a) to (i) above.

2.14 **“Residential”** means 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 a hotel, boarding and undertaking, hostel and place of instruction.

2.15 **“State-owned properties”** means properties owned by the State, which are not included in the definition of public service infrastructure.

2.16 **“Vacant land”** means a land where no immovable improvements have been erected.

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. Rateable property includes any right registered against immovable property in the name of a person, excluding a mortgage bond registered against the property.
- 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)

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

3.4.1 Equity

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

3.4.2 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.

3.4.3 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 and social economic development with consideration and compliance with the Local

Economic Development (LED) strategy of the municipality.

3.4.4 Reliability

In imposing the rate for each financial year, the municipality will strive to ensure that the aggregate budgeted revenue from property rates less revenues forgone (costs in respect of exemptions, rebates, reductions, exclusions and phasing-in of rates) and less any contribution to provision for bad debts equals at least 25% (twenty five percent) of the municipality's aggregate budgeted net revenue for the financial year concerned. By so doing, the municipality will ensure that its revenue base remains sound and reliable.

4. 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.

5. COMMUNITY PARTICIPATION

Before the municipality adopts the rates policy, the Municipality 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:

- 5.1 conspicuously display the draft rates policy for a period of 30 days at the municipality's head and satellite offices and libraries,
- 5.2 advertise in the media a notice stating that the draft rates policy has been prepared for submission to council, and that such policy is available at the various municipal offices for public inspection. Property owners and interest persons may obtain a copy of the draft rates policy from the municipal offices during office hours at a fee of R50.00 per copy. Property owners and interest persons are invited to submit comments and representations to the municipality within the period specified in the notice.

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

6. APPLICATION OF THE POLICY

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

7. UTILISATION OF RATES REVENUE

Revenue derived from property rates constitutes a reliable and buoyant source of income for the municipality for the provision of community services. Property rates represent a critical source of general revenue for the municipality utilized to fund services that benefit the community as a whole as opposed to individual households.

The services funded with revenue from property rates include installing and maintaining roads, streets, sidewalks lighting and storm drainage facilities; and building and operating clinics, parks, recreational facilities and cemeteries.

Revenue derived from property rates is also utilized for funding municipal administration such as, computer equipment and stationery, the costs of governance such as, council and community meetings, in order to facilitate community participation in municipal activities such as, the Integrated Development Plan (IDP) and the budget process.

It is incumbent upon the municipality to exercise its power to impose Property rates within a statutory framework which enhances certainty, uniformity and simplicity across the municipal area taking into account the effect of rates on the poor and appropriate measures to alleviate the rates burden on them.

8. CATEGORIES OF PROPERTY

8.1 The municipality has determined categories of property for the purpose of levying different rates and for the purpose of granting relief according to the-

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

8.2 Categories of property for the municipality include-

- (a) Residential properties;
- (b) Business and commercial properties;
- (c) Industrial properties;
- (d) Mining properties;
- (e) Public service infrastructure;
- (f) Public benefit organisations;
- (g) Agricultural properties used for agricultural purposes;
- (h) Agricultural properties used for eco-tourism or conservation;
- (i) Agricultural properties used for the trading in or hunting of game;
- (j) State-owned properties;
 - State properties that provide local services,
 - State properties that provide regional/municipal district-wide service,
 - State properties that provide provincial/national service.
- (k) Municipal owned properties;
- (l) Protected areas,
- (m) Multiple use properties;
- (n) Vacant land,
- (o) State trust land,
- (p) Properties on which national monuments are situated,
- (q) Properties for public worship.

9. CATEGORIES OF OWNERS

The municipality has determined the following categories of owners for the purpose of granting exemptions, rebates or reductions:

- (a) indigent owners of property;
- (b) owners dependent on pensions or social grants for their livelihood;
- (c) owners temporarily without income;
- (d) 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;
- (e) owners of residential properties with a market value below a determined threshold;
- (f) owners of agricultural properties who are bona fide farmer.

10. PROPERTIES USED FOR MULTIPLE PURPOSES

Properties used for multiple purposes shall be rated-

- (a) by apportioning the market value of a property to the different purposes for which the property is used; and
- (b) applying the relevant cent amount in the rand to the corresponding apportioned market value.

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

and/or

11.3 by way of reductions and rebates.

12. LEVYING AND PAYMENT OF RATES ON PROPERTY IN SECTIONAL TITLE SCHEME

12.1 The 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.

12.2 The rate levied on a sectional title unit will be payable by the owner of the unit. The municipality will not recover the rate on such sectional title unit, or any part of such rate, from the body corporate controlling the sectional title scheme, except when the body corporate itself is the owner of any specific sectional title unit.

13. EXEMPTIONS

13.1 The following categories of property are exempted from rates:

13.1.1 Municipal properties

Subject to a majority decision, the 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 by the municipality for not more than a nominal rent as determined by the municipality.

Except

- (d) If any property belonging to a municipality is disposed off to any person, he/she shall be considered to be the owner liable for the payment of rates from the date he takes possession.

13.1.2 Residential properties

All residential properties with a market value of less than R 15 000 are exempted from paying rates. The mandatory exemption from payment of rates of the first R15 000 of the market value of all residential properties contemplated in section 17(1)(h) of the Act is included in the amount of R15 000. This is an important part of the council's indigent policy and is aimed primarily at alleviating poverty

13.1.3 Cemeteries and crematoria

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

13.1.4 Public Benefit Organisations

The following Public Benefit Organisations may apply for the exemption of property rates subject to submitting a tax exemption certificate issued by the South African Revenue Services (SARS) as contemplated in Part 1 of the Ninth Schedule of the Income Tax Act, 1962 (No 58 of 1962):

I. Healthcare 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

Property belonging to educational institutions declared or registered by law.

Iv Independent schools

Property used by registered independent schools for educational purposes only.

V Charitable institutions

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

Vi 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.

Vii. Cultural institutions

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

Viii. Museums, libraries, art galleries and botanical gardens

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

Ix Youth development organisations

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

X Animal welfare

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

13.1.5 Place of Worship

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 officiates at services at that place of worship.

13.1.6 Protected areas

Properties on those areas of special nature reserves, national park or nature reserve within the meaning of the Protected Areas Act.

13.2 Exemptions will be subject to the following conditions:

- 13.2.1 all applications must be addressed in writing to the municipality in the prescribed manner or application form;
- 13.2.2 aSARS tax exemption certificate must be attached to all applications;
- 13.2.3 the municipal manager or his/her nominee must approve all applications;

- 13.2.4 applications must reach the municipality before the end of October preceding the start of the new municipal financial year for which relief is sought; and
- 13.2.5 the municipality reserves the right to refuse exemptions if the details supplied in the application form are incomplete, incorrect or false.

14. REDUCTIONS

- 14.1 A reduction in the municipal valuation as contemplated in section 15(1)(b) of the Act will be granted where the value of a property is affected by-
 - 14.1.1 a disaster within the meaning of the Disaster Management Act, 2002 (Act No. 57 of 2002); or
 - 14.1.2 any other serious adverse social or economic conditions such as fire damage, floods or demolition of the property..
- 14.2 The reduction will be based on the certificate issued for this purpose by the municipal valuer.
- 14.3 All categories of owners can apply for a reduction in the valuation of the property as described above.

15. REBATES

15.1. Categories of property

15.1.1 Business, commercial and industrial properties

The municipality will 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. The following criteria will apply:

- a. job creation in the municipal area;
- b. social upliftment of the local community; and
- c. creation of infrastructure for the benefit of the local community.

Rebates will be granted on application as prescribed to:

- a. a business plan submitted in respect of the company indicating how the local, social and economic development objectives of the municipality are going to be met;
- b. an implementation plan submitted and certified by auditors of the company stating that the

- objectives have been met in the first year after establishment and how the business entity plans to continue to meet the objectives;
- c. an assessment by the municipal manager or his/her nominee indicating that the company qualifies; and
- d. approval of the application by a municipal council resolution.

15.1.2 State properties

The municipality will grant rebates in respect of state properties as set out in schedule A.

15.1.3 Residential properties

The municipality will grant rebate, as set out in schedule A, Which applies to improved residential property that is:

- 15.1.3.1 used predominantly for residential purposes, with not more than two dwelling units per property,
- 15.1.3.2 registered in terms of the Sectional Title Act,
- 15.1.3.3 owned by a share-block company, or
- 15.1.3.4 a rateable residence on property used for or related to educational purpose.

15.1.4 Agricultural property rebate

- 15.1.4.1 Agricultural properties will 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.
- 15.1.4.2 Qualifying requirements are that the owner should provide proof that he is registered as a bona fide farmer with SARS,
or
where the owner is not taxed as a farmer, proof is required that income from farming activities exceeds 40% of the household income.
- 15.1.4.3 Rebates will be granted on the basis of the following criteria as set out 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 will be granted 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 government or if they are in line with the sector's average.
- c. Rebates will be granted 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 and such property is registered in the name of these 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.
 - iv. if the farmer is availing his land/buildings to be used for cemetery, education and recreational purposes of the farm workers and their dependants and the nearby community in general, etc.

15.1.5 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.

15.1.6 Historical or heritage properties

No rebates are granted other than residential rebates if appropriate.

15.1.7 Public Service Infrastructure

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

15.2 Categories of owners

15.2.1 Retired and Disabled Persons Rate Rebate

Retired and Disabled Persons qualify for special rebates according to monthly household income as set out in Schedule A.

To qualify for the rebate a property owner must:

- a. occupy the property as his/her normal residence;
- b. be at least 60 years of age or in receipt of a disability pension from the Department of 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)
- d. not be the owner of more than one property.

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

Applications must be accompanied by-

- 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 is a disabled person proof of a disability pension payable by the state must be supplied; and

- e. if the owner has retired at an earlier stage for medical reasons proof thereof must be submitted.
- f. be in receipt of a total monthly income from all sources (including income of spouses of owner)

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

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

15.3 Properties with a market value below a prescribed valuation level

These properties will be levied at a flat rate instead of a rate determined on the market value.

16. **COMPULSORY PHASING-IN OF RATES**

16.1 Newly Rateable Properties

16.1.1 Newly rateable property is any rateable property on which property rates were not levied by 30 June 2005, excluding a property that was incorrectly omitted from a valuation roll and for that reason was not rated before that date.

16.1.2 Rates levied on newly rateable property will be phased in over a period of three financial years. The phasing-in discount will be determined as follows:

- (a) In the first year, a discount of 75% of the rates for the year applicable on the property,
- (b) in the second year, a discount of 50% of the rates for the year applicable on the property,
- (c) in the third year, a discount of 25% of the rates for the year applicable on the property.

16.2 Newly Rateable property owned and used by Public Benefit Organisations

16.2.1 Rates levied on newly rateable property owned and used by organisations conducting specified public benefit activities and registered in terms of the Income Tax Act for those activities

will be phased in over a period of four financial years. The phasing-in discount will be determined as follow:

- (a) In the first year no rates will be levied on the property concerned,
- (b) In the second year, discount of 75% of the rates for the year applicable on the property,
- (c) in the third year, discount of 50% of the rates for the year applicable on the property,
- (d) in the fourth year, a discount of 25% of the rates for the year applicable on the property,

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

16.3.1 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 After the exclusion period has lapsed, rates payable on the properties concerned will be phased-in over a period of three financial years.

The phasing-in discount will be determined as follow:

- (a) In the first year, a discount of 75% of the rates for the year applicable on the property,
- (b) in the second year, a discount of 50% of the rates for the year applicable on the property,
- (e) in the third year, a discount of 25% of the rates for the year applicable on the property,

17. **COSTS AND BENEFITS OF EXEMPTIONS,REDUCTIONS, REBATES,EXCLUSIONS AND PHASING-IN OF RATES**

17.1 The costs in respect of exemptions, reductions, rebates, exclusions and phasing-in of rates to the municipality are as set out in schedule B.

17.2 The municipal manager will ensure that the revenues forgone (costs in respect of exemptions, reductions, rebates, exclusions and phasing-in of rates) are appropriately disclosed in each annual operating budget, annual financial statements and annual report and that such exemptions, rebates, reductions and phasing-in of rates are clearly indicated on the rates account submitted to each property owner.

17.3 The benefits to the community of granting relief are-

- i. the promotion of local economic development including attracting business investment, for example small business establishment;
- ii. creation of employment for municipal residents;
- iii. promotion of service delivery, for example by farmers;
- iv. poverty alleviation to the indigents;
- v. social development and moral development, for example, by religious institutions, sports institutions, schools and other nongovernmental organisations which promote health and other benefit to the community; and
- vi. Improved local economic growth.

18. 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 any supplementary valuation rolls prepared from time to time.

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

- (i) exemption from rates in terms of Section 15 of the Act;
- (ii) rebate or reduction in terms of Section 15,
- (iii) phasing-in of rates in terms of Section 21; and
- (iv) exclusion referred to in Section 17.

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

The municipality will update Part A of the register every 6 months during the supplementary valuation process.

Part B of the register will be updated annually during the budget process.

19. ACCOUNTS TO BE FURNISHED

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) exemptions, reductions, rebates or phasing-in discount, if applicable.

A person liable for payment of the 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 from the municipality.

20. CORRECTION OF ERRORS AND OMISSIONS

20.1 Where the rates levied on a particular property have been incorrectly determined, whether because of an error or omission on the part of the municipality or false information provided by the property owner concerned or a contravention of the permitted use to which the property concerned may be put, the rates payable shall be appropriately adjusted for the period extending from the date on which the error or omission is detected back to the date on which rates were first levied in terms of the current valuation roll.

20.2. In addition, where the error occurred because of false information provided by the property owner or as a result of a contravention of the permitted use of the property concerned, interest on the unpaid portion of the adjusted rates payable shall be levied at the maximum rate permitted by prevailing legislation.

21. RATES INCREASES

21.1 The municipality may consider increasing rates annually during the budget process in accordance with the guidelines issued by the National Treasury from time to time.

21.2 The municipality will ensure that community participation in increases in rates is effected through its annual budget process.

22. NOTIFICATION OF RATES

22.1 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.

22.2 A notice stating the extent of the municipality's resolution and the date on which the new rates become operational will be conspicuously displayed by the municipality for a period of at least 30 days at its head and satellite offices and libraries as well as publishing it in the Provincial Gazette as required in terms of section 14(2) of the Act.

23. PAYMENT OF RATES

23.1 Payment in Instalments

The property owner 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.

If the notifies the municipal manager or his/her nominee 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.

23.2 Interest on Rates in Arrears

Interest on rates in arrears, 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 Provincial and Local Government.

23.3 Recovery of Rates in Arrears from Owner

If the property owner fails to pay rates in the prescribed manner, the municipality will recover the rates from him/her in accordance with the provisions of the Credit Control, Debt Collection and Indigent policy of the municipality.

23.4 Recovery of Rates in Arrears from Tenants and Occupiers

Rates in arrears shall be recovered from a tenant or occupier of the property of the owner, in terms of section 28 of the Act.

(a) 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, despite any contractual obligation, to the contrary, on the tenant or occupier. The municipality will only recover the outstanding rates from the tenant or occupier after a written notice has been served to the tenant or occupier.

(b) The amount the municipality will recover from the tenant or occupier will be limited to the amount of the rent or other money due and payable, but not yet paid by the tenant or occupier to the owner of the property. The tenant or occupier must set off any amount recovered from him/her by the municipality against any money owed to the owner.

(c) The tenant or occupier 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 or occupier 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.

23.5 Recovery of Rates in Arrears from Agents

Rates in arrears shall be recovered from an agent of the owner of the property in terms of section 29 of the Act.

(a) 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 agent of the owner. The municipality will only recover the outstanding rates from the agent after a written notice has been served to the agent.

- (b) The amount the municipality will recover from the agent will be limited to the amount of any rent or other money received by the agent on behalf of the owner, less any commission due to the agent.
- (c) The agent, will on request of the municipality, furnish the municipality with a written statement specifying all payments for rent on the property and any money received by the agent on behalf of the owner during a period as may be determined by the municipality.

24. PROMULGATION OF BY-LAWS

The municipality will promulgate by-laws to give effect to the implementation of this rates policy, and such by-laws may differentiate between different categories of properties, and different categories of owners of properties liable for the payment of rates.

25. FREQUENCY OF VALUATION

The municipality shall prepare a new valuation roll every 4 (four) years, with the option to extend the validity of the valuation roll to 5 (five) years subject to the approval of the MEC for Local Government and Housing in the province.

Supplementary valuation roll will be prepared every 6 (six) months.

26. REGULAR REVIEW PROCESSES

The rates policy will be reviewed on an annual basis to ensure that it complies with the municipality's strategic objectives as contained in the IDP and with legislation.

27. SHORT TITLE

This policy is the Property Rates Policy of the Ventersdorp Local Municipality.

28. ENFORCEMENT/IMPLEMENTATION

This policy has been approved by the Municipality in terms of resolutiondated and comes into effect from 1 July

SCHEDULE A
SCHEDULE OF REBATES

Category/Description	Approved rebate
State Properties:	5%
Residential Properties	10%
Public schools	10%
Private schools	10%
Public Service Infrastructure	10%
Rebates on Agricultural Land	
➤ No municipal roads next to property	5%
➤ No municipal sewerage to the property	5%
➤ No municipal electricity to the property	5%
➤ No water supply to the property by the municipality	10%
➤ No refuse removal provided by the municipality	5%
➤ Contribution to job creation	5%
<u>Contribution to social and economic welfare of farm workers:</u>	
➤ Permanent residential property provided to the farm workers	5%
➤ Residential property provide with potable water	5%
➤ Residential property provide with potable water	5%
➤ Residential property provide with electricity	5%
➤ Availing land/buildings for education and recreational purposes for farm workers	5%
Retired and disabled person on residential properties only :	
➤ Owner with income less than R 2 500 per month	15%
➤ Owner with income between R 2 501 and R 3 500	10%
➤ Owner with income between R 3 501 and R 5 000	5%

Note: Instead of changing the whole document every year, the municipality can only change this schedule after negotiation with community androle players has been finalised and is ready for adoption by council during the approval of the annual budget of the municipality

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 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		
	Public service infrastructure		
	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 (mandatory exemption of R15 000)		
	Public places of worship	.....
	Total Cost		

ANNEXURE “A”

LEGAL REQUIREMENTS

The annexure does not cover the complete contents of the Property Rates Act, but focus on those requirements that are immediately relevant to a municipality's rates policy. The provisions dealing with most of the valuation processes and with transitional arrangements are not covered in this annexure.

SECTION 2: POWER TO LEVY RATES

A metropolitan or local municipality may levy a rate on property in its municipal area.

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

SECTION 3: ADOPTION AND CONTENTS OF RATES POLICY

The council of a municipality must adopt a policy consistent with the present Act on the levying of rates on rateable property in the municipality.

Such a rates policy will take effect on the effective date of the first valuation roll prepared by the municipality in terms of the present Act, and such policy must accompany the municipality's budget for the financial year concerned when that budget is tabled in the council in terms of the requirements of the Municipal Finance Management Act.

A rates policy must:

- treat persons liable for rates equitably;
- determine the criteria to be applied by the municipality if it:
 - levies different rates for different categories of property;
 - exempts a specific category of owners of properties, or the owners of a specific category of properties, from payment of a rate on their properties;
 - grants to a specific category of owners of properties, or to the owners of a specific category of properties, a rebate on or a reduction in the rate payable in respect of their properties; or increases rates;
- determine or provide criteria for the determination of categories of properties for the purposes of levying different rates, and categories of owners of properties, or categories of properties, for the purpose of granting exemptions, rebates and reductions;
- determine how the municipality's powers in terms of Section 9 must be exercised in relation to properties used for multiple purposes;

- identify and quantify in terms of cost to the municipality and any benefit to the local community, exemptions, rebates and reductions; exclusions; and rates on properties that must be phased in terms of Section 21;
- take into account the effect of rates on the poor and include appropriate measures to alleviate the rates burden on them;
- take into account the effect of rates on organisations conducting specified public benefit activities and registered in terms of the Income Tax Act for tax reductions because of those activities, in the case of property owned and used by such organisations for those activities;
- take into account the effect of rates on public service infrastructure;
- allow the municipality to promote local, social and economic development; and
- identify, on a basis as may be prescribed, all rateable properties in a municipality that are not rated in terms of Section 7.

When considering the criteria to be applied in respect of any exemptions, rebates and reductions on properties used for agricultural purposes, a municipality must take into account:

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

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

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

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

SECTION 4: COMMUNITY PARTICIPATION

Before a municipality adopts its rates policy, the municipality must follow the process of community participation envisaged in Chapter 4 of the

Municipal Systems Act; and comply with the following requirements, as set out below.

The municipal manager of the municipality must:

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

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

SECTION 5: ANNUAL REVIEW OF RATES POLICY

The council will annually review, and if necessary amend its rates policy taking into account public comments and inputs. Any amendments to the rates policy will accompany the municipality's annual budget when it is tabled in the council in terms of the Municipal Finance Management Act.

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

A municipality must adopt by-laws to give effect to the implementation of its rates policy, and such by-laws may differentiate between different categories of properties, and different categories of owners of properties liable for the payment of rates.

SECTION 7: RATES TO BE LEVIED ON ALL RATEABLE PROPERTY

When levying rates a municipality must levy such rates on all rateable property in its area, but it is nevertheless not obliged to levy rates on:

- properties of which the municipality itself is the owner;
- public service infrastructure owned by a municipal entity;
- rights registered against immovable property in the name of a person;
- properties in respect of which it is impossible or unreasonably difficult to establish a market value because of legally insecure tenure attributable to past racially discriminatory laws or practices.

The requirement to levy rates on all rateable properties does not prevent a municipality from granting exemptions from rebates on or reductions in rates levied.

SECTION 8: DIFFERENTIAL RATES

A municipality may in terms of the criteria set out in its rates policy levy different rates for different categories of rateable property, and these categories may be determined according to the:

- use of the property;
- permitted use of the property; or
- geographical area in which the property is situated.

Categories of rateable property that may be determined include the following:

- residential properties
- industrial properties
- business and commercial properties
- farm properties used for:
 - agricultural purposes
 - other business and commercial purposes
 - residential purposes
 - purposes other than those specified above
- farm properties not used for any purpose
- smallholdings used for:
 - agricultural purposes
 - residential purposes
 - industrial purposes
 - business and commercial purposes
 - purposes other than those specified above
- state owned properties
- municipal properties
- public service infrastructure
- privately owned towns serviced by the owner
- formal and informal settlements
- communal land
- state trust land
- properties acquired through the provision of Land Assistance Act 1993 or the Restitution of Land Rights Act 1994 or which is subject to the Communal Property Associations Act 1996
- protected areas
- properties on which national monuments are proclaimed
- properties owned by public benefit organisations and used for any specific public benefit activities
- properties used for multiple purposes.

SECTION 9: PROPERTIES USED FOR MULTIPLE PURPOSES

A property used for multiple purposes must, for rates purposes, be assigned to a category determined by the municipality for properties used for:

- a purpose corresponding with the permitted use of the property, if the permitted use of the property is regulated;
- a purpose corresponding with the dominant use of the property; or
- multiple purposes, as specified in Section 8 above.

A rate levied on a property assigned to a category of properties used for multiple purposes must be determined by:

- 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
- applying the rates applicable to the categories determined by the municipality for properties used for those purposes to the different market value apportionments.

SECTION 10: LEVYING OF RATES ON PROPERTY IN SECTIONAL TITLE SCHEMES

A rate on a property which is subject to a sectional title scheme must be levied on the individual sectional title units in the scheme, and not on the property on a whole.

SECTION 11: AMOUNT DUE FOR RATES

A rate levied by a municipality on property must be stated as an amount in the rand:

- on the market value on the property;
- in the case of public service infrastructure, on the market value of the public service infrastructure less 30% of that value;
- in the case of property to which Section 17(1)(h) applies, on the market value of the property less the amount stated in that section (note the section concerned deals with the requirement that the first R15 000 of the market value of certain properties is not rateable).

SECTION 12: PERIODS FOR WHICH RATES MAY BE LEVIED

In levying rates, a municipality must levy the rate for a financial year. A rate lapses at the end of the financial year for which it was levied.

The levying of rates forms part of the municipality's annual budget process, and the municipality must therefore annually, at the time of its

budget process, review the amount in the rand of its current rates in line with the annual budget for the next financial year.

SECTION 13: COMMENCEMENT OF RATES

A rate becomes payable as from the start of the particular financial year, or if the municipality's annual budget is not approved by the start of the financial year, as from such later date when the municipality's annual budget, including the resolution levying the rates, is approved by the provincial executive in terms of section 26 of the Municipal Finance Management Act.

SECTION 14: PROMULGATION OF RESOLUTIONS LEVYING RATES

A rate is levied by a municipality by a resolution passed by the council with a supporting vote of a simple majority of its members.

The resolution levying the rates must be promulgated by publishing the resolution in the provincial gazette.

Whenever a municipality passes a resolution to levy rates, the municipal manager must, without delay, conspicuously display the resolution for a period of at least 30 days at the municipality's head and satellite offices and libraries, and if the municipality has an official website or a website is available to it, on that website as well; and advertise in the media a notice stating that the resolution levying the property rates has been passed by the council, and that the resolution is available at the municipality's head and satellite offices as so forth.

SECTION 15: EXEMPTIONS, REDUCTIONS AND REBATES

A municipality may in terms of the criteria which it has set out in its rates policy:

- exempt a specific category of owners of properties, or the owners of a specific category of properties, from payment of the rate levied on their property; or
- grant to a specific category of owners, or to the owners of a specific category of properties, a rebate on or a reduction in the rates payable in respect of their properties.

In granting exemptions, reductions and rebates in respect of owners or categories of properties, a municipality may determine such categories in accordance with Section 8 of the present Act, and when granting exemptions, reductions or rebates in respect of categories of owners of properties, such categories may include:

- indigent owners;
- owners dependent on pensions or social grants for their livelihood;
- owners temporarily without income;

- owners of property situated within an area affected by a disaster or any other serious adverse social or economic conditions;
- owners of residential properties with a market value lower than an amount determined by the municipality; and
- owners of agricultural properties who are bona fide farmers.

The municipal manager must annually table in the council:

- a list of all exemptions, reductions and rebates granted by the municipality during the previous financial year; and
- a statement reflecting the income which the municipality has forgone during the previous financial year by way of such exemption, reductions and rebates, exclusions referred to in the Act, and the phasing in discount granted in terms of Section 21.

All exemptions, reductions and rebates projected for a financial year must be reflected in the municipality's annual budget for that year as income on the revenue side and expenditure on the expenditure side.

SECTION 16: CONSTITUTIONALLY IMPERMISSIBLE RATES

In terms of the Constitution a municipality may not exercise its power to levy rates on property in a manner that materially and unreasonably prejudices national economic policies, economic activities across its boundaries, or the national mobility of goods, services, capital and labour.

If a rate on a specific category of properties, or a rate on a specific category of properties above a specific amount in the rand, is materially and unreasonably prejudicing any of the matters referred to above, the Minister of Provincial and Local Government may, by notice in the gazette, give notice to the relevant municipality that the rate must be limited to an amount in the rand specified in the notice.

SECTION 17: OTHER IMPERMISSIBLE RATES

A municipality may not levy a rate on:

- the first 30% of the market value of public service infrastructure;
- any part of the seashore;
- any part of the territorial waters of the Republic;
- any islands of which the state is the owner;
- those parts of a special nature reserve, national park or nature reserve or national botanical garden which are not developed or used for commercial, business, agricultural or residential purposes;
- mineral rights;
- property belonging to a land reform beneficiary or his or her heirs, provided that this exclusion lapses 10 years from the date on which such beneficiary's title was registered in the office of the registrar of deeds;

- the first R15 000 of the market value of a property assigned in the valuation roll or supplementary valuation roll to a category determined by the municipality for residential purposes or for properties used for multiple purposes, provided one or more components of the property are used for residential purposes;
- a 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 and who officiates at services at that place of workshop.

(The remainder of this Section deals with situations where the various exemptions lapse).

SECTION 18: EXEMPTION OF MUNICIPALITIES FROM PROVISIONS OF SECTION 17

A municipality may apply in writing to the Minister for Provincial and Local Government to be exempted from applying the exemptions granted in respect of the first 30% of the market value of public infrastructure, the exemptions on nature reserves, national parks and national botanical gardens, the exemption on property belonging to land beneficiaries, and the exemption applying to the first R15 000 of the market value of residential and mixed use property, if the municipality can demonstrate that such exclusions are compromising or impeding its ability or right to exercise its powers or perform its functions within the meaning of the Constitution.

SECTION 19: IMPERMISSIBLE DIFFERENTIATION

A municipality may not levy:

- different rates on residential properties (except where transitional arrangements apply or where some of the properties are newly rateable);
- a rate on non-residential properties that exceeds a prescribed ratio to the rate on residential properties;
- rates which unreasonably discriminate between categories of non-residential properties; and
- additional rates, except as provided for in Section 22.

SECTION 20: LIMITS ON ANNUAL INCREASES OF RATES

The Minister of Provincial Local Government may, with the concurrence of the Minister of Finance and by notice in the gazette, set an upper limit on the percentage by which rates on properties or a rate on a specific category of properties may be increased. Different limits may be set for different kinds of municipalities or different categories of properties.

The Minister may, on written application by a municipality, and on good cause shown, exempt such municipality from a limit set in terms of the foregoing.

SECTION 21: COMPULSORY PHASING IN OF CERTAIN RATES

A rate levied on newly rateable property must be phased in over a period of three financial years. Similarly, a rate levied on property owned by a land reform beneficiary must, after the exclusion period has lapsed, be phased in over a period of three financial years.

A rate levied on a newly rateable property owned and used by organisations conducting specified public benefit activities must be phased in over a period of four financial years.

The phasing in discount on a property must:

- in the first year, is at least 75% of the rate for that year otherwise applicable to that property;
- in the second year, be at least 50% of the rate for that year otherwise applicable to that property, and;
- in the third year, is at least 25% of the rate for that year otherwise applicable to that property.

No rate may be levied during the first year on newly rateable property owned and used by organisations conducting specified public benefit activities. Thereafter the phasing in discount shall apply as for other newly rateable property except that the 75% discount shall apply to the second year, the 50% to the third year, and the 25% to the fourth year.

A rate levied on newly rateable property may not be higher than the rate levied on similar property or categories of property in the municipality.

SECTION 22: SPECIAL RATING AREAS

A municipality may by a resolution of its council determine an area within that municipality as a special rating area, levy an additional rate on property in that area for the purpose of raising funds for improving or upgrading that area, and differentiate between categories of properties when levying such additional rate.

For determining such a special rating area, the municipality must undertake a prescribed process of consultation with the local community, and obtain the consent of the majority of the members of the local community in the proposed special rating area who will be liable for paying the additional rate.

The levying of an additional rate may not be used to reinforce existing inequities in the development of the municipality, and any determination of a special rating area must be consistent with the objectives of the municipality's IDP.

SECTION 23: REGISTER OF PROPERTIES

The municipality must draw up and maintain a register in respect of all properties situated within that municipality, dividing such register into a part A and a part B.

Part A of the register consists of the current valuation roll of the municipality, including any supplementary valuation rolls prepared from time to time.

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

- an exemption from rates in terms of Section 15 of the present Act;
- a rebate on or a reduction in the rate in terms of Section 15;
- a phasing in of the rate in terms of Section 21; and
- exclusion referred to in Section 17.

The register must be open for inspection by the public during office hours, and if the municipality has an official website or a website available to it, the register must also be displayed on that website.

The municipality must at regular intervals, but at least annually, update part B of the register.

SECTION 24: PROPERTY RATES PAYABLE BY OWNERS

A rate levied by a municipality on property must be paid by the owner of the property.

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

In the case of agricultural property owned by more than one owner in undivided shares, the municipality must consider whether in the particular circumstances it would be more appropriate for the municipality to hold any one of the joint owners liable for all rates levied in respect of the agricultural property, or to hold any joint owner only liable for that portion of the rates levied on the property that represent that joint owner's undivided share in the agricultural property.

SECTION 25: PAYMENT OF RATES ON PROPERTY IN SECTIONAL TITLE SCHEMES

The rate levied by a municipality on a sectional title unit is payable by the owner of the unit.

The municipality may not recover the rate on such sectional title unit, or any part of such rate, from the body corporate controlling the sectional title scheme, except when the body corporate itself is the owner of any specific sectional title unit.

SECTION 26: METHOD AND TIME OF PAYMENT

A municipality must recover a rate on a monthly basis, or less often as may be prescribed in terms of the Municipal Finance Management Act, or annually, as may be agreed to with the owner of the property.

If the rate is payable in a single annual amount, it must be paid on or before a date determined by the municipality. If the rate is payable in instalments, it must be paid on or before a date in each period determined by the municipality.

SECTION 27: ACCOUNTS TO BE FURNISHED

A municipality must furnish each person liable for the payment of a rate with a written account specifying:

- the amount due for rates payable;
- the date on or before which the amount is payable;
- how the amount was calculated;
- the market value of the property;

if the property is subject to any compulsory phasing in discount in terms of Section 21, the amount of the discount, and

if the property is subject to any additional rate in terms of Section 22, the amount due for additional rates.

The person liable for payment of the 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, that person must make the necessary enquiries from the municipality.

SECTION 28: RECOVERY OF RATES IN ARREARS FROM TENANTS AND OCCUPIERS

If an amount due for rates levied in respect of a property is unpaid by the owner of the property after the date determined for payment by the municipality, the municipality may recover the amount in whole or in part from a tenant or occupier of the property, despite any contractual obligation to the contrary on the tenant or occupier. The municipality

may recover an amount only after it has served a written notice on such tenant or occupier.

The amount that the municipality may recover from the tenant or occupier is limited to the amount of the rent or other money due or payable, but not yet paid, by such tenant or occupier to the owner of the property.

SECTION 29: RECOVERY OF RATES FROM AGENTS

A municipality may recover the amount due for rates on a property in whole or in part from the agent of the owner, if this is more convenient for the municipality, but only after the municipality has served a written notice on the agent in this regard.

The amount that the municipality may recover from the agent is limited to the amount of any rent or other money received by the agent on behalf of the owner, less any commission due to the agent.

SECTION 30: GENERAL VALUATION AND PREPARATION OF VALUATION ROLLS

A municipality intending to levy a rate on property must cause a general valuation to be made of all properties in the municipality, and must prepare a valuation roll of all properties in terms of such valuation.

All rateable properties in a municipal area must be valued during such general valuation, including all properties fully or partially excluded from rates in terms of Section 17 of the present Act. However, if the municipality does not intend to levy rates on its own property, on public service infrastructure owned by a municipal entity, on rights in properties, and on properties in respect of which it is impossible or unreasonably difficult to establish a market value because of legally insecure tenure resulting from past racial discrimination, the municipality is not obliged to value such properties as part of the valuation process.

A municipality may also apply to the Minister for exemption from the obligation to value properties excluded from rates in terms of Section 17 if the municipality can demonstrate that the valuation of such properties is too onerous for it, given its financial and administrative capacity.

Properties which have not been valued, because of any of the foregoing considerations, must nevertheless be included in the valuation roll.

SECTION 31: DATE OF VALUATION

For the purposes of a general valuation a municipality must determine a date that may be not more than 12 months before the start of the financial year in which the valuation roll is to be first implemented.

The general valuation must reflect the market values of properties in accordance with market conditions which apply as at the date of the valuation, and in accordance with any other applicable provisions of the present Act.

SECTION 32: COMMENCEMENT AND PERIOD OF VALIDITY OF VALUATION ROLLS

A valuation roll takes effect from the start of the financial year following completion of the public inspection period required by the present Act, and remains valid for that financial year or for one or more subsequent financial years, as the municipality may decide, but in total not for more than four financial years.

Section 32(2) provides for the extension of the period of validity of the valuation roll by the MEC for Local Government, but only up to a period of five financial years, and only in specified circumstances.

SECTION 46: GENERAL BASIS OF VALUATION

The market value of a property is the amount the property would have realised if sold on the date of valuation in the open market by a willing seller to a willing buyer.

SECTION 47: VALUATION OF PROPERTY IN SECTIONAL TITLE SCHEMES

When valuing a property which is subject to a sectional title scheme, the valuer must determine the market value of each sectional title unit in the scheme.

SECTION 77: GENERAL

A municipality must regularly, but at least once a year, update its valuation roll by causing a supplementary valuation roll to be prepared, or the valuation roll itself to be amended.