



PROPERTY RATES POLICY

For implementation as from 1 July 2020



Table of Contents

SECTION A: INTRODUCTION, LEGISLATIVE CONTEXT, DEFINITIONS AND PRINCIPLES.....	3
1. INTRODUCTION.....	3
2. LEGISLATIVE CONTEXT	4
3. DEFINITIONS.....	5
4. POLICY PRINCIPLES	13
5. SCOPE OF THE POLICY.....	14
6. APPLICATION OF THE POLICY	14
7. CLASSIFICATION OF SERVICES AND EXPENDITURE	14
8. APPLICATIONS	14
1. CATEGORIES OF PROPERTY	15
SECTION C: DIFFERENTIAL RATING.....	16
1. DIFFERENTIAL RATES	16
SECTION D: RELIEF MEASURES RELATED TO CATEGORIES OF PROPERTIES AND CATEGORIES OF OWNERS OF PROPERTIES.....	16
1. CRITERIA FOR EXEMPTIONS, REBATES AND REDUCTIONS	16
2. EXEMPTIONS, REDUCTIONS AND REBATES	17
3. RESOLUTION FOR LEVYING RATES	21
SECTION E: LIABILITY FOR RATES	22
1. LIABILITY FOR RATES BY PROPERTY OWNERS	22
2. SUPPLEMENTARY VALUATION (SV) EFFECTIVE DATE	22
3. EFFECTS OF OBJECTIONS AND APPEALS ON LIABILITY FOR PAYMENT ITO THE ACT	23
4. ADJUSTMENTS OF RATES PRIOR TO SUPPLEMENTARY VALUATION (SV).....	23
5. HANGING AND HOLDING PROPERTIES.....	24
6. RATING OF PUBLIC SERVICE INFRASTRUCTURE.....	25
7. CLEARANCE CERTIFICATE	25
8. REGULAR REVIEW PROCESSES.....	26
9. IDENTIFICATION AND QUANTIFICATION OF COSTS AND BENEFITS	26
10. IMPLEMENTATION PROCESS AND REVIEW PROCESS.....	26
11. SHORT TITLE.....	26

SECTION A: INTRODUCTION, LEGISLATIVE CONTEXT, DEFINITIONS AND PRINCIPLES

1. INTRODUCTION

Section 3 of the Local Government: Municipal Property Rates Act, 2004 (Act No. 6 of 2004) and Section 62(1)(f)(ii) of the Local Government: Municipal Finance Management Act, 2003 (No. 56 of 2003), requires municipalities to develop and adopt rates policies on the levying of rates on rateable property in the municipality.

The municipality needs a reliable source of revenue to provide basic services and perform its functions. Property Rates is the most important source of general revenue for the municipality. Revenue from property rates is used to fund services that benefit the community as a whole.

Municipal property rates are set, collected and used locally. Revenue from property rates is spent within a municipality, where the citizens and voters have a voice in decisions on how the revenue is spent as part of the Integrated Development Plans (IDP's) and budget processes in respect of which the municipality invites communities for their inputs before adopting the budget.

This policy document guides the annual setting of property rates. It does not make specific property rates proposals. In imposing a rate in the Rand the municipality may grant exemptions, rebates and reductions to the categories of properties and categories of owners as allowed for in this policy document and legislation.

2. LEGISLATIVE CONTEXT

In terms of Section 229 of the Constitution, (Act No. 108 of 1996), a municipality may impose rates on property.

In terms of Section 4(1)(c)(ii) of the Municipal Systems Act, (Act No. 32 of 2000), a Municipal council has the right to finance the affairs of the municipality by imposing, *inter alia*, rates on property.

In terms of Section 2 (1) of the Municipal Property Rates Act, 2004 (Act No. 6 of 2004) (MPRA), a metropolitan or local municipality may levy a rate on property in its area and in accordance with the other provisions of the MPRA.

This policy must be read together with, and is subject to the provisions of the MPRA.

In terms of Section 62(1)(f)(ii) of the Municipal Finance Management Act, (Act No.56 of 2003), a municipality must have and implement a rates policy as may be prescribed by any applicable national legislation.

In terms of Section 8(1) of the MPRA, a municipality may, in terms of the criteria set out in its rates policy, levy different rates for different categories of rateable property, determined in subsection (2) and (3).

3. DEFINITIONS

“Act”, means the Local Government: Municipal Property Rates Act, 2004 (Act No. 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”, means property that is used primarily for agricultural purposes and excludes any portion thereof that is used commercially for the hospitality of guests, and excludes the use of the property for the purpose of eco-tourism or for the trading in or hunting of game.

“Bed and Breakfast”, means a residential establishment that offers overnight accommodation with breakfast included.

“Bona fide farmer”, is a person or legal entity that is a legitimate farmer.

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

“Category” –

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

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

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

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

“Financial year”, means the period starting from 1 July in a year to 30 June of the next year.

“Guest house”, means an establishment similar or larger than bed and breakfast accommodation and ranges from low-budget rooms to luxury apartments.

“Household income”, means the-gross sum of all monthly income earned by the registered owner and spouse, including wages, salaries, profits, dividends, pensions, rentals, board & lodging, interest received, grants or investment income, excluding the capital proportion of the investment and other forms of earnings received by every person.

“Indigent person”, means a person whose household income does not exceed the minimum household income as predetermined by the council.

“interest”, means the standard rate of interest, charged on accounts which are not paid by the specified due date, calculated as one percent higher than the prime rate.

“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)

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

“Multiple Ownership”, is a form of ownership whereby two or more people or entities own interests in the same real property at the same time.

“Multiple purposes”, means properties used for multiple purposes for which an apportionment of value for each distinct use of the property will be calculated by the municipal valuer and used for billing at the appropriate and applicable rate, in accordance with the permitted, -actual use or its zoning.

“Municipal Properties”, means properties owned by the local municipality.

“Non- Profit Organisation”, means a business entity that is granted tax-exempt status by SARS.

“National monuments”, means a place of historic, scenic, or scientific interest set aside for preservation usually by presidential proclamation.

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

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

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

“Owner”—

- (a) in relation to property referred to in paragraph (a) of the definition of “property”, means - a person in whose name ownership of the property is registered;
- (b) in relation to a right referred to in paragraph (b) of the definition of “property”, means a person in whose name the right is registered; or
- (c) in relation to a land tenure right referred to in paragraph (c) of the definition of “property”, means a person in whose name the right is registered or to whom it was granted in terms of legislation, provided that a person mentioned below, for the

purposes of this Act be regarded by a municipality as the owner of a property in the following cases:

- i) a trustee, in the case of a property in a trust excluding state trust land;
- ii) an executor or administrator, in the case of a property, in a deceased estate;
- iii) a trustee or liquidator, in the case of a property, in an insolvent estate or in liquidation;
- iv) a judicial manager, in the case of a property, in the estate of a person under judicial management;
- v) a curator, in the case of a property, in the estate of a person under curatorship;
- vi) an usufructuary or other person in whose name a usufruct or other personal servitude is registered, in the case of a property that is subject to a usufruct or other personal servitude;
- vii) a lessee, in the case of a property that is registered in the name of a municipality and is leased by it; or
- viii) a buyer, in the case of a property that was sold and of which possession was given to the buyer pending registration of ownership in the name of the buyer.

“Protected Area”, means an area that is 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, Act 57 of 2003.

“Public Benefit Organisation”, means an organisation that does not work for profit and does not pay tax in or out of South Africa. The organisation is most likely involved with charitable work.

“Pensioner”, a person who receives or lives on a pension or a person who receives a government pension.

“Permitted use”, in relation to a property, means the limited purposes for which the property is 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.

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

- (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.

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

“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 communications 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 the air navigation purposes;
- (h) breakwaters, sea walls, channels, basins, quay walls, jetties, roads, railway or infrastructure used for the provision of water, lights, power, sewerage or similar services of ports, or navigational aids comprising lighthouses, radio navigational aids, buoys, beacons or any other device or system used to assist the safe and efficient navigation of vessels; communications system serving the public;
- (i) any other publicly controlled infrastructure as may be prescribed; or
- (j) a right registered against immovable property in connection with infrastructure mentioned in paragraphs (a) to (i).

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

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

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

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

“Ratio”, in relation to section 19 of the 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.

“Residential Accommodation Business”, means a property zoned for single residential purposes and where an owner/lessee/manager runs an accommodation business from the premises on daily tariff and includes Guesthouses, Bed & Breakfast and Self-catering establishments with a maximum of 4 guest rooms.

“Residential Nature Reserve”, means a residential property situated within a nature reserve.

“Residential Property”, means a property included in a valuation roll in terms of section 48(2)(b) of the Act in respect of which the primary use or permitted use is for residential purposes without derogating from section 9 of the Act.

“Sectional Title Garage”, means a separate registered unit used by the owner for storing or parking of a vehicle as part of a sectional title unit and includes any unit in the same sectional title scheme registered in the name of the same owner which is used together with the residential unit as if it were one property, for example a garage or domestic worker’s quarters. Any such grouping shall be regarded as one residential property for rating purposes.

“Self-catering”, means a residential establishment where furnished accommodation is offered.

“Special Economic Zones” (SEZs), are geographically designated areas of a country set aside for specifically targeted economic activities, supported through special arrangements (that may include laws) and systems that are often different from those that apply in the rest of the country.

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

“Substantial” means a value that changes considerably from one valuation roll to the next valuation roll based on the applicable general valuation of which a percentage of more than 10% is regarded as substantial.

“Vacant land”, means all undeveloped land irrespective of its current or future intended zoning.

“Wind Farms”, means an area of land with a group of energy-producing windmills or wind turbines.

4. POLICY PRINCIPLES

The rates policy will be based on the following principles:

- (a) Equity;
- (b) Affordability;
- (c) Sustainability; and
- (d) Cost efficiency.

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

The council shall endeavour to limit each annual increase as far as possible to the increase in the consumer price index over the period preceding the financial year to which the increase relates.

The council shall, in imposing the rate for each financial year, take proper cognisance of the aggregate burden of rates and service charges on representative property owners, in the various categories of property ownership.

The council shall further, in imposing the rate for each financial year, strive to ensure that the aggregate budgeted revenues from property rates, less revenues forgone equal at least 18% (eighteen percent) of the municipality's aggregate budgeted net revenues for the financial year concerned. By doing so, the municipality will ensure that its revenue base and the collection ability of its revenues remain sound.

5. SCOPE OF THE POLICY

This policy document guides the annual setting (or revision) of property rates. It does not make specific property rate proposals. Details pertaining to the applications of the various property rates are published in the Provincial Gazette and the municipality schedule of tariffs, which must be read in conjunction with this policy.

6. APPLICATION OF THE POLICY

In imposing the rate in the Rand for each annual operating budget component, the municipality may grant exemptions, rebates and reductions allowed for in this policy document.

7. CLASSIFICATION OF SERVICES AND EXPENDITURE

The Chief Financial Officer shall, subject to the guidelines provided by the legislation, provide for the classification of services as outlined in the municipality's annual budget into trading and economic services.

8. APPLICATIONS

The municipality, before the start of the financial year to which it refers must receive all applications referred to in this policy. The Chief Financial Officer may consider late receipts of such applications.

It is the duty of all such applicants to bring to the attention of the municipality any amendments to such applications within 7 days after such occurrence.

SECTION B: CATEGORIES OF PROPERTY

1. CATEGORIES OF PROPERTY

The following are the determined categories of properties:

- (a) Residential properties;
- (b) Vacant Land: Residential;
- (c) Vacant Land: Commercial;
- (d) Vacant Land: Industrial;
- (e) Industrial properties;
- (f) Business and commercial properties;
- (g) Agricultural properties;
- (h) Mining properties;
- (i) Properties owned by an organ of state;
- (j) Public service infrastructure properties;
- (k) Properties owned by public benefit organisations and used for specified public benefit activities;
- (l) Properties used for multiple purposes, subject to section 9 of the Act;
- (m) Place of public worship;
- (n) Private open space;
- (o) Protected areas;
- (p) National monuments;
- (q) Public open space; or
- (r) Any other category of property as may be determined by the Minister, with the concurrence of the Minister of Finance, by notice in the Gazette.

Rates on properties, including properties used for multiple purposes, will be levied in accordance with the permitted or actual use of the property and not necessarily according to its zoning.

SECTION C: DIFFERENTIAL RATING

1. DIFFERENTIAL RATES

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

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

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

SECTION D: RELIEF MEASURES RELATED TO CATEGORIES OF PROPERTIES AND CATEGORIES OF OWNERS OF PROPERTIES

1. CRITERIA FOR EXEMPTIONS, REBATES AND REDUCTIONS

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

- (a) indigent status of the owner of a property;
- (b) income of the owner and/or household on a property;
- (c) market value of residential property below a determined threshold;
- (d) owners of property situated within an area affected by –
 - i) a disaster within the meaning of the Disaster Management Act, 2002 (Act No. 57 of 2002); or
 - ii) any other serious adverse social or economic conditions; zoning and/or actual use of the property; and
- (e) availability of services funded by rates for a property.

2. EXEMPTIONS, REDUCTIONS AND REBATES

2.1 The following categories of properties and owners may be considered for rebates:

(a) Residential properties

The municipality will not levy a rate on the market value of properties as follows:

- i) on the first R15 000 on the basis set out in section 17 (1) (h) of the Act; and
- ii) the municipality may grant a further residential rebate on rates levied on the balance of the market value of developed residential properties, if any, as determined by Council during the budget process.

(b) Agricultural properties

Agriculture zoned property located within the jurisdiction of council on which bona fide farming activities are exercised in terms of section 15(2)(f) of the Act, and with proof from SARS or an affidavit that bona fide farming is the main source of income. Failing to provide proof, the property will be regarded as a residential property for tariff purposes. Proof must be provided every 4 years before the implementation of the new general valuation roll.

The tariff for agricultural properties if proof from SARS or an affidavit that bona fide farming activities is the main source of income is submitted will be 10% of the residential property tariff.

(c) Residential Accommodation Business

A rebate of 30% will be applied on the business commercial tariff with an affidavit by the owner/ or tenant that the property is indeed utilized as a Residential Accommodation Business.

A formal written application on a prescribed form of the municipality must be completed to be considered for a rebate.

To qualify for an exemption, reduction or rebate, proof must be provided every 4 years before the implementation of the new general valuation roll. Failure to do so will result in the rebate to be cancelled.

- (d) Properties owned by Public Benefit Organisations and used for specified public benefit activities.

The municipality may grant a 75% rates rebate for the categories of Non- Profit Organisations (NPO's) or Public Benefit Organisations (PBOs).

These categories of properties and/or owners of properties are deemed to contribute services or benefits to the community. An annual rebate will only be granted after an official application made by an owner or a user of a property (on behalf of an owner) has been approved.

Such NPO or PBO must have a constitution which does not preclude any resident of the municipality from being a member of the said body or organisation or from benefitting from such organisation; therefore, they must be open to the general public.

In order to be considered, these organisations must either be registered as NPOs under the Non-Profit Organisations Act, 71 of 1997, or be PBOs that qualify for tax exemption as contemplated by Part 1 of section 30 of the Ninth Schedule of the Income Tax Act. Such registration must be supplied annually upon application including the submission of a tax clearance certificate for NPOs and PBOs confirming that they are in good standing.

These rebates are intended to assist organisations with limited resources that are liable for the payment of the rates and not for those who have the ability to pay.

To qualify for a rebate, proof must be provided annually before 31 March. Failure to do so will result in the rebate to be cancelled.

(e) Residential Nature Reserve

Residential property situated in the nature reserve will receive a rebate of 70% on the residential tariff.

(f) Special Economic Zone

This property will be zoned as industrial in the valuation roll with the indication of this property to be within the Saldanha Bay Industrial Development Zone (SBIDZ).

The rebates of properties within the SBIDZ is as follow:

Financial Year	Rebate %
Year 2017/18	50%
Year 2018/19	40%
Year 2019/20	30%
Year 2020/21	20%
Year: 2021/22	10%
Year: 2022/23	0%

(g) Pensioners and disabled persons

A rebate in the rates payable will be granted if the following criteria are met:

- i) Registered owner of the property;
- ii) At least 60 years of age **or** in receipt of a disability pension;
- iii) Permanently resides on the property;
- iv) Household income must not exceed an amount annually set by the Council;
- v) Not be the owner of more than one property;
- vi) Be a South African citizen.
- vii) Proof of household income must be produced in the form of a recent bank statement (3 months), IRP5 or SARS return (where applicable) and identity documents must be produced to confirm age.

To qualify for a rebate, proof must be provided every 4 years before the implementation of the new general valuation roll. Failure to do so will result in the rebate to be cancelled.

Below is a table of the rebates for the 2021/22 financial year:

Description	Rebate %
With a monthly income not exceeding R12 000	100%
With a monthly income not exceeding R17 000	70%
With a monthly income not exceeding R22 000	50%
Monthly income exceeding R22 000	0%

2.2 The CFO may consider and approve all late applications of abovementioned rebates.

2.3 A person who provides false information will be held liable for the immediate repayment of any rebates already granted and legal, civil and criminal action may be instituted against the guilty party(ies).

2.4 Reductions

Reductions are subject to the following conditions:

- (a) all applications must be addressed in writing to the municipality;
- (b) a SARS tax exemption certificate must be attached to all applications where applicable; and
- (c) the municipal manager or his/her nominee must have considered and approved all applications.

2.5 Exemptions

The following properties are exempted from rates:

- (a) Municipal properties;
- (b) Municipal public infrastructure;
- (c) Informal settlements;
- (d) Museums;
- (e) National monuments;
- (f) Property lower in value than the amount determined by the municipality;
- (g) A right registered against immovable property;
- (h) Cemeteries & Crematoriums;
- (i) Protected areas;
- (j) Public Service Infrastructure;
- (k) Place of public worship;
- (l) Municipal properties; and
- (m) Public places and streets.

3. RESOLUTION FOR LEVYING RATES

The municipality will follow the process as set out in the Act in notifying the public of any decisions made by Council.

SECTION E: LIABILITY FOR RATES

1. LIABILITY FOR RATES BY PROPERTY OWNERS

Property rates will be levied in twelve equal instalments.

The owner of property must notify the Municipality before the start of the financial year if he/she prefers to pay rates annually. A notice from an owner regarding the manner of payment of rates will remain applicable for future financial years until withdrawn by the owner. Interest on arrear rates shall be payable.

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

Saldanha Bay Municipality will not split a municipal account as a result of multiple ownerships and will hold owners jointly and severally liable for payment.

2. SUPPLEMENTARY VALUATION (SV)

a) EFFECTIVE DATE

If the date of a Supplementary valuation is prior to the latest date of registration, the Deeds Office registration date will be used as an effective date. Although the s78(4) of the Act determines the effective date of a supplementary valuation, a property transferred after the effective date of the supplementary valuation, will be billed for rates as from the date of the most recent registration in the Deeds Office.

b) CAUSES FOR SUPPLEMENTARY VALUATIONS ON RATABLE PROPERTIES:

- i) incorrectly omitted from the valuation roll;
- ii) included in a municipality after the last general valuation;
- iii) subdivided or consolidated after the last general valuation;
- iv) of which the market value has substantially increased or decreased for any reason after the last general valuation;
- v) substantially incorrectly valued during the last general valuation;

- vi) that must be revalued for any other exceptional reason;
- vii) of which the category has changed; or
- viii) the value of which was incorrectly recorded in the valuation roll as a result of a clerical or typing error.

3. EFFECTS OF OBJECTIONS AND APPEALS ON LIABILITY FOR PAYMENT TO THE ACT

The lodging of an objection or an appeal in terms of sections 50 and 54 of the Act does not defer liability for the payment of rates beyond the dates determined for payment in terms of this Policy.

The review of the municipal valuer's decision in terms of section 52 of the MPRA does not defer liability for the payment of rates beyond the dates determined for payment in terms of this Policy.

4. ADJUSTMENTS OF RATES PRIOR TO SUPPLEMENTARY VALUATION (SV)

If the owner of a property which has been subdivided or consolidated after the last general valuation wishes to sell the consolidated erf, or one or more of the erven which have been subdivided off the parent erf, as the case may be, applies to the municipality for a clearance certificate in terms of section 118 of the Systems Act and if the municipality has not yet included such valuation of the relevant property(ies) in a Supplementary Valuation.

The municipal valuer shall conduct a valuation of the relevant property(ies) for purposes of a Supplementary Valuation; and

The valuation shall be submitted to the Municipal Manager for approval of the levying of rates on such property(ies) in accordance with such valuation, with effect from the

date on which the relevant subdivision or consolidation (as the case may be) was registered in the Deeds Office.

Any valuations performed shall be included in the next Supplementary Valuation prepared by the municipal valuer without any amendments to the valuation and any objections to such valuation may only be lodged once such Supplementary Valuation is made public in terms of section 49 of the Act.

5. HANGING AND HOLDING PROPERTIES

For the purposes of creating a single account for properties forming one economic entity, specific contiguous properties may be treated as one property on the valuation roll, i.e., one valuation for a number of contiguous properties. The holding property as well as the hanging properties will be reflected on the roll but the valuation will only be reflected against the holding property.

Properties may be created as one economic entity in terms of the following rules:

- (a) Properties must be in the same ownership;
- (b) A building(s) forming an economic entity must straddle all the contiguous erven as if they were consolidated;
- (c) All municipal services must be linked to the property reflecting the total municipal valuation of the erven treated as being consolidated; and
- (d) A contiguous property with no development potential and which is likely to attract no more than a nominal value, e.g., irregularly shaped or small pieces of land that cannot be optimally developed, for example, small garden extensions or land used for swimming pools, lanes, stairs, slivers of land bordering rivers, as well as road reserves may be treated as hanging properties.
- (e) A nominal value will have a minimal value between a R1 000 and R10 000, depending on site extent.

Contiguous pieces of agricultural land which are being farmed as one economic entity will also qualify.

The municipal valuer will, in consultation with the owner, decide which properties should be treated as one economic entity.

6. RATING OF PUBLIC SERVICE INFRASTRUCTURE

One and the same property can comprise of a PSI portion together with another portion of the property of a different nature, such as vacant land, residential, business or commercial property. In other words, a PSI portion and a non-PSI portion.

The total valuation of a property can comprise the valuation of the PSI plus the valuation of the remainder.

One and the same property can comprise two different categories as defined in Section 8(2) of the Act.

A PSI must have its own entry in a valuation roll.

7. CLEARANCE CERTIFICATE

- 7.1 On the sale of any property in the municipal jurisdiction, Council will withhold the transfer until all rates, service and sundry charges and any estimated amounts for the duration of the certificate in connection with the property are paid, by withholding a clearance certificate in terms of Section 118 of the Municipal Systems Act as well as recent court cases.
- 7.2 If the full amount cannot be paid upon application by the owner, a guarantee from the conveyor may be accepted for payment on date of registration.
- 7.3 When debt has been written off as irrecoverable it will not be recovered again when a clearance certificate on a property is issued.
- 7.4 All separate debts owed to this municipality by a debtor shall be deemed to be consolidated and will be applied as such with the request for rates clearance.
- 7.5 The municipality will issue such clearance certificate on receipt of an application on the prescribed form from the owner or conveyor.

- 7.6 All payments will be allocated to the subject property.
- 7.7 No interest shall be paid in respect of these payments.
- 7.8 Where any residential or non-residential debtor has entered into an arrangement with the Municipality in respect of the arrears on a property, the prescribed certificate as referred to in Section 118 of the Systems Act, will not be issued until such time as the full outstanding amount has been paid.
- 7.9 The rates clearance certificate validation period is 60 days and the amount due for payment is calculated as follows:
- (a) Rates clearance figures issued will include 3 (three) months advance collections plus all current outstanding debt on the property.

8. REGULAR REVIEW PROCESSES

The rates policy will be reviewed on an annual basis.

9. IDENTIFICATION AND QUANTIFICATION OF COSTS AND BENEFITS

The cost to the Municipality and benefit to the local community of exemptions, rebates, reductions and exclusions referred to in sections 17 (1) (a), (e), (g) (h) and (i) of the Act are reflected in the Municipality's budget.

10. IMPLEMENTATION PROCESS AND REVIEW PROCESS

This policy will come into effect on 1 July 2018 and will be reviewed at least annually by way of a Council resolution.

11. SHORT TITLE

This policy is the **PROPERTY RATES POLICY OF SALDANHA BAY MUNICIPALITY.**