



NEWCASTLE MUNICIPALITY

RATES POLICY

Adopted by the
Municipal Council on
26 May 2010

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PART ONE: PREAMBLE

Whereas:

- 1.1 Section 229 of the Constitution of the Republic of South Africa (Act 108 of 1996) provides that a municipality may impose rates on property;
- 1.2 The Local Government: Municipal Property Rates Act (Act 6 of 2004) regulates the power of a municipality to impose rates on property;
- 1.3 In terms of the Municipal Property Rates Act a municipality:
 - 1.3.1 may levy a rate on property in its area; and
 - 1.3.2 must exercise its power to levy a rate on property, subject to:
 - (a) section 229 and any other applicable provisions of the Constitution;
 - (b) the provisions of the Municipal Property Rates Act; and
 - (c) its rates policy;
- 1.4 The Newcastle Municipal Council has resolved to levy rates on the market value of all rateable properties within its area of jurisdiction;
- 1.5 The municipality must, with regard to section 3 of the Municipal Property Rates Act, adopt a rates policy consistent with the provisions of the said Act on the levying of rates in the municipality;
- 1.6 In terms of section 4 of the Local Government: Municipal Systems Act (Act 32 of 2000), the municipality has the right to finance the affairs of the municipality by imposing, inter-alia, rates on property; and
- 1.7 In terms of section 62 of the Local Government: Municipal Finance Management Act (Act 56 of 2003), the Municipal Manager must ensure that the municipality has and implements a rates policy.

PART TWO: DEFINITIONS

All words and phrases in this policy shall have the same meaning and interpretation as assigned in terms of the Local Government: Municipal Property Rates Act, Act 6 of 2004, and unless the context indicates otherwise:-

Act	Means the Local Government: Municipal Property Rates Act (Act 6 of 2004).
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; or (b) to make payments in respect of the property on behalf of the owner.
Agricultural property	Agricultural property excludes formally protected areas, rural communal land and any other specified category of property. Agricultural property may fall within a proclaimed township.
Agricultural purpose	In relation to the use of a property, excludes the use of a property for the purpose of ecotourism or for the trading in or hunting of game.
Annually	Means once every financial year.
Appeal board	Means a valuation appeal board established in terms of section 56 of the Act.
Assistant municipal valuer	Means a person designated as an assistant

municipal valuer in terms of section 35(1) of the Act.

Bed and Breakfast

Means an establishment, which is primarily a dwelling and makes excess rooms available to transient guests. The bathrooms may or may not be en suite. This establishment may be managed by the owner and/or designated person. Breakfast may be available for all guests. Public areas are usually shared by guests and owners/hosts alike.

Category

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

Child Headed Household

Means a household recognized as such in terms of section 137 of the Children's Amendment Act, 41 of 2007.

Commercial, Business and Industrial Properties

Means properties covered in section 8(2) of the Act namely, industrial properties, business and commercial properties, farm properties used for other business and commercial purposes, small holdings used for business, industrial and commercial purposes. This category of property includes property used for eco-tourism/hospitality purposes, grain co-ops and

grain silos, cell phone towers, mines, petrol filling stations, racetracks and shopping centres.

Constitution

A body of fundamental principles or established precedents according to which our State is governed and as embodied and promulgated per Act 108 of 1996.

Data-collector

Means a person designated as a data-collector in terms of section 36 of the Act.

Date of valuation

Means the date determined by a municipality in terms of section 31(1) of the Act.

Disabled

Means a person who qualifies to receive relief in terms of the Social Services Act, 1992 (Act No. 59 of 1992) or has been certified as disabled by a medical practitioner and qualifies in terms of the income threshold as defined in the Council's Customer Care Policy.

Disaster

Means a disaster within the meaning of the Disaster Management Act (Act 57 of 2002) or any other serious adverse social or economic condition as adopted by a Council resolution from time to time.

Disaster area

Means owners of property situated within an area affected by:

- (a) a disaster within the meaning of the Disaster Management Act 57 of 2002;
- (b) any other serious adverse social or economic conditions;

District Management Area	Means a part of a district municipality which in terms of section 6 of the Municipal Structures Act has no local municipality and is governed by that municipality alone.
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.
Dominant use	Means the use of a property is predominant in a specific use in terms of its measured building area. The use of a property is determined by the Municipal Valuer.
Effective date	<p>(a) In relation to a valuation roll, means the date on which the valuation roll takes effect in terms of section 32(1) of the Act; or</p> <p>(b) In relation to a supplementary valuation roll, means the date on which a supplementary valuation roll takes effect in terms of section 78(2)(b) of the Act.</p>
Equitable treatment of ratepayers	Means the fair, just and impartial treatment of all ratepayers.
Exclusion	In relation to a municipality's rating power, means a restriction of that power as provided for in section 17 of the Act.
Exemption	In relation to the payment of a rate, means an exemption granted by a municipality in terms of

section 15 of the Act.

Financial year

Means the period starting from 1 July in a year to 30 June the next year.

Formally Protected Areas

Means those parts of a special nature reserve, national park or nature reserve within the meaning of the Protected Areas Act, or of a national botanical garden within the meaning of the National Environmental Management: Biodiversity Act, 2004 which are not developed or used for commercial, business, residential or agricultural purposes.

Income Tax Act

Means the Income Tax Act, 1962 (Act No. 58 of 1962).

Indigent owner

Means an owner of property who has permanent occupation of the property and qualifies for indigent relief in terms of the Council's Customer Care policy. Such an owner may not own more than one property within the municipal jurisdiction and the household must consume less than an amount of electricity per month as defined in the said Customer Care policy.

Land reform beneficiary

In relation to a property, means a person who:

(a) acquired the property through -

(i) the Provision of Land and Assistance Act, 1993 (Act No. 126 of 1993); or

(ii) the Restitution of Land Rights Act, 1994

(Act No. 22 of 1944);

(b) holds the property subject to the Communal Property Associations Act, 1996 (Act No. 28 of 1996); or

(c) holds or acquires the property in terms of such other land tenure reform legislation as may pursuant to section 25(6) and (7) of the Constitution be enacted after the 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.

Legal entity

In law an entity is something which is capable of bearing legal rights and obligations, has a distinct separate existence.

Local community

In relation to a municipality:

(a) means that body of persons comprising:

- (i) the residents of the municipality;
- (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 property

Means property on which an operation or activity of extracting minerals is conducted and includes any operation or activity incidental thereto.

Minister

Means the cabinet member responsible for local government.

Multiple purpose

In relation to a property means a property used for more than one purpose.

Municipal Council or Council

Means the Municipal Council of Newcastle.

Municipal Finance Management

Means the Local Government: Municipal

Act	Finance Management Act 2003 (Act N°. 56 of 2003).
Municipal Manager	Means a person appointed in terms of section 82 of the Municipal Structures Act.
Municipal owned property	Means property owned by the municipality.
Municipal leases	Means property owned by the municipality and leased to another party. The municipality reserves the right to recover municipal rates against all properties registered in the name of the municipality over which a portion or all of its property is leased either through an existing lease agreement where rates are exclusive or through the provisions of the Act. Rates payable will be based on the rates category and market value as contained in the Valuation Roll.
Municipal Structures Act	Means the Local Government: Municipal Structures Act, 1988 (Act No. 117 of 1998).
Municipal Systems Act	Means the Local Government: Municipal Systems Act 2000 (Act No. 32 of 2000).
Municipal valuation	Means a valuation of a rateable property within the municipal area by the Municipal Valuer in terms of the Act.
Municipal Valuer	Means a person designated as a Municipal Valuer in terms of section 33(1) of the Act.
Occupier	In relation to a property, means a person who

occupies the property, whether or not that person has a right to occupy the property.

Organ of state

Means an organ of state as defined in section 239 of the Constitution.

Owner

(a) In relation to a 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;

(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; or

d) In relation to public service infrastructure referred to in paragraph (d) of the definition of property, means the organ of state which owns or controls that public service infrastructure as envisaged in the definition of "publicly controlled";

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

Pensioner

Means a person that :

- (a) must be 60 years of age;

(b) who is the sole owner of the property, or owner jointly with his/her spouse;

(c) does not own another property within the municipality.

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 state.

Places of public worship

Means property which is registered in the name of and used primarily as a place of public worship by a religious community, including the official residence registered in the name of that community, which is occupied by an office bearer of that community who officiates at services of that place of worship.

Prescribe

Means prescribe by regulation in terms of section 83 of the Act.

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/legal entity;

(b) a right registered against immovable property in the name of a person/legal entity, excluding a mortgage bond registered against the property;

(c) a land tenure right registered in the name of a person/legal entity or granted to a person/legal entity in terms of legislation; or

(d) public service infrastructure.

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 Protected Areas Act.

Protected Areas Act

Means the National Environmental Management: Protected Areas Act, 2003.

Public Benefit Organization

Means a property where the dominant activity is 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.

Publicly controlled

Means owned by or otherwise under the control of an organ of state, including:

(a) a public entity listed in the Public Finance

Management Act, 1999 (Act No.1 of 1999);

(b) a municipality; or

(c) a municipal entity as defined in the Municipal Systems Act.

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, 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) any other publicly controlled infrastructure as may be prescribed; or
- (i) rights of way, easements or servitudes in connection with infrastructure mentioned in paragraphs (a) to (h).

Rate Means a municipal rate on property envisaged in section 229(1)(a) of the Constitution.

Rateable property Means a property on which a municipality may in terms of section 2 of the Act levy a rate, excluding property fully excluded from the levying of rates in terms of section 17 of the Act.

Rebate In relation to a rate payable on a property, means a discount granted in terms of section 15 of the Act on the amount of the rate payable on the property.

Reduction In relation to a rate payable on a property, means the lowering in terms of section 15 of the Act of the amount for which the property was valued and the rating of the property at that lower amount.

Register (a) means to record in a register in terms of –

- (i) the Deeds Registries Act, 1937 (Act No. 47 of 1937); or
- (ii) the Mining Titles Registration Act, 1967 (Act No. 16 of 1967); and

(b) includes any other formal act in terms of any other legislation to record :

- (i) a right to use land for or in connection with mining purposes; or
- (ii) a land tenure right.

Residential property

Means a property included in a valuation roll in terms of section 48 (2) (b) of the Act as residential. Residential property may include property for which the dominant use is residential based upon the measured building area and uses include residential, sectional title, non-sectional title apartments, hostels, barracks, old age homes and retirement villages.

Rural communal property

Means agricultural or township land where there is a single cadastral holding developed predominately for residential purposes and/or traditional rural homesteads (imizi) and which may also have a variety of non-residential top structures which collectively constitute the minority in terms of measured building area, and which may be rated separately in terms of the Act. This category of property may include State Trust Land, property belonging to the Ingonyama Trust Board, property belonging to land reform beneficiaries where the dominant use is residential rather than commercial agricultural use.

Sectional Titles Act

Means the Sectional Titles Act, 1986 (Act No. 95 of 1986).

Sectional title scheme

Means a scheme defined in section 1 of the

Sectional Titles Act.

Sectional title unit

Means a unit defined in section 1 of the Sectional Titles Act.

Specialised non-market properties

Means property including national monuments, schools (both state and private), crèches, cemeteries/crematorium, prisons, law courts, libraries, military bases, police stations, sports clubs including stadiums, public open spaces including parks, vacant land to be used for these purposes. Other non-market properties may be assigned to this category by the Municipal Valuer in consultation with the municipality.

State trust land

Means land owned by the State:

(a) in trust for persons communally inhabiting the land in terms of a traditional system of land tenure;

(b) over which land tenure rights were registered or granted; or

(c) which is earmarked for disposal in terms of the Restitution of Land Rights Act, 1994 (Act No. 22 of 1994).

PART THREE: THE PURPOSE OF THE POLICY

3. The purpose of this policy is to:

- 3.1 Comply with the provisions of the Act, specifically with section 3 thereof;
- 3.2 Give effect to the principles outlined hereunder;
- 3.3 Ensure the equitable treatment of persons liable for rates;
- 3.4 Determine the basis for valuation and to prescribe procedures for the implementation of the Act;
- 3.5 Determine criteria for different property use categories to apply differential rates;
- 3.6 Determine or provide criteria for the determination of categories of owners of properties;
- 3.7 Determine criteria to be applied for granting relief in the form of exemptions, rebates and reductions to categories of properties and categories of owners;
- 3.8 Determine measures to promote local economic and social development; and
- 3.9 Identify which categories of properties the municipality has elected not to rate as provided for in section 7 of the Act.

PART FOUR: FUNDAMENTAL PRINCIPLES OF THIS POLICY

The principles of the Act are to regulate the power of a municipality to impose rates on property; to exclude certain properties from rating in the national interest; to make provision for municipalities to implement a transparent and fair valuation method of properties; to make provision for an objection and appeal process.

The principles of the policy are to ensure that:

- 4.1** The power of the municipality to impose rates on property within its area will not be exercised in a way that materially and unreasonably prejudices national economic policies, economic activities or the national mobility of goods, services, capital or labour as prescribed in terms of section 229 of the Constitution;
- 4.2** All ratepayers will be treated equitably;
- 4.3** Property rates will be assessed on the market value of all rateable properties within the jurisdiction of the municipality;
- 4.4** Property rates will not be used to subsidize trading and economic services;
- 4.5** The property rates policy will take into account relief measures to address the social and economic needs of the community;
- 4.6** This policy will be developed in consultation with the community and in compliance with a process of community participation in terms of Chapter 4 of the Municipal Systems Act.

PART FIVE: IMPLEMENTATION OF THIS POLICY AND EFFECTIVE DATE

- 5.1** This policy takes effect from 1 July 2009, being the effective date of the first valuation roll prepared by the municipality in terms of the Act, and must accompany the municipality's budget for the financial year.
- 5.2** The rates policy must be reviewed annually, and if necessary amended by the Council. Such amendments must be effected in conjunction with the municipality's annual budget in terms of sections 22 and 23 of the Municipal Finance Management Act.

- 5.3** The municipality must adopt by-laws to give effect to the implementation of its rates policy and such by-laws must be read in conjunction with this policy.
- 5.4** The adopted by-laws must also be reviewed annually, and if necessary be amended by the Council, in conjunction and in accordance with the rates policy.

PART SIX: EQUITABLE TREATMENT OF RATEPAYERS

- 6.1** The municipality is committed to treating all ratepayers on an equitable basis. The circumstances of each category of owner or category of property will be considered in a fair manner and within the limitations set out in the Act. The municipality must adopt measures to ensure equitable and fair treatment of ratepayers.
- 6.2** Any differentiation in the levying of rates must not constitute unfair discrimination.

PART SEVEN: DISCRETIONARY DECISIONS ADOPTED BY THE MUNICIPALITY WITH RESPECT TO LEVYING PROPERTY RATES

It is recorded that the Council has adopted the following resolutions on 4th July 2007 (reference CM 27/4 July 2007):

- 7.1** To levy rates on all rateable property in its area of jurisdiction;
- 7.2** To determine the date of implementation as being 1 July 2009;
- 7.3** To determine the date of general valuation as being 2 July 2008;
- 7.4** To levy different cents in the rand for different use categories of rateable property;
- 7.5** That the categories of properties for the purpose of differential rating are

those specified in this policy document;

- 7.6** That the criteria for the assessment of market value in terms of section 8(1) of the Act shall be dominant actual use and where the land is vacant on permitted use;
- 7.7** Properties will be assessed in terms of the dominant use of the measured building area of a property;
- 7.8** To determine a market related value for public service infrastructure that is identifiable on the basis of vacant land; and
- 7.9** To not rate properties of which the municipality is the owner, except where leased to a third party.

PART EIGHT: CATEGORIES OF PROPERTIES FOR DIFFERENTIAL RATING PURPOSES

- 8.1** Section 8 of the Act provides that a municipality may, subject to section 19 of the Act and in terms of criteria set out in its rates policy, levy different rates for different specified categories of rateable property.
- 8.2** For the purposes of section 8 of the Act, the following categories of rateable property have been determined, being:
 - 8.2.1** Residential property;
 - 8.2.2** Business, commercial and industrial property;
 - 8.2.3** Agricultural property;
 - 8.2.4** Public service infrastructure;
 - 8.2.5** Mining property;
 - 8.2.6** Rural communal land;
 - 8.2.7** Formally protected areas;
 - 8.2.8** Places of public worship;

- 8.2.9** Specialised non market properties;
- 8.2.10** Vacant land.
- 8.3** It is recorded that in terms of section 19 of the Act, a municipality may not levy:
 - 8.3.1** different rates on residential properties, except as provided for in sections 11(1)(b), 21 and 89 of the Act;
 - 8.3.2** a rate on non-residential properties that exceeds a prescribed ratio to the rate on residential properties determined in terms of section 11(1)(a) of the Act;
 - 8.3.3** rates which unreasonably discriminate between categories of non-residential properties; or
 - 8.3.4** additional rates except in special rating areas as provided for in section 22 of the Act.
- 8.4** Differential rating among the above determined categories of properties will be done by way of setting different cent amounts in the rand for each property category within the municipal budgetary processes.
- 8.5** The criteria for weighting the categories determined above, for the purpose of determining rate randages for each category, must take account of the following :
 - 8.5.1** The perceived affordability factor for the different categories of property;
 - 8.5.2** The strategic importance of a category of property with reference to the aims and objectives of the Council and the Government of the Republic as a whole (such as social, economic and developmental issues).

PART NINE: RELIEF MEASURES FOR RATEPAYERS

- 9.1** The municipality has considered the need and desire to grant relief to specific categories of owners of properties and owners of specific categories of

properties with a view to providing appropriate measures to alleviate the rates burden on them.

9.2 The municipality will not grant relief in respect of the payment of rates other than by way of an exemption, rebate or reduction provided for in this policy and granted in terms of section 15 of the Act to:

9.2.1 A specified category of properties; or

9.2.2 A specified category of owners of property as provided for hereunder.

9.3 The municipality will not grant relief to the owners of property on an ad hoc or individual basis.

PART TEN: RELIEF MEASURES FOR USE CATEGORIES AND OWNERSHIP CATEGORIES.

The municipality has identified the following use categories of properties and the requisite criteria for the purposes of granting exemptions, rebates or reductions to the owners of these categories of property in terms of section 15 of the Act:

The municipality has identified the following categories of owners of properties and the requisite criteria for the purposes of granting exemptions, rebates or reductions in terms of section 15 of the Act:

10.1 Indigent Owners	
10.1.1 Criteria	In order to qualify as an indigent owner, the owner must:
	(a) Be the sole owner of the property or own the property jointly with his/her spouse;
	(b) Live permanently on the property;
	(c) Not own any other property within Newcastle municipality;
	(d) Have an income threshold as defined in the

		Council's Customer Care policy;
	(e)	Make application annually on the prescribed form and within the prescribed period.
10.1.2 Rebate Granted	Percentage Rebate	A rebate may be applied at the Council's discretion, dependent on budgetary affordability factors.

10.2 Pensioner Owners		
10.2.1 – Criteria	In order to qualify as a pensioner owner, the owner must:	
	(a)	Be at least 60 years of age;
	(b)	Be the sole owner of the property or own the property jointly with his/her spouse;
	(c)	Not be granted more than one pensioner rebate at a time.
	(d)	Live permanently on the property.
	(e)	Make application annually on the prescribed form and within the prescribed period.
10.2.2 – Rebate Granted	Percentage Rebate	A rebate may be applied at the Council's discretion, dependent on budgetary affordability factors.

10.3 Disabled Owners		
10.3.1 – Criteria	In order to qualify as a disabled person, the owner must:	
	(a)	Be the sole owner of the property or own the property jointly with his/her spouse;
	(b)	Live permanently on the property;
	(c)	May not own any other property within the Newcastle municipality;
	(d)	Have an income threshold as defined in the Council's Customer Care Policy;
	(e)	Make application annually on the prescribed form

		and within the prescribed period.
10.3.2 – Rebate Granted	Percentage Rebate	

10.4 Child-Headed Households		
10.4.1 Criteria	A household may be recognized as a child-headed household if it is deemed to fit the definition as contained at the beginning of this policy, and the owner must :	
	(a) Live permanently on the property;	
	(b) May not own any other property within the Newcastle municipality;	
	(c) Make application annually on the prescribed form and within the prescribed period.	
10.4.2 Rebate Granted	Percentage Rebate	

10.5 Rural communal land		
Criteria	Agricultural or township land where there is a single cadastral holding developed predominately for residential purposes and/or traditional rural homesteads (imizi) and which may also have a variety of non-residential top structures which collectively constitute the minority in terms of measured building area, and which may be rated separately in terms of the Act. This category or property may include State Trust Land, property belonging to the Ingonyama Trust Board, property belonging to land reform beneficiaries where the dominant use is residential rather than commercial agricultural use.	
Relief Granted	Any non-residential portion, unregistered, which vests in another party may be separately identified, valued and rated. For the first general valuation cycle the residential component of rural communal land will be valued as vacant and will be rated accordingly. Exemption will be extended to all rural communal land	

	which has not been separately identified, valued and rated.	
10.5.2 Rebate Granted	Percentage Rebate	

10.6 Properties Owned by Public Benefit Organisations		
10.6.1 Criteria	In order to qualify applicants shall be registered as a Public Benefit Activities as listed in Part 1 of the 9 th Schedule to the Income Tax Act.	
	(a)	Make application in writing annually in the prescribed format;
	(b)	Provide proof of ownership of the property and registration as a Public Benefit Organisation in terms of the Income Tax Act conducting one or more of the following specified public benefit activities listed in Part 1 of the 9 th Schedule: <ul style="list-style-type: none"> • welfare and humanitarian; or • health care; or • education.
10.6.2 Relief granted	Properties meeting the above criteria shall be exempted from the payment of rates.	

Note: It is noted that this position is motivated by the need for non-profit organizations who **are not** registered in terms of the 9th schedule, Income Tax Act, to register in order to be eligible for rates relief.

10.7 Agricultural Properties
When considering criteria to be applied in respect of any relief for properties used for agricultural purposes a municipality must take into account: <ul style="list-style-type: none"> (a) The extent of services provided by the municipality in respect of such properties; (b) The contribution of agriculture to the local economy; (c) The extent to which agriculture assists in meeting the service delivery and

development obligations of the municipality; and		
(d) The contribution of agriculture to the social and economic welfare of farm workers.		
<p>In order to qualify for the rebates detailed hereunder, the Farmers Association/s within the municipal jurisdiction shall present a submission motivating for the criteria as listed above within the prescribed time frame. All owners of agricultural properties within the municipality will receive relief based upon this evidence as determined through the municipal budgetary processes.</p> <p>Failure on behalf of the relevant Farmers Association to submit this evidence will leave the municipality without a basis for the consideration of relief for this property sector in terms of the prescribed criteria.</p>		
10.7.1 Rebate granted	Percentage rebate	

10.8 Properties Situated Outside of the Proclaimed Boundaries of the Townships		
10.8.1 Criteria	The owner of a property situated outside of the proclaimed boundaries of the townships within the municipality, excluding properties categorized as agricultural properties, rural communal land and public service infrastructure, shall receive apart from any other rebates, reductions and exemptions that may be applicable, a rebate in lieu of the limited municipal services available to such properties.	
10.8.2 Rebate granted	Percentage rebate	

10.9 It is recorded that in terms of section 17(1)(h) of the Act that the levying of rates on the first R15,000 of the market value of a residential property is impermissible.

10.10 The municipality may, in its budget, extend this relief through a further reduction in market value of residential property depending upon affordability factors determined by the Council.

10.11 Residential Properties with a Market Value Below a Prescribed Municipal Valuation Threshold	
10.11.1 Criteria	The owner of a property assigned to a category determined by this policy for residential purposes with a municipal valuation below a threshold to be determined annually through the budgetary process shall be exempted from the liability for the payment of rates. In other words a further discretionary reduction may be applied to the residential category of properties in addition to the first R15,000 of the market value which is a prescribed impermissible rate.
10.11.2 Relief granted (Impermissible rate + reduction)	The owner of a property meeting the above criteria is exempted from the payment of rates.

10.12 Properties Affected by a Disaster or other serious adverse social or economic conditions	
10.12.1 Criteria	The owner of any category of property may make application for the consideration of a reduction in the municipal valuation of his/her property as contemplated in section 15 of the Act, where it is contended that the market value of the property is being affected by:
	(a) A disaster within the meaning of the Disaster Management Act (57 of 2002); or
	(b) Any other serious adverse social or economic conditions as may be defined and determined by the Council.
10.12.2 Relief through reduction	The relief provided will be in the form of a reduction in the municipal valuation of the property in relation to a certificate issued for this purpose by the Municipal

	<p>Valuer, effective from the date of the disaster.</p> <p>The resultant reduction in the quantum of the rates payable will be for the current financial year only and calculated on a pro-rata basis from the date of the disaster or adverse conditions to the end of the financial year.</p> <p>Should the applicant consider that the conditions resulting in the granting of relief remain unaltered at the conclusion of the financial year in question, a further application with the Municipal Manager may be lodged for the new financial year</p>
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10.13 Bed and Breakfast establishments		
10.13.1 – Criteria	In order to qualify for a rebate as a Bed and Breakfast Establishment:	
	(a)	The applicant must provide details of the establishment in respect of total size of developed property, total number of rooms and facilities available to guests.
	(b)	An annual application must be made by 30 April preceding the start of the new financial year for which relief is sought.
	(c)	The applicant must attach a copy of their current Certificate of Membership of the Local Tourism Authority.
10.13.2 – Rebate Granted	Percentage Rebate	A rebate may be applied at the Council's discretion, dependent on budgetary affordability factors.

10.14 Commercial/Industrial Development	
10.14.1 – Criteria	This benefit is meant for new businesses/commercial developments who will be investing in the Newcastle area and where the property has/will have a market

	<p>value of at least R 50 million at the start of business, in the establishment of newly improved sites.</p> <ul style="list-style-type: none"> • From years 0 – 4 = 75% rebate • From years 5 – 6 = 50% rebate • From years 7 – 8 = 25% rebate • From year 9 onwards = 0% rebate 	
	(a)	Application must be submitted to the Chief Financial Officer before or within the first three months of the new financial year (July to September) in the first year of application.
	(b)	An annual application must thereafter be made by 30 April preceding the start of each new financial year for which relief is sought.
	(c)	The applicant must attach to their annual application, a copy of their current Business Licence as well as a set of the company's audited financial statements.
10.14.2 – Rebate Granted	Percentage Rebate	The above rebate may be applied at the Council's discretion, dependent on budgetary affordability factors, and in terms of the annual resolutions.

PART ELEVEN : COMMUNITY PARTICIPATION

11.1 It is recorded that the municipality may only adopt its rates policy or any amendment thereof or any review of its policy after following a process of community participation in accordance with Chapter 4 of the Municipal Systems Act, as well as sections 4 and 5 of the Act. These provisions include:

- 11.1.1** Building capacity of the local community to enable it to participate in the affairs of the municipality; and
 - 11.1.2** To foster community participation for which the municipality will allocate funds in its budget for such processes.
- 11.2** Participation by the local community in municipal affairs will take place through the political structures of the municipality; the mechanisms, processes and procedures for participation in municipal governance and any other appropriate mechanisms processes and procedures established by the municipality.
- 11.3** The municipality will provide for:
 - 11.3.1** The receipt, processing and consideration of petitions, objections and comments lodged by the members of the local community;
 - 11.3.2** Public meetings and hearings by the Council and other political structures (e.g. ward committees) and political office bearers of the municipality;
 - 11.3.3** Consultative sessions with locally recognized community organizations and where appropriate traditional authorities.
- 11.4** Communication with the public relating to the rates policy will be in terms of section 4(2) of the Act by notice in:
 - 11.4.1** Local newspapers circulating in its area and determined by the council as a newspaper of record; and/or
 - 11.4.2** Official notice boards and other public places accessible to the public including the library and the municipal offices; and
 - 11.4.3** Inviting the local community to submit comments and representations within the time specified in the notice;
 - 11.4.4** Publication of the relevant documentation of the municipal website.

PART TWELVE : RECOVERY OF RATES

- 12.1** The following shall be liable for the payment of rates levied by the municipality:
- 12.1.1** Owner of a property;
 - 12.1.2** Joint owners of a property, who shall be liable jointly and severally;
 - 12.1.3** The owner of a sectional title unit; and
 - 12.1.4** In relation to agricultural properties:
 - 12.1.4.1** any one joint owner of the agricultural property for all the rates levied on the agricultural property; or
 - 12.1.4.2** Each individual joint owner for that portion of rates levied on the joint owner's undivided share in the agricultural property, whichever option the municipality may choose in relation to agricultural properties.
- 12.2** In terms of section 26 of the Act the municipality will recover rates:
- 12.2.1** on an installment basis; or annually, as may be agreed between the parties.
- 12.3** The municipality will furnish each person liable for the payment of rates with a written account in terms of section 27 of the Act.
- 12.4** The municipality may recover rates in arrears from tenants and occupiers in accordance with the provisions of section 28 of the Act.
- 12.5** The municipality may recover rates due, either whole or in part, from the agent of the owner if this is more convenient for the municipality and in terms of section 29 of the Act.
- 12.6** Rates must be paid on or before a date determined by the municipality. The municipality may impose interest on overdue amounts.

- 12.7** The procedures regarding the determination of rates or any portion that are outstanding and the processes to be followed to recover such amounts are contained within the municipality's Credit Control Policy.

PART THIRTEEN : CONSOLIDATION AND APPORTIONMENT OF PAYMENTS

- 13.** Separate accounts of persons liable for payment to the municipality for either rates or services may be consolidated in one account and any appropriation of payments will be done in accordance with the municipality's credit control policy.

PART FOURTEEN : DEFERMENT OF RATES

- 14.** The municipality may on application defer the payment of rates in terms of section 26(3) of the Act but only in special circumstances which may be prescribed by the Council.

PART FIFTEEN : IMPERMISSIBLE RATES IN TERMS OF SECTION 17 OF THE ACT

- 15.1** It is recorded that the municipality may not, in terms of section 17 of the Act levy a rate on:

15.1.1 the first 30% of the market value of public service infrastructure;

15.1.2 the first R15,000 of the market value of a property assigned in the valuation roll or supplementary valuation roll of a municipality to a category determined by the municipality –

(i) for residential properties; or

- (ii) for properties used for multiple purposes, provided one or more components of the property are used for residential purposes;
or

15.1.3 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 who officiates at services at that place of worship.

15.1.4 The Minister, acting with the concurrence of the Minister of Finance, may from time to time by notice in the *Gazette*, increase the monetary threshold referred to in subsection 15.1.2 to reflect inflation.

15.1.5 The Minister may, by notice in the *Gazette*, lower the percentage referred to in subsection 15.1.1 but only after consultation with –

- (i) Relevant Cabinet members responsible for the various aspects of public service infrastructure;
- (ii) Organized local government; and
- (iii) Relevant public service infrastructure entities.

15.1.6 The exclusion from rates of a property referred to in subsection 15.1.3 lapses if the property –

- (i) Is disposed of by the religious community owning it; or
- (ii) Is no longer used primarily as a place of public worship by a religious community or, in the case of an official residence contemplated in that subsection, is no longer used as such an official residence.

15.1.6.1 If the exclusion from rates of a property used as such an official residence lapses, the religious community owning

the property becomes liable to the municipality concerned for any rates that, had it not been for subsection 15.1.3 would have been payable on the property during the period of one year preceding the date on which the exclusion lapsed.

- 15.1.6.2** The amount for which the religious community becomes liable in terms of paragraph 15.1.6.1 must be regarded as rates in arrears, and the applicable interest on that amount is payable to the municipality.

PART SIXTEEN : CONSTITUTIONALLY IMPERMISSIBLE RATES

- 16.1** The Act provides that in terms of section 229(2)(a) of the Constitution a municipality may not exercise its power to levy rates on property in a way that would materially and unreasonably prejudice -
- 16.1.1** national economic policies;
 - 16.1.2** economic activities across its boundaries; or
 - 16.1.3** the national mobility of goods, services, capital or labour.

PART SEVENTEEN : NEWLY RATED PROPERTY

- 17.1** Any property which has not previously been rated must be phased in over a period of three financial years subject to the condition that:
- 17.1.1** property registered in the name of a land reform beneficiary must be phased in after the exclusion period referred to in section 17(1)(g) of the Act;

17.1.2 The phasing in period shall be as set out in the following table:

Applicable rates for newly rateable properties to be phased in over three years

Year	Percentage Rates Payable
First	25%
Second	50%
Third	75%