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**LOCAL AUTHORITY NOTICES • PLAASLIKE OWERHEIDS KENNISGEWINGS**

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**LOCAL AUTHORITY NOTICE 177 OF 2019**

**ELUNDINI**

**MUNICIPALITY**



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**PROPERTY RATES BY LAW**

**Whereas Section 4 and 10 of the Local Government: Municipal Property Rates Amendment Act, 2014 (No. 6 of 2014) requires a municipality to adopt by-laws to give effect to the implementation of its rates policy.**

**Now therefore the Municipal council of Elundini Municipality approves and adopts the following rates by-law.**

### **1. Definitions**

**For the purpose of these by-laws any word or expression to which a meaning has been assigned in the Local Government: Municipal Property Rates Amendment Act, 2014 (No. 6 of 2014) shall bear the same meaning in these by-laws and unless the context indicates otherwise-:**

**“act” means the Local Government: Municipal Property Rates Amendment Act, 2014 (No. 6 of 2014).**

**“municipality” means the municipal council for the municipal area of Elundini Municipality.**

### **2. Rating of property**

**In terms of section 2(3) of the Act the power of the municipality to levy rates on property is subject to-:**

- (a) Section 229 and other applicable provisions of the Constitution**
- (b) The provisions of the Act**
- (c) The municipality’s rates policy; and**
- (d) This by-law**

### **3. General principles**

- (1) Rates are levied as an amount in the rand based on the market value of all ratable property contained in the municipality’s valuation roll**
- (2) Criteria are provided for the determination of categories of property and owners and for the purpose of levying different rates on categories of property and owners.**
- (3) Different rates will be levied for different categories of ratable property**
- (4) Relief measures in respect of payment for rates will not be granted to any category of property or owners on an individual basis, other than by way of an exemption, rebate or reduction.**
- (5) All ratepayers with similar properties will be treated the same.**
- (6) The ability of a person to pay rates will be taken into account.**

- (7) Provision will be made for the promotion of local social development and sustainable local government.
- (8) Rates will be based on the value of all ratable property and the amount required by the municipality to balance the operating budget.
- (9) A rate levied by a municipality on residential properties with a market value below a prescribed valuation level may, instead of a rate determined in terms of subsection (1), be a uniform fixed amount per property.

#### 4. Classification of service and expenditure

- (1) The municipal manager or his/her nominee subject to the guidelines provided by the National Treasury and Mayor or Executive Committee and principles contained in the rates policy will classify services, categorize expenditure and create cost centers that would enable the municipality to cross subsidize its functions.

#### 5. Categories of properties and owners

- (1) In terms of Section 3(3) of the Act the municipality must determine the criteria for the determination of categories of property and owners for granting exemptions, reductions and rebates and criteria if it levies different rates for different categories of property.
- (2) In terms of section 8(1) and 15(1) read in conjunction with section 19 of the Act the municipality may exempt a category of owner of property from rates or grant a rebate or reduction in the rates.
- (3) The criteria for categories of property and owners and the different categories of property and owners are reflected in the municipality's rates policy and adjusted annually, if required, during the budget process.

#### 6. Properties used for multiple purposes

Rates on properties used for multiple purposes will be levied on properties used for:-

- (a) A purpose corresponding with the use of the property, and or permitted use of the property as regulated;
- (b) A purpose corresponding with the dominant use of the property inside the urban edge;
- (c) A purpose corresponding with the identified portions of the Agricultural properties, small holdings other than agricultural land use,

#### 7. Differential rating

- (1) **Criteria for differential rating on different categories of properties in terms of section 8(1) of the Act**
- (2) **Differential rating among the various property categories will be done by way of setting different cent amount in the rand for each property category as informed by the ratios stipulated in the Elundini Municipality rates policy.**

**8. Criteria for exemptions, reductions and rebates**

**Criteria for determining categories of owners of property for the purpose of granting exemptions, rebates and reductions in terms of section 15(2) of the Act will be according to:-**

- (a) **Indigent status of the owner of a property**
- (b) **Sources of income of the owner of a property**
- (c) **Owners of property situated within an area affected by:-**
  - (i) **A disaster within the meaning of the Disaster Management Act, 2002 (Act No. 57 of 2002); or**
  - (ii) **Any other serious adverse social or economic conditions;**
- (d) **Owners of residential properties with a market value below a determined threshold; or**
- (e) **Owners of agricultural properties who are bona fide farmers**

**9. Exemptions**

- (1) **Over and above the exemptions provided for in sections 16 and 17 of the Act specific categories of property as indicated in the table below are exempted from the payment of rates within the meaning of sections 15(1)(a) of the Act and 9(7) of this by-law.**

<b>Description of category of property</b>	<b>Criteria</b>
<b>Municipal Properties</b>	<b>9(2)</b>
<b>Cemeteries and crematoriums</b>	<b>9(3)</b>
<b>Community benefit organizations</b>	<b>9(4) and 9(5)</b>

- (2) **Municipal properties are exempted from paying rates as it will increase the rates burden or service charges to property owners or consumers.**
- (3) **Cemeteries and crematoriums registered in the name of private persons and operated not for gain.**
- (4) **Properties owned by community benefit organizations located in the municipality for the benefit of people in the municipality.**
- (5) **Section 13 and 35: Prohibition on the rating of certain public services infrastructure subject to the phasing in period.**
- (6) **Exemptions will be subject to the following conditions:**

- (a) All applications must be addressed in writing to the municipality;
- (b) A SARS tax exemptions certificate must be attached to all applications;
- (c) The municipal manager or his/her nominee must approve all applications;
- (d) Applications must reach the municipality before the end of October preceding the start of the new municipal financial year for which relief is sought; and
- (e) The municipality retains the right to refuse exemptions if the details supplied in the application form were incomplete, incorrect or false.

#### 10. Rebates

##### (1) Categories of properties

- (a) The municipality may grant rebates within the meaning of section 15(1)(b) of the Act on the rates to the owners of the following categories of properties and subject to the criteria and conditions contained in 10(1)(b) to 10(1)(f) of this by-law:-

##### Description of category of property

- (a) General Residential
  - (b) Vacant residential properties
  - (c) Industrial
  - (d) Business/Commercial
  - (e) Agricultural Land for Farming
  - (f) Agricultural Land portions for-mixed use as depicted in the Act
  - (g) Property with mining permit
  - (h) Property with mineral rights
  - (i) Public Service Purpose
  - (j) Public Service Infrastructure
- Public services infrastructures are the following components:
- (1) National, provincial or other public roads on which goods, services or labour move across a municipal boundary;
  - (2) Railway lines forming part of a national railway system;
  - (3) 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; “(as amended by section1(k) of the Amendment Act); and
  - (4) 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.

**In terms of Section 3 of the Amendment Act deletes subsection 3(4) of the principle Act and a new subsection 3(3)(k) is inserted. The newly inserted provision requires that a municipality’s rates policy must give effect to the Regulations on the Rate Ratios between Residential and Non-Residential Categories of Properties (“the Regulation”). The Regulations prescribe a ratio of 1:0.25 between residential and agricultural properties. The deletion of section 3(4) is intended to protect municipalities from obligation that may be imposed on them by property owners (particularly organized agricultural property owners) to provide for exemptions, rebates and reductions over and above the protection that is provided for agricultural properties in the Regulations. The agricultural property ratio in the regulations takes into account the matters that are contained in the deleted subsection 3(4), therefore there is no further obligation on a municipality to give further rebates, exemptions or reductions over and above the prescribed ratio.**

**(2) Categories of owners**

- (a) The following categories of owners of ratable properties may be granted a rebate on rates within the municipality within the meaning of section 15(1)(b) of the Act:-**

<b>Description of Category of Owners</b>	<b>Criteria</b>
<b>Indigent &amp; Unemployed Persons</b>	<b>10(2)(b)</b>

**(b) Criteria for granting rebates to category of owners**

**i. Indigent and unemployed Persons Rate Rebate**

**To qualify for the rebate a property owner must:**

- a. Occupy the property as his/her normal residence;**
- b. Be at least 60 years of age or in receipt of a disability pension from the Department of Welfare and Social Development;**
- c. Be in receipt of a total monthly income from all sources (including income of spouses of owner: not exceeding R2 700:- N.B. Link to Indigent Policy.**
- d. Not be the owner of more than one property; and**
- e. Provided that where the owner is unable to occupy the property due to no fault of his/her own, the spouse or minor children may satisfy the occupancy requirement.**

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

**iii. Applications must be accompanied by:-**

- a. A certified copy of the identity document or any other proof of the owners age which is acceptable to the municipality;**

- b. **Sufficient proof of income of the owner and his/her spouse;**
  - c. **An affidavit from the owner;**
  - d. **If the owner is a disabled person proof of a disability pension payable by the state must be supplied; and**
  - e. **If the owner has retired at an earlier stage for medical reasons proof thereof must be submitted.**
- iv. **These applications must reach the municipality before the end of October preceding the start of the new municipal financial year for which relief is sought.**
- v. **The municipality retains the right to refuse rebates if the details supplied in the application forms are incomplete, incorrect or false.**

## **11. Reductions**

### **(1) Categories of property and owners**

- (a) **A reduction in the municipal valuation as contemplated in section 15(1)(b) of the Act will be granted where the value of a property is affected by-:**
- 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.**
- (b) **The reduction will be in relation to the certificate issued for this purpose by the municipal valuer.**
- (c) **All categories of owners can apply for a reduction in the rates payable as described above.**
- (d) **Owners of the following categories of ratable property situated within the municipality may be granted a reductions within the meaning of section 15(1) (b) of the Act on the rates payable in respect of their properties and subject to the conditions contained in 11(1)(e) of this by-law:-**

<b>Description of category of property</b>
Residential property
Vacant properties
Business & commercial properties
Industrial
Agricultural Land for Farming
Agricultural land portions used for other purposes than agriculture – commercially, hospitality of guests, purposes of ecotourism, trading or hunting of game.
Property with mining permit
Property with mineral rights
Public Service Purpose
Public service infrastructure

**(e) Criteria for granting reductions**

- i. A reductions in the municipal valuation as contemplated in sections 15(1)(b) of the Act will be granted where the value of a property is affected by fire damage, demolition of floods.**
- ii. The reduction will be in relation to the certificate issued for this purpose by the municipal valuer.**

**12. Rates increases**

- (1) The municipality will consider increasing rates annually during the budget process in terms of the guidelines issued by National Treasury from time to time.**
- (2) Rates increase will be used to finance the increase in operating costs in municipal functions.**
- (3) Affordability of rates to ratepayers.**
- (4) All increases in property rates will be communicated to the local community through the community participation process.**

**13. Notification of rates**

- (1) The municipality will give notice of all rates approved at the annual budget meeting at least 30 days prior to the date that the rates become effective. Accounts delivered after the 30 days notice will be based on the new rates.**
- (2) A notice stating the purport of the municipality's resolution and the date on which the new rates become operational will be displayed by the municipality at places installed for that purpose.**

**14. Payment of rates**

- (1) Ratepayers may choose between paying rates annually in one installment on or before 30 September or in twelve equal installments on or before the seventh day of the month following on the month in which it becomes payable.**
- (2) If the owner of property that is subject to rates, notify the municipal manager of his/her nominee not later than 31 May in any financial year, or such later date in such financial year as may be determined by the municipal manager or his/her nominee that he/she wishes to pay all rates in respect of such property in installments, such owner shall be entitled to pay all rates in the subsequent financial year and each subsequent financial year in twelve installments until such notice is withdrawn by him/her in a similar manner.**
- (3) Interest on arrears rates, whether payable on or before 30 September or in equal monthly installments, shall be calculated in accordance with the provisions of the credit control, debt collection and indigent policy of the municipality.**
- (4) If a property owner, who is responsible for the payment of property rates in terms of this policy, fails to pay such rate in the prescribed manner, it will be recovered from him/her in accordance with the provisions of the Credit Control, Debt Collection and Indigent Policy of the Municipality.**
- (5) Arrears rates shall be recovered from tenants, occupiers and agents of the owner, in terms of section 28 and 29 of the Act.**
- (6) Where the rates levied on a particular property have been incorrectly determined, whether because of an error or omission on the part of the municipality or false information provided by the property owner concerned or a contravention of the permitted use to which the property concerned may be put, the rates payable shall be appropriately adjusted for the period extending from the date on which the error or omission is detected back to the date on which rates were first levied in terms of the current valuation roll.**
- (7) In addition, where the error occurred because of false information provided by the property owner or as a result of a contravention of the permitted use of the property concerned, interest on the unpaid portion of the adjusted rates payable shall be levied at the maximum rate permitted by prevailing legislation.**

**15. Short title**

**This by-law is the rates by-law of the Elundini Municipality.**

**16. Commencement**

**This by-law comes into force and effect on 1 July 2018.**