



NEWCASTLE MUNICIPALITY  
RATES POLICY  
2024/2025

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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:
    - 1.3.2.1 section 229 and any other applicable provisions of the Constitution;
    - 1.3.2.2 the provisions of the Municipal Property Rates Act; and
    - 1.3.2.3 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:-

<b>Act</b>	Means the Local Government: Municipal Property Rates Act (Act 6 of 2004), as amended.
<b>Agent</b>	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.
<b>Agricultural property</b>	Means a property that is used primarily for agricultural purposes but, without derogating from section 9 of the Act, excludes any portion thereof that is used commercially for the hospitality of guests, and excludes the use of the property for the purpose of eco-tourism or for the trading in or hunting of game.
<b>Annually</b>	Means once every financial year.
<b>Appeal board</b>	Means a valuation appeal board established in terms of section 56 of the Act.
<b>Assistant municipal valuer</b>	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.

**Commercial and Business Properties**

Means properties covered in section 8(2) of the Act namely, 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 centers, property on which the administration of the business of private or public entities takes place including private schools and property used by the state or any organ of state.

<b>Commercial Accommodation</b>	Means lodging or board and lodging, in any house, flat, apartment, room, hotel, motel. Inn, Guesthouse, bed & breakfast, boarding house, residential holiday resort establishment, student accommodation or similar establishment which is regularly or systematically supplied but excludes a domicile.
<b>Constitution</b>	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.
<b>Data-collector</b>	Means a person designated as a data-collector in terms of section 36 of the Act.
<b>Date of valuation</b>	Means the date determined by a municipality in terms of section 31(1) of the Act.
<b>Day</b>	Means when any number of days are prescribed for the performance of any act, those days must be reckoned by excluding the first and including the last day, unless the last day falls on a Saturday, Sunday or any public holiday, in which case the number of days must be reckoned by excluding the first day and also any such Saturday, Sunday or public holiday.
<b>Disaster</b>	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.
<b>Disaster area</b>	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 as determined by Council from time to time;

**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**

- (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
- (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.

**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.

<b>Exemption</b>	In relation to the payment of a rate, means an exemption granted by a municipality in terms of section 15 of the Act.
<b>Financial year</b>	Means the period starting from 1 July in a year to 30 June the next year.
<b>Garages/carports/storeroom</b>	means sectional title units that have been separately registered at the deeds office and do not qualify for rebates or reductions
<b>Income Tax Act</b>	the Income Tax Act, 1962 (Act No. 58 of 1962).
<b>Indigent owner</b>	Means an owner of property who has permanent occupation of the property and qualifies for indigent relief in terms of the Council's Indigent policy.
<b>Industrial Property</b>	<p>means property used for a branch of trade or manufacturing, production, assembly or processing of finished or partially finished products from raw material or fabricated parts or the holding thereof in respect of which capital and labour are involved, and includes–</p> <p>(a) The processing of raw products on the property;</p> <p>(b) The storage and warehousing of products on the property; and</p> <p>(c) Any office or other similar facility on the same property, the use of which is incidental to such activity;</p>
<b>Land reform beneficiary</b>	In relation to a property, read with section 17 (1) (g) of



the Act 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 a land tenure right as defined in section 1 of the upgrading of Land Tenure Rights Act, 1991 ( Act No. 112 of 1991)

**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 used for mining operations as defined in the Mineral and Petroleum Resources Development Act, 2002 ( Act No. 28 of 2002).

**Minister**

Means the cabinet member responsible for local

government.

<b>Multiple purpose</b>	In relation to a property, means the use of a property for more than one purpose, subject to section 9 of the Act.
<b>Municipal Council or Council</b>	Means the Municipal Council of Newcastle Local Municipality
<b>Municipal Finance Management Act</b>	Means the Local Government: Municipal Finance Management Act 2003 (Act N°. 56 of 2003).
<b>Municipal Manager</b>	Means a person appointed in terms of section 82 of the Municipal Structures Act.
<b>Municipal owned property</b>	Means property owned by the municipality.
<b>Municipal leases</b>	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.
<b>Municipal Structures Act</b>	Means the Local Government: Municipal Structures Act, 1988 (Act No. 117 of 1998).
<b>Municipal Systems Act</b>	Means the Local Government: Municipal Systems Act 2000 (Act No. 32 of 2000).

<b>Municipal Valuation</b>	Means a valuation of a rateables property within the municipal area by the Municipal Valuer in terms of the Act.
<b>Municipal Valuer</b>	Means a person designated as a Municipal Valuer in terms of section 33(1) of the Act.
<b>Occupier</b>	In relation to a property, means a person who occupies the property, whether or not that person  has a right to occupy the property.
<b>Office bearer</b>	In relation to places of public worship, means the primary person who officiates at services at that place of worship;
<b>Official residence</b>	In relation to places of public worship, means <ul style="list-style-type: none"> <li>(a) a portion of the property used for residential purposes, or</li> <li>(b) one residential property, if the residential property is not located on the same property as the place of public worship,  registered in the name of a religious community or registered in the name of a trust established for the sole benefit of a religious community and used as a place of residence for the office bearer.</li> </ul>
<b>Organ of state</b>	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;
  - (bA) in relation to a time sharing interest contemplated in the property time sharing Control Act, 1983 (Act No. 75 of 1983), means the management association contemplated in the regulations made in terms of section 12 of the property Time Sharing Control Act, 1983, and published in Government Notice R 327 of 24 February 1984,
  - (bB) in relation to a share in a share block company, the share block company as defined in the Share Blocks Control Act, 1980 (Act No. 59 of 1980)
  - (bC) in relation to buildings, other immovable structures and infrastructure referred to in section 17 (1) (f) of the Act, means the holder of the mining right or the mining permit, and
- (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
- (viiA) a lessee, in the case of property to

which a land tenure right applies and which is leased by the holder of such right, 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 at least 60 years of age;
- (b) who is the sole owner of the property, or owner jointly with his/her spouse and resides permanently on the property.

**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 a developed property primarily used for purposes of congregation, excluding structure that is primarily

used for educational instruction in which secular or religious education is the primary instructive medium: provided that the property is-

- (a) registered in the name of the religious community;
- (b) registered in the name of a trust established for the sole benefit of a religious community; or
- (c) subject to a land tenure right;

**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 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

Means an area that is or has to be listed in the register referred to in sec 10 of the Protected Area Act.

**Protected Areas Act**

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

**Properties owned by public benefit organizations and used for specified public benefit activities;**

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, aprons and the air traffic control unit at national or provincial airports, including the vacant land known as the obstacle free zone surrounding these, which must be vacant for air navigation purposes.
- (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) – (h).

**Public service purposes**

In relation to the use of a property, means property owned and used by an organ of state as -

(a) hospitals or clinics.

(b) schools, pre-schools, early childhood development centres or further education and training colleges.

(c) national and provincial libraries and archives.

(d) police stations.

(e) correctional facilities; or

(f) courts of law,

but excludes property contemplated in the definition of public service infrastructure.

**Rate**

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

**Rateable property**

Means 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.

**Ratio**

In relation to section 19 of the Act, means the relationship between the cent amount in the rand applicable to residential properties and different categories of non-residential properties: Provided that the two relevant cent amounts in the rand are inclusive of any relief measures that amount to rebates of a

general application to all properties within a property category;

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.

**Rebate**

**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) in respect of which the primary use or permitted use is for residential purposes without derogating from section 9 of the Act;.

<b>Sectional Titles Act</b>	Means the Sectional Titles Act, 1986 (Act No. 95 of 1986).
<b>Sectional title scheme</b>	Means a scheme defined in section 1 of the Sectional Titles Act.
<b>Sectional title unit</b>	Means a unit defined in section 1 of the Sectional Titles Act.
<b>Sectional title garages/ Carports/ storerooms</b>	Means sectional title units that have been separately registered at the deeds office and do not qualify for rebates or reductions.
<b>State trust land</b>	Means land owned by the State: <ul style="list-style-type: none"> <li>(a) in trust for persons communally inhabiting the land in terms of a traditional system of land tenure;</li> <li>(b) over which land tenure rights were registered or granted; or</li> <li>(c) which is earmarked for disposal in terms of the Restitution of Land Rights Act, 1994 (Act No. 22 of 1994).</li> </ul>
<b>Trading Services</b>	Shall include property used by the Municipality's Electricity Department, Municipal Parking Areas/Buildings, Municipal Entities, property used by the Municipality's water, refuse and sanitation departments:

**Unauthorized or illegal development** Means any use of a property which is inconsistent

**Or use and abandoned prop or building** with or in contravention with the legal use of the property or any immovable improvement / development or building erected without approval of the municipality in terms of the National Building Regulations and building standards Act No. 103 of 1977 as amended and other related legislation.

**Vacant Land** Means land that has not been developed with any permanent structures.

## **PART THREE: THE PURPOSE OF THE POLICY**

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** Penalties may be charged if and when necessary;
- 4.5** Property rates will not be used to subsidize trading and economic services;
- 4.6** The property rates policy will take into account relief measures to address the social and economic needs of the community;
- 4.7** 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 2024, being the effective date of the fourth 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.
- 5.5** Methods and frequency of payment of rates –



- 5.5.1 The Municipality shall recover rates on a monthly basis, together with any supplementary rates.
- 5.5.2 The Municipality may recover a rate annually from Government property owners; such annual amount to be paid by 31 October of each year.
- 5.5.3 The payment of rates shall not be affected by reason of objections, an appeal or non-compliance with the rates policy.
- 5.5.4 The Municipality may publish a number of Supplementary Valuation Rolls during the year, in accordance with Section 78 of the MPRA. The rates, as adjusted by the Supplementary Valuation Roll, will be levied accordingly.

## **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 decisions:

- 7.1 To levy rates on all rateable property in its area of jurisdiction;
- 7.2 To determine the date of general valuation for the valuation roll was set 2 July 2023;
- 7.3 To determine the date of implementation as being 1 July 2024, and the roll is valid for the 5 year period to 30 June 2029;

- 7.4 To levy property rates on a “cent in the rand” on the market value for adopted 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 either dominant actual use or multipurpose use; the designated municipal valuer is responsible for preparing and updating the valuation roll and supplementary valuation roll;

## **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, determined in sub-section (2) and (3), which must be determined according to the-
  - 8.1.1 use of property;
  - 8.1.2 permitted use of the property; or
  - 8.1.3 a combination of (a) and (b).

In terms of section 8 (1) (a) and subject to section 19, the category of property will be based on the use of the property, also referred to as actual use of the property, and any change in actual use of a property may result in a change to the category of property.

- 8.2 The designated Municipal Valuer of a municipality is responsible to determine the category of property in terms of its rates policy
- 8.3 For the purposes of section 8 (2) of the Act read with section 9, the following categories of rateable property have been determined, being:
  - 8.3.1 Residential Property.
  - 8.3.2 Business and Commercial Property.

- 8.3.3 Industrial Property.
- 8.3.4 Agricultural Property.
- 8.3.5 Public service Infrastructure.
- 8.3.6 Mining Property.
- 8.3.7 Public Benefit Organizations.
- 8.3.8 Properties used for multiple purpose, subject to section 9.
- 8.3.9 Public Service Purposes (owned and used by state).
- 8.3.10 Vacant land.

8.4 The following non-rateable categories are determined in terms of section 8 (2):

- 8.4.1 Protected areas
- 8.4.2 Places of public worship

8.5 Rating of Vacant Land

Prior to properties being eligible for development rate or rebate, a permanent electricity and/or Occupancy Certificate must have been issued in respect thereof by the relevant Council.

8.6 The council may approve further categories of property, if required; provided that, with the exception of vacant land, the determination of such property categories does not circumvent the categories of rateable property that must be determined in terms of subsection (2).

8.7 It is recorded that in terms of section 19 of the Act, a municipality may not levy:

- 8.7.1 different rates on residential properties, except as provided for in sections 11(1)(b), 21 and 89 of the Act;
- 8.7.2 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;
- 8.7.3 rates which unreasonably discriminate between categories of non-residential properties; or

- 8.7.4 additional rates except in special rating areas as provided for in section 22 of the Act.
- 8.7.5 In terms of section 19 (2) of the Act and the rates policy, the ratio referred to in section 19.1.b are the prescribed ratios gazetted and any directives issued by the Minister of Finance and/or the National Department of Cooperative Governance
- 8.8 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.
- 8.9 The criteria for weighting the categories determined above, for the purpose of determining rate randages for each category, must take account of the following :
  - 8.9.1 The perceived affordability factor for the different categories of property;
  - 8.9.2 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: CATEGORIES OF OWNERS OF PROPERTY**

- 9.1 The Municipality has determined the following categories of owners of property-
  - 9.1.1 Residential
  - 9.1.2 Pensioners
  - 9.1.3 Public benefit organizations
  - 9.1.4 Bed and breakfast and guesthouse
  - 9.1.5 Land reform beneficiaries
  - 9.1.6 Municipal (Owned and used)
  - 9.1.7 Owners of property affected by natural and other disasters.
  - 9.1.8 Vacant land

- 9.1.9 Properties owned by an organ of state and used for public service purpose.
- 9.1.10 Properties Situated Outside of the Proclaimed Boundaries of the Townships
- 9.1.11 Protected /Nature Reserves/ Conservation Areas
- 9.1.12 Public Place of Worship

## **PART TEN: RELIEF MEASURES FOR RATEPAYERS**

- 10.1 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.
- 10.2 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:
  - 10.2.1 A specified category of properties; or
  - 10.2.2 A specified category of owners of property as provided for hereunder.
- 10.3 The municipality will not grant relief to the owners of property on an ad hoc or individual basis.

## **PART ELEVEN: RELIEF MEASURES FOR USE CATEGORIES AND CATEGORIES OF OWNERS OF PROPERTY**

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:

<b>11.1 Indigent Owners</b>		
<b>11.1.1 Criteria</b>	To qualify for the indigent subsidy 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 Indigent policy;
	(e)	Make application annually on the prescribed form and within the prescribed period, if so required.
<b>11.1.2 Rebate Granted</b>	Percentage Rebate	A subsidy of 100% of rates levied will be granted, dependent on budgetary affordability factors.

<b>11.2 Pensioner Owners</b>		
<b>11.2.1 – Criteria</b>	To qualify as a pensioner owner, the owner must:	
	(a)	Be at least 60 years of age; Be the sole owner of the property or own the property jointly with his/her spouse; Live permanently on the property.
	(b)	In the case of the co-ownership of a property other than in terms of marriage in community of property all the owners in their individual capacities must meet the applicable qualifying criteria for a Senior Citizen; and The property must be registered jointly in the names of the applicant and the co-owner (who must be a natural person) in equal and undivided shares.
	(c)	Not be granted more than one pensioner rebate at a time.
	(d)	The rebate will lapse on death of the applicant if he/she owns 100% of the property, or on date of transfer, or applicant ceases to reside permanently on the property.
	(e)	In the case of a property registered in the name of a

		<p>trust</p> <p>The application must be made by the trustee(s) of the trust and;</p> <p>All the beneficiaries of the trust must meet the above criteria</p> <p>The trustee must submit with the application for the rebate certified copies of:</p> <p>Title deed of the property</p> <p>The trust deeds; and</p> <p>Any document amending the trust deed; and</p> <p>The current letters of Authority in respect of the trust.</p>
	(f)	Make application annually on the prescribed form and within the prescribed period.
<b>11.2.2 – Rebate Granted</b>	Percentage Rebate	A rebate of 25% may be applied at the Council's discretion, dependent on budgetary affordability factors.

<b>11.3 Properties owned by public benefit organizations and used for specified public benefit activities;</b>		
<b>11.3.1 Criteria</b>	In order to qualify applicants shall produce a tax exemption certificate issued by the South African Revenue Services (SARS) as contemplated in Part 1 of the 9 <sup>th</sup> Schedule to the Income Tax Act, 1962 (Act 58 of 1962)	
	(a)	Make application in writing annually in the prescribed format;
	(b)	<p>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<sup>th</sup> Schedule:</p> <ul style="list-style-type: none"> <li>• welfare and humanitarian; or</li> <li>• health care; or</li> <li>• education.</li> </ul>
<b>11.3.2 Relief granted</b>	Properties meeting the above criteria shall be exempted from the payment of rates.	

<b>11.4 Properties Situated Outside of the Proclaimed Boundaries of the Townships</b>		
<b>11.4.1 Criteria</b>	The owner of a property situated outside of the proclaimed boundaries of the townships within the municipality, excluding properties categorized as agricultural properties and public service infrastructure, may receive a rebate due to the limited municipal services available to such properties.	
<b>11.4.2 Rebate granted</b>	Percentage rebate	A rebate may be applied at the Council's discretion, dependent on budgetary affordability factors, for properties used for:  Residential purposes - 60% Vacant land - 40%

<b>11.5 Properties Affected by a Disaster or other serious adverse social or economic conditions</b>		
<b>11.5.1 – Criteria</b>	In order to qualify as a disaster or other serious adverse social or economic conditions owner, the owner must qualify in terms of the following:	
	(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.
<b>11.5.2 – Rebate Granted</b>	Percentage Rebate	A rebate of 50% may be applied at the Council's discretion, dependent on budgetary affordability factors.

<b>11.6 Bed and Breakfast establishments</b>	
<b>11.6.1 – Criteria</b>	A Bed and Breakfast Establishment means an establishment, which is primarily a dwelling, and makes excess rooms available to transient guests.  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.
<b>11.6.2 – Rebate Granted</b>	Percentage Rebate	A rebate of 10% may be applied at the Council’s discretion, dependent on budgetary affordability factors.

<b>11.7 Commercial/Industrial Development</b>		
<b>11.7.1 – Criteria</b>		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 value of at least R 50 million at the start of business, in the establishment of newly improved sites.
		<ul style="list-style-type: none"> <li>• From years 0 – 4 = 40% rebate</li> <li>• From years 5 – 6 = 25% rebate</li> <li>• From years 7 – 8 = 10% rebate</li> <li>• From year 9 onwards = 0% rebate</li> </ul>
	(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 May 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.

<b>11.7.2 – Rebate Granted</b>	Percentage Rebate	The above rebate may be applied at the Council’s discretion, dependent on budgetary affordability factors.
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- 11.8** The market value of a property for the purpose of levying rates may be capped at a value to be determined by Council from time to time.
- 11.9** For all residential properties, the municipality will not levy a rate on the first R 85 000 of the property’s market value. The R 85 000 is inclusive of the R 15 000 statutory impermissible rate as per section 17(1)(h) of the Municipal Property Rates Act.
- 11.10** All Municipal owned properties are exempt from property rates.

**PART TWELVE: COMMUNITY PARTICIPATION**

- 12.1** 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:
  - 12.1.1** Building capacity of the local community to enable it to participate in the affairs of the municipality; and
  - 12.1.2** To foster community participation for which the municipality will allocate funds in its budget for such processes.
- 12.2** 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.
- 12.3** The municipality will provide for:

- 12.3.1** The receipt, processing and consideration of petitions, objections and comments lodged by the members of the local community;
  - 12.3.2** Public meetings and hearings by the Council and other political structures (e.g. ward committees) and political office bearers of the municipality;
  - 12.3.3** Consultative sessions with locally recognized community organizations and where appropriate traditional authorities.
- 12.4** Communication with the public relating to the rates policy will be in terms of section 4(2) of the Act by notice in:
- 12.4.1** Local newspapers circulating in its area and determined by the council as a newspaper of record; and/or
  - 12.4.2** Official notice boards and other public places accessible to the public including the library and the municipal offices; and
  - 12.4.3** Inviting the local community to submit comments and representations within the time specified in the notice;
  - 12.4.4** Publication of the relevant documentation of the municipal website.

## **PART THIRTEEN: RECOVERY OF RATES**

- 13.1** The following shall be liable for the payment of rates levied by the municipality:
- 13.1.1** Owner of a property;
  - 13.1.2** Joint owners of a property, who shall be liable jointly and severally;
  - 13.1.3** The owner of a sectional title unit; and
  - 13.1.4** In relation to agricultural properties:
    - 13.1.4.1** any one joint owner of the agricultural property for all the rates levied on the agricultural property; or
    - 13.1.4.2** 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.

- 13.2** In terms of section 26 of the Act the municipality will recover rates either on an installment basis; or annually, as may be agreed between the parties.
- 13.3** The municipality will furnish each person liable for the payment of rates with a written account in terms of section 27 of the Act.
- 13.4** The municipality may recover rates in arrears from tenants and occupiers in accordance with the provisions of section 28 of the Act.
- 13.5** 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.
- 13.6** Rates must be paid on or before a date determined by the municipality. The municipality may impose interest on overdue amounts.
- 13.7** 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 Customer Care, Credit Control and Debt Collection Policy.

## **PART FOURTEEN: CONSOLIDATION AND APPORTIONMENT OF PAYMENTS**

- 14.** 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 Customer Care, Credit Control and Debt Collection Policy.

## **PART FIFTEEN: DEFERMENT OF RATES**

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

## **PART SIXTEEN: IMPERMISSIBLE RATES IN TERMS OF SECTION 17 OF THE ACT**

- 16** It is recorded that the municipality may not, in terms of section 17 of the Act levy a rate on:
- 16.1** the first 30% of the market value of public service infrastructure;
  - 16.2** Any property referred to in paragraphs (a) (b) (e) (g) and (h) of the definition of “public service infrastructure.”
  - 16.3** the first R 15 000 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 –
    - 16.3.1** for residential properties; or
    - 16.3.2** or properties used for multiple purposes, provided one or more components of the property are used for residential purposes.
  - 16.4** 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 16.3 to reflect inflation.
  - 16.4** The Minister may, by notice in the *Gazette*, lower the percentage referred to in subsection 16.1 but only after consultation with –
    - 16.4.1** Relevant Cabinet members responsible for the various aspects of public service infrastructure;

**16.4.2** Organized local government; and

**16.6** The Municipality has determined the following Non- Rateables categories

**16.6.1** 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.

**16.6.2** The exclusion from rates of a property referred to in subsection 16.6.1 lapses if the property -

**16.6.2.1** Is disposed of by the religious community owning it; or

**16.6.2.2** 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.

**16.6.3** 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 15.3 of the act would have been payable on the property during the period of one year preceding the date on which the exclusion lapsed.

**16.6.4** The amount for which the religious community becomes liable in terms of paragraph 16.6.3 must be regarded as rates in arrears, and the applicable interest on that amount is payable to the municipality.

**16.7** Protected Areas/ Nature Reserves/ Conservation

**16.7.1** Nature Reserves and Conservation areas which are proclaimed in terms of the National Environmental management: Protected Areas Act no 57 of 2003 shall be excluded from rates.

- 16.7.2** Newly Proclaimed Nature Reserves/Conservation areas shall receive excluded for rates upon application and production of the relevant Proclamation.
- 16.7.3** Nature Reserves not proclaimed as aforesaid, shall be rated as vacant land and may be excluded from rates, once the owners are in receipt of an Environmental Certificate in terms of clause 11.16.4.
- 16.7.4** upon application to the Environmental Planning and Climate Protection Department, an Environmental Certificate may be granted to owners of any piece of land or part thereof, where:
- 16.7.4.1** the Municipality considers the land to be environmentally sensitive. E.g. its forms part of the municipality open space system;
- 16.7.4.2** the land is zoned for conservation purposes or an environmental servitude has been registered in favour of the municipality over the environmentally sensitive area; and
- 16.7.4.3** The Landowner, with the assistance of the Municipality, prepares and implements an approved management plan aimed at protecting and improving the local environment.
- 16.7.5** where the land is not zoned for conservation purposes and an environmental servitude has not been registered in favour of the Municipality, an owner may be granted a reduction or rebate, provided the owner has agreed to the Municipality rezoning the affected land to protect the environment.
- 16.7.6** The owner of a Nature Reserve/Conservation area cannot receive a reduction or rebate on the Nature Reserve/Conservation area component of the property in addition to the rate benefits in terms of clause 16.7.4 above.

- 16.7.7** the Environmental Certificate will lapse if the property is no longer used for bona fide environmental conservation purposes, in which event, the property will be rated on its new use from date of such use.
- 16.7.8** Parks and environmental protection areas within a Home Owners Association shall receive an exemption once a servitude restricting its use is registered or the land is zoned for environmental protection.
- 16.7.9** A rebate will lapse if the owner or any person acting through the owner or on the owners instructions, breaches any provision of an environmental management plan pertaining to the property of environmental legislation and fails to remedy such breach, notwithstanding a written demand or directive to do by the Municipality.

## **PART SEVENTEEN: CONSTITUTIONALLY IMPERMISSIBLE RATES**

- 17.** 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 -
- 17.1** national economic policies;
  - 17.2** economic activities across its boundaries; or
  - 17.3** the national mobility of goods, services, capital or labour.

## **PART EIGHTEEN: NEWLY RATED PROPERTY**

- 18** Any property which has not previously been rated must be phased in over a period of three financial years subject to the condition that:



- 18.1** 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;
- 18.2** 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**

<b>Year</b>	<b>Percentage Rates Payable</b>
First	25%
Second	50%
Third	75%

**PART NINETEEN: TRANSITIONAL ARRANGEMENT: PUBLIC SERVICE INFRASTRUCTURE**

- 19.1** The prohibition on the levying of rates on public service infrastructure referred to in section 15.2 must be phased in over a period of 5 municipal financial years, with effect from 1 July 2015;
- 19.2** The rates levied on the property must
- 19.2.1** in the first year, must be no more than 80 percent of the rate for that year otherwise applicable to that property;
  - 19.2.2** in the second year, must be no more than 60 percent of the rate for that year otherwise applicable to that property;
  - 19.2.3** in the third year, must be no more than 40 percent of the rate for that

year otherwise applicable to that property;

**19.2.4** in the fourth year, must be no more than 20 percent of the rate for that year otherwise applicable to that property;

**19.2.5** in the fifth year, must be no more than 10 percent of the rate for that year otherwise applicable to that property;