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## **LOCAL AUTHORITY NOTICES**

### **LOCAL AUTHORITY NOTICE 127**

#### **DITSOBOTLA LOCAL MUNICIPALITY**

Notice is hereby given in terms of Section 13 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000), read with Section 6 of the Local Government: Municipal Property Rates Act, 2004 (Act 6 of 2004) that Council adopted the Property Rates By-laws as set out hereunder.

Notice 3/2011

**T G LETLHOGILE**  
**MUNICIPAL MANAGER**

#### **DITSOBOTLA LOCAL MUNICIPALITY**

#### **PROPERTY RATES BY-LAW**

**FORMULATED IN TERMS OF SECTION 3 OF THE MUNICIPAL PROPERTY RATES ACT, 2004  
(ACT 6 OF 2004)**

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#### PROPERTY RATES BY-LAW

#### 1. LEGISLATIVE CONTEXT

- 1.1 This by-law is mandated by Section 3 of the Municipal Property Rates Act, 2004 (No. 6 of 2004), which specifically provides that a municipality must adopt a Rates Policy.
- 1.2 In terms of Section 229 of the Constitution of the Republic of South Africa, 1996 (No.108 of 1996), a municipality may impose rates on property.
- 1.3 In terms of the Municipal Property Rates Act, 2004 (No. 6 of 2004) a municipality in accordance with-
- (a) Section 2(1), may levy a rate on property in its area; and
  - (b) Section 2(3), must exercise its power to levy a rate on property subject to-
    - i. Section 229 and any other applicable provisions of the Constitution;
    - ii. the provisions of the Property Rates Act; and
    - iii. the rates policy.
- 1.4 In terms of Section 4 (1) (c) of the Municipal Systems Act, 2000 (No. 32 of 2000), the municipality has the right to finance the affairs of the municipality by imposing, *inter alia*, rates on property.
- 1.5 In terms of Section 62(1)(f)(ii) of the Municipal Finance Management Act, 2003 (No. 56 of 2003) the municipal manager must ensure that the municipality has and implements a rates by-law.
- 1.6 The by-laws of the Ditsobotla Local Municipality for levying rates on rateable property is set out in this document. The Council adheres to all requirements of the Act and Municipal Finance Management Act, 2003 (No. 56 of 2003) including any regulations promulgated in terms of these Acts.

- 1.7 As part of each annual operating budget the Council is obliged to impose a rate in the rand on the market value of all rateable properties as recorded in the municipality valuation roll or supplementary valuation roll(s). Rateable property shall include any rights registered against such property, with the exception of a mortgage bond. Generally, all land within the Ditsobotla Local Municipal area of jurisdiction is rateable unless it is specifically exempted as set out in Section 15 of the Act and includes:
- Cemeteries
  - Sport ground for exercising amateur sport
  - Properties owned by welfare organizations
- 1.8 The Rates by-law sets out the broad policy framework within which the municipality rates its area as per Section 3 of the Act, and gets annually reviewed and, when necessary, amends the municipality's rates of assessment as per Section 5 of the Act.
- 1.9 This by-law and the Municipal Property Rates Act, 2004 could be obtained from the Municipal Website [www.ditsobotla.co.za](http://www.ditsobotla.co.za)

## 2. DEFINITIONS

- 2.1 **Act** means the Municipal Property Rates Act, 2004 (No. 6 of 2004).
- 2.2 **Municipality** means the municipal council for the municipal area of Ditsobotla.
- 2.3 **Bona fide farmer** means the registered owner of agricultural land which is predominantly used for agricultural purposes.
- 2.4 **Private developed townships** – means single properties in an area not ordinary being serviced by the municipality divided through subdivision or township development into [five or more] full time stands and/or sectional units and where all services inclusive of water, electricity, sewerage and refuse removal and roads development are installed at the full cost of the developer, owner or Shareholders, maintained and rendered to the residents of such townships, including permitted use for residential purposes of land of mine companies and protected areas where township establishment did not take place.
- 2.5 **All other terms** are used within the context of the definitions contained in the Municipal Property Rates Act, 2004 (No. 6 of 2004).

## 3. BY-LAW PRINCIPLES

- 3.1 Rates are levied in accordance with the Act as an amount in the rand based on the market value of all rateable property contained in the municipality's valuation roll and supplementary valuation roll.
- 3.2 As allowed for in the Act, the municipality has chosen to differentiate between various categories of property and categories of owners of property. Some categories of property and categories of owners are granted relief from rates. The municipality however does not grant relief in respect of payments for rates to any category of owners or properties, or to owners of properties on an individual basis, other than by way of an exemption, rebate or reduction provided for in this policy.
- 3.3 Phasing in of rates will be based on the new valuation roll and in terms of Section 21 of the Municipal Property rates Act (Act No. 6 of 2004)
- 3.4 The rates by-law for the municipality is based on the following principles:
- 3.4.1 Equity
- The municipality will treat all ratepayers with similar properties the same.
- 3.4.2 Affordability
- The ability of a person to pay rates will be taken into account by the municipality. In dealing with the poor/indigent ratepayers the municipality will provide relief measures through exemptions, reductions or rebates.

### 3.4.3 Sustainability

Rating of property will be implemented in a way that:

3.4.3.1 it supports sustainable local government by providing a stable and buoyant revenue source within the discretionary control of the municipality; and

3.4.3.2 supports local and social economic development with consideration and compliance with the LED strategy of the municipality.

### 3.4.4 Cost efficiency

Rates will be based on the value of all rateable properties and the amount required by the municipality to balance the operating budget after taking into account profits generated on trading services (water, electricity) and economic services (refuse removal, sewerage removal) and the amounts required to finance exemptions, rebates, reductions and phasing-in of rates as approved by the municipality from time to time.

## 4. SCOPE OF THE BY-LAW

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

## 5. APPLICATION OF THE BY-LAW

In imposing the rate in the rand for each annual operating budget component, the municipality shall grant exemptions, rebates and reductions to the respective categories of properties and owners as allowed in this by-law. The council shall, in imposing the rate for each financial year, take proper cognizance of the aggregate burden of rates and service charges on representative property owners, in the various categories of the property ownership, and of the extent to which this burden is or remains competitive with the comparable burden in other municipalities within the local economic region.

## 6. CLASSIFICATION OF SERVICES AND EXPENDITURE

6.1 The municipal manager or his/her nominee must, subject to the guidelines provided by the National Treasury and appropriate Financial Committee of the municipality, make provision for the following classification of services:-

### 6.1.1 Trading services

6.1.1.1 Water

6.1.1.2 Electricity

### 6.1.2 Economic services

6.1.2.1 Refuse removal.

6.1.2.2 Sewerage disposal.

### 6.1.3 Community services

6.1.3.1 Air pollution

6.1.3.2 Fire fighting services

6.1.3.3 Local tourism

6.1.3.4 Municipal planning

- 6.1.3.5 Municipal public works, only in respect of the needs of municipalities in the discharge of their responsibilities and to administer functions specially assigned or authorised to them under the Constitution or any other law.
- 6.1.3.6 Stormwater management system in built-up areas.
- 6.1.3.7 Trading regulations
- 6.1.3.8 Fixed billboards and the display of advertisements in public places
- 6.1.3.9 Cemeteries
- 6.1.3.10 Control of public nuisances
- 6.3.1.11 Control of undertakings that sell liquor to the public
- 6.3.1.12 Township development
- 6.3.1.13 Facilities for accommodation, care and burial of animals
- 6.3.1.14 Fencing and fences
- 6.3.1.15 Licensing of dogs
- 6.3.1.16 Licensing and control of undertakings that sell food to the public
- 6.3.1.17 Local amenities
- 6.3.1.18 Local sport facilities
- 6.3.1.19 Municipal parks and recreation
- 6.3.1.20 Municipal roads
- 6.3.1.21 Noise pollution
- 6.3.1.22 Pounds
- 6.3.1.23 Public places
- 6.3.1.24 Street trading/street lighting
- 6.3.1.25 Traffic and parking
- 6.3.1.26 Building control
- 6.3.1.27 Licensing of motor vehicles and transport permits
- 6.3.1.28 Nature reserves
- 6.3.1.29 Forestry
- 6.1.4 Subsidised services
  - 6.1.4.1 Health and fire
  - 6.1.4.2 Libraries and museums
  - 6.1.4.3 Proclaimed roads.

- 6.2 Trading and economic services must be ring fenced and financed from service charges while community and subsidised services will be financed from profits on trading and economic services, regulatory fees, rates and rates related income.
- 6.3 **Expenditure** will be classified in the following **categories**:
- 6.3.1 Salaries, wages and allowances
  - 6.3.2 Bulk purchases
  - 6.3.3 General expenditure
  - 6.3.4 Repairs and maintenance
  - 6.3.5 Capital charges (interest, redemption and depreciation)
  - 6.3.6 Contribution to fixed assets
  - 6.3.7 Contribution to funds-
    - 6.3.7.1 bad debts
    - 6.3.7.2 working capital; and
  - 6.3.8 statutory funds
  - 6.3.9 Contribution to reserves
  - 6.3.10 Gross expenditure. (7.3.1 to 7.3.8)
  - 6.3.11 Less charge-out. (Inter departmental charge-outs)
  - 6.3.12 Net expenditure. (7.3.9 – 7.3.10)
  - 6.3.13 Income.
  - 6.3.14 Surplus/Deficit – (Difference between (6.3.11) and (6.3.12))
- 6.4 **Cost centres** will be created to which the costs associated with providing the service can be allocated-
- 6.4.1 by Department;
  - 6.4.2 by Section/services; and
  - 6.4.3 by Division/services.
- 6.5 The subjective classification of expenditure each with a unique vote must be applied to all cost centres.
- 7. CATEGORIES OF PROPERTY**
- 7.1 Criteria for determining categories of properties for the purpose of levying different rates and for the purpose of granting exemptions will be according to the;
- 7.1.1 Use of the property;
  - 7.1.2 Permitted use of the property,
  - 7.1.3 A combination of (a) and (b)
- 7.2 Categories of property for the municipality include-
- 7.2.1 develop residential properties;
  - 7.2.2 undeveloped residential properties;
  - 7.2.2 business and commercial properties
  - 7.2.4 industrial properties;
  - 7.2.5 mining properties;
  - 7.2.6 public service infrastructure;
  - 7.2.7 Properties owned by public benefit organisations and used for specified public benefit activities listed in Part 1 of the Ninth Schedule of the Income Tax Act;



- 7.2.8 agricultural properties
- 7.2.9 state-owned properties used for public service purposes
- 7.2.10 municipal owned properties;
- 7.2.11 multiple use properties;
- 7.2.12 protected areas;
- 7.1.13 any other category of properties as may be determined by the Minister by Notice in the Gazette

## 8. CATEGORIES OF OWNERS

- 8.1 Criteria for determining categories of owners of properties, for the purpose of granting exemptions, rebates and reductions will be according to the-
  - 8.1.1 indigent status of the owner of a property
  - 8.1.2 sources of income of the owner of a property
  - 8.1.3 owners of property situated within an area affected by-
    - 8.1.3.1 a disaster within the meaning of the Disaster Management Act, 2002 (Act No. 57 of 2002); or
    - 8.1.3.2 any other serious adverse social or economic conditions;
  - 8.1.4 owners of residential properties with a market value below a determined threshold; or
- 8.2 Owners of agricultural properties who are *bona fide* farmers and who have contributed to the enhancement of socio-economic matters of the farm- workers.
- 8.3 The municipality may determine the categories of owners in accordance with section 7 of this by-law for purposes of granting exemptions, rebates or reduction in rates, and such categories of owners, may include (which list is not exhaustive):
  - 8.3.1 Indigent owners in terms of the Municipality indigent policy;
  - 8.3.2 Owners dependent on pensions or social grants for their livelihood;
  - 8.3.3 Owners temporarily without an income;
  - 8.3.4 Owners of property situated within an area affected by
    - 8.3.4.1 Disaster within the meaning of the Disaster Management Act 57 of 2002
    - 8.3.4.2 Any other serious adverse social or economic conditions;
  - 8.3.5 Owners of residential properties with a market value below an amount determined by the municipality;
  - 8.3.6 Owners of agricultural properties used predominantly for agricultural purposes.

## 9. PROPERTIES USED FOR MULTIPLE PURPOSES

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

- 9.1 A purpose corresponding with the permitted use of the property, if the permitted use of the property is regulated;
  - 9.2 A purpose corresponding with the dominant use of the property;
- or
- 9.3 By apportioning the market value of a property to the different purposes for which the property is used; and
  - 9.4 Applying the relevant cent amount in the rand to the corresponding apportioned market value.

**10. DIFFERENTIAL RATING**

10.1 Criteria for differential rating on different categories of properties will be according to-

10.1.1 The nature of the property including its sensitivity to rating e.g. agricultural properties used for agricultural purposes.

10.1.2 The promotion of social and economic development of the municipality.

10.2 The municipality has the right, but is not compelled, to levy different rates for different categories of rateable properties. However the municipality is bound to follow the provisions of the "REGULATIONS ON THE RATE RATIO BETWEEN THE RESIDENTIAL AND NON-RESIDENTIAL CATEGORIES OF PROPERTIES" published by way of Government Notice 32061 on March 2009, as amended which provides that the rate on the categories on certain non-residential properties may not exceed the ratio to the rate on residential properties listed in the second column of the table in such regulation.

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

and/or

10.4 By way of reductions and rebates.

10.5 The Municipality will determine a rate for residential property and will apply the following rate ratios in relation to residential property;

Categories	Ratio in relation to residential property
Residential property	1:1
Farm property as defined in Section 8(2)(d)(i) and 8(2)(f) (i) property used for agricultural purposes and smallholdings used for agricultural purposes)	1:0.25
Public Service Infrastructure properties	1:0.25

**11. EXEMPTIONS**

11.1 The following categories of property are exempted from rates:

11.1.1 Municipal properties

Subject to a majority decision, a municipality may exempt the following municipal properties from paying rates as it will increase the rates burden or service charges to property owners or consumers.

11.1.1.1 rateable properties registered in the name of the municipality and is let to the employees of the municipality for residential purposes,

11.1.1.2 rateable property registered in the name of another municipality if such property is used in connection with the supply of electricity, water, gas or sewerage services, or

11.1.1.3 rateable property registered in the name of the municipality and which is let or lease.

11.1.1.4

**except**

11.1.1.5 If any property belonging to a municipality is disposed off to any person, he shall be considered to be the owner liable for the payment of rates from the date he takes possession and/or ownership.

### 11.1.2 Residential properties

On the first R45 000 of the market value of a property assigned in the valuation roll or supplementary valuation roll of the municipality to the category-

- 11.1.2.1 Developed residential properties,
- 11.1.2.2 Agricultural properties also used for residential purposes,
- 11.1.2.3 Properties used for multiple purposes, provided that one or more components of the property are used for residential purposes.

The R15000 impermissible rates contemplated in section 17(1) of the Act is included in the R45000 amount.

### 11.1.3 Cemeteries and crematoria

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

### 11.1.4 Public Benefit Organisations

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

#### 11.1.4.1 Health care institutions

Properties used exclusively as a hospital, clinic and mental hospital, including workshops used by the inmates, laundry or cafeteria facilities, provided that any profits from the use of the property are used entirely for the benefit of the institution and/or to charitable purposes within the municipality.

#### 11.1.4.2 Welfare institutions

Properties used exclusively as an orphanage, non-profit retirement villages, old age home or benevolent institution, including workshops used by the residents, laundry or cafeteria facilities, provided that any profits from the use of the property are used entirely for the benefit of the institution and/or to charitable purposes within the municipality.

#### 11.1.4.3 Educational institutions and Independent schools

Property belonging to educational institutions and independent schools declared or registered by law and not receiving any subsidy from government for their operational costs.

#### 11.1.4.4 Charitable institutions

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

#### 11.1.4.5 Sporting bodies

Property used by an organisation whose main purpose is to use the property for sporting purposes on a non-professional and non-profitable basis.

#### 11.1.4.6 Cultural institutions

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

11.1.4.6.1 Museums, libraries, art galleries and botanical gardens

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

11.1.4.6.2 Youth development organisations

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

11.1.4.6.3 Animal welfare

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

11.1.5 Public Worship

Properties for public worship as indicated in clause 17(i)(ii) of the Act.

11.1.6 Public Service Infrastructure

Is exempted from paying rates as they provide essential services to the community

11.2 Exemptions will be subject to the following conditions:

11.2.1 All applications must be addressed in writing to the municipality in the prescribed manner or application form;

11.2.2 A SARS tax exemption certificate must be attached to all applications;

11.2.3 The municipal manager or his/her nominee must approve all applications;

11.2.4 Applications must reach the municipality before the end of September preceding the start of the new municipal financial year for which relief is sought; and

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

**12. REDUCTIONS**

12.1 A reduction in the municipal valuation as contemplated in section 15(1)(b) of the Act will be granted where the value of a property is affected by-

12.1.1 A disaster within the meaning of the Disaster Management Act, 2002 (Act No. 57 of 2002); or

12.1.2 Any other serious adverse social or economic conditions

12.2 The reduction will be in relation to the certificate issued for this purpose by the municipal valuer.

12.3 All categories of owners can apply for a reduction in the valuation of the property as described above.

12.4 Criteria for granting reductions

12.4.1 A reduction in the municipal valuation as contemplated in section 15(1)(b) of the Act may be granted where the value of a property is affected by fire damage, floods or is demolish.

12.4.2 The reduction will be in relation to the certificate issued for this purpose by the municipal valuer.

### 13. REBATES

#### 13.1. Categories of property

##### 13.1.1 Business, commercial, industrial and agricultural properties

13.1.1.1 The municipality may grant rebates to rateable enterprises that promote local, social and economic development its area of jurisdiction, based on its Local, Social and Economic Development Policy as outlined in schedule A. The following criteria will apply:

13.1.1.1.1 job creation in the municipal area;

13.1.1.1.2 social upliftment of the local community;

13.1.1.1.3 creation of infrastructure for the benefit of the local community; and subject to:-

13.1.1.1.4 the land or property must be zoned for the abovementioned purpose in terms of the Town Planning Scheme or land use management plan in operation, of the municipality

13.1.1.2 A maximum rebate as annually determined by the municipality may be granted on application as **[prescribed application form available at the municipality and on the web-site of the municipality]** and received before 30 September prior to the financial year that the rebate is applied for. In the year that a new valuation roll is prepared for the municipality, the final date for such application shall be 28 February of the calendar year in which the valuation roll becomes effective. The following must be submitted with the application:

13.1.1.2.1 Proof of registration at the Department of Labour registered as Employer and Number of Employees contribute Unemployment Insurance Fund (UIF), and

13.1.1.2.2 an assessment by the municipal manager or his/her nominee indicating that the company qualify.

##### 13.1.2 State properties

Receive a rebate as determined in schedule A for payment of rates in full before 30 September of the financial year applicable.

##### 13.1.3 Private and Public Schools properties

Receive a rebate as determined in schedule A.

##### 13.1.4 Privately owned township developed and serviced by the owner

The municipality may grant a rebate of 50%, which applies to privately developed townships qualifying as defined in paragraph 2[definition] of this by-law provided that an application to that effect, is received not later than 30 September of each year preceding the financial year for which rebate is being applied for, provided that the necessary proof of such private development, be submitted with application. In the year that a new valuation roll is prepared for the municipality, the final date for handing in such an application shall be 28 February of the calendar year in which the valuation roll becomes effective.

##### 13.1.5 Agricultural property rebate

13.1.5.1 Agricultural properties may be granted a rebate subject to the owner providing the municipality with required information in an affidavit received not later than 30 September each year. In the year that a new valuation roll is prepared for the municipality, the final date for handling in such an affidavit shall be 28 February of the calendar year in which the valuation roll becomes effective.

13.1.5.2 Rebates may be granted on the following as outline in Schedule A:

13.1.5.2.1 The extent of municipal services provided to agricultural properties

- 13.1.5.2.1.1 if there are no municipal roads next to the property.
- 13.1.5.2.1.2 if there is no municipal sewerage to the property.
- 13.1.5.2.1.3 if there is no municipal electricity to the property.
- 13.1.5.2.1.4 if water is not supplied by the municipality
- 13.1.5.2.1.4 if there is no refuse removal that is provided by the municipality.

13.1.5.2.2 The contribution of agriculture to the local economy

A rebate may be granted as determined in Schedule A to agricultural property that contributes substantially to job creation, and the salaries/wages of farm workers are reasonable, e.g. if they meet minimum standards set by Basic Conditions Act (Sectorial Determination) or if they are in line with the sector's average.

13.1.5.2.3 Rebates may be granted as determined in Schedule A after submission of proof by the owner, to the extent to which agriculture assists in meeting service delivery and development obligations of the municipality and contribution to the social and economic welfare of farm workers:

- 13.1.5.2.3.1 if the owner is providing permanent residential property to the farm workers.
- 13.1.5.2.3.2 if such residential properties are provided with potable water.
- 13.1.5.2.3.3 if the farmer has electrified such residential properties of his farm workers including alternative energy sources.
- 13.1.5.2.3.4 if the farmer is availing his land/buildings to be used for education purposes of the farm workers and their dependants and the nearby community in general.

13.1.6 Conservation Land

No rebates are granted to privately owned properties whether designated or used for conservation purposes subject to the provision of Section 17(1)(e) of the Act.

13.1.7 Historical or heritage properties

No rebates are granted other than residential rebates if appropriate.

13.2 Categories of owners

13.2.1 Retired Persons Rate Rebate

13.2.1.1 Retired Persons qualify for special rebates according to monthly household income. To qualify for the rebate a property owner must:

- 13.2.1.1.1 occupies the property as his/her normal residence;
- 13.2.1.1.2 be at least 60 years of age or in receipt of a disability pension from the Department of Social Development or other approved pension funds;
- 13.2.1.1.3 be in receipt of a total monthly income from all sources (including income of spouses of owner) as per schedule A;
- 13.2.1.1.4 not be the owner of more than one property.

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

- 13.2.1.3 Applications must be accompanied by-
- 13.2.1.3.1 a certified copy of the bar coded identity document/passport, driver's license, birth certificate or any other proof of the owner's age which is acceptable to the municipality;
  - 13.2.1.3.2 sufficient proof of income of the owner and his/her spouse;
  - 13.2.1.3.3 an affidavit from the owner;
  - 13.2.1.3.4 if the owner has retired at an earlier stage for medical reasons proof thereof must be submitted.
  - 13.2.1.3.5 be in receipt of a total monthly income from all sources (including income of spouses of owner) as determined in schedule A;
- 13.2.1.4 These applications must reach the municipality before the end of September preceding the start of the new municipal financial year for which relief is sought.
- 13.2.1.5 The municipality reserves the right to refuse rebates if the details supplied in the application form are incomplete, incorrect or false.
- 13.2.1.6 Rebate will be granted as determined by in schedule A in terms of the above.

13.3 Properties with a market value below a prescribed valuation level

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

**14. COMPULSORY PHASING IN OF RATES**

14.1 Newly Rateable Properties

14.1.1 Rates levy on newly rateable property will be phased in over a period of three financial years,

14.1.2 The phasing-in discount will be determined as follow:

- 14.1.2.1 In the first year, 75% discount on the rates for the year applicable on the property,
- 14.1.2.2 in the second year, 50% discount on the rates for the year applicable on the property,
- 14.1.2.3 in the third year, 25% discount on the rates for the year applicable on the property,

14.2 Newly Rateable property owned and used by Public Benefit Organisations

14.2.1 Rates levied on newly rateable property owned and used by organisations conducting specified public benefit activities and registered in terms of the Income Tax Act for those activities will be phased in over a period of four financial years,

14.2.2 The phasing-in discount will be determined as follow:

- 14.2.2.1 In the first year, 75% discount on the rates for the year applicable on the property,
- 14.2.2.2 in the second year, 50% discount on the rates for the year applicable on the property,
- 14.2.2.3 in the third year, 25% discount on the rates for the year applicable on the property,

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

14.3.1 The exclusion on property belonging to a land reform beneficiary or his/her heirs from levying of rates will lapses ten years from the date on which such beneficiary's title was registered in the office of the Registrar of Deeds,

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

14.3.3 The phasing-in discount will be determined as follow:

- 14.3.3.1 In the first year, 75% discount on the rates for the year applicable on the property,
- 14.3.3.2 in the second year, 50% discount on the rates for the year applicable on the property,
- 14.3.3.3 in the third year, 25% discount on the rates for the year applicable on the property,

## **15. SPECIAL RATING AREAS**

- 15.1 The municipality will, whenever deemed necessary, by means of a formal Council resolution determine special rating areas in consultation with the relevant communities as provided for in section 22 of the Act.
- 15.2 The following matters shall be attended to in consultation with the committee referred to in clause 15.3 whenever special rating is being considered:
  - 15.2.1 Proposed boundaries of the special rating area;
  - 15.2.2 Statistical data of the area concerned giving a comprehensive picture of the number of erven with its zoning, services being rendered and detail of services such as capacity, number of vacant erven and services that are not rendered;
  - 15.2.3 Proposed improvements clearly indicating the estimated costs of each individual improvement;
  - 15.2.4 Proposed financing of the improvements or projects;
  - 15.2.5 Priority of projects if more than one;
  - 15.2.6 Social economic factors of the relevant community;
  - 15.2.7 Different categories of property;
  - 15.2.8 The amount of the proposed special rating;
  - 15.2.9 Details regarding the implementation of the special rating;
  - 15.2.10 The additional income that will be generated by means of this special rating.
- 15.3 A committee consisting of 6 members of the community concerned of which 3 shall be women will be established to advise and consult the municipality in regard to the proposed special rating referred to above. This committee will be elected by the inhabitants of the applicable area concerned who are 18 years of age or older. No person under the age of 18 may be elected to serve on the committee. The election of the committee will happen under the guidance of the Municipal Manager. The committee will serve in an advisory capacity only and will have no decisive powers.
- 15.4 The required consent of the relevant community shall be obtained in writing or by means of a formal voting process under the chairmanship of the Municipal Manager. A majority shall be regarded as 50% plus one of the households affected. Each relevant household, i.e. every receiver of a monthly municipal account, will have 1 vote only.
- 15.5 In determining the special additional rates the municipality shall differentiate between different categories as referred to in paragraph 7.
- 15.6 The additional rates levied shall be utilised for the purpose of improving or upgrading of the specific area only and not for any other purposes whatsoever.
- 15.7 The municipality shall establish separate accounting and other record-keeping systems, compliant with GRAP, for the identified area and the households concerned shall be kept informed of progress with projects and financial implications on an annual basis.



**16. COST TO THE MUNICIPALITY DUE TO EXEMPTIONS, REDUCTIONS, REBATES, EXCLUSIONS, PHASING IN AND THE BENEFIT THEREOF TO THE LOCAL COMMUNITY**

- 16.1 The costs associated with exemptions, reductions, rebates, exclusions and phasing in of rates as reflected in schedule B
- 16.2 The benefit to the community of granting relief measures may be-
- 16.2.1 the promotion of local economic development including attracting business investment, for example small business establishment;
  - 16.2.2 creation of employment for municipal residents;
  - 16.2.3 promotion of service delivery, for example by farmers;
  - 16.2.4 poverty alleviation to the indigents;
  - 16.2.5 social development and moral development, for example, by religious institutions, sports institutions, schools and other non-governmental organisations which promote health and other benefit to the community; and
  - 16.2.6 Improved local economic growth.

**17. RATES INCREASES**

- 17.1 The municipality may consider increasing rates annually during the budget process in terms of the guidelines issued by National Treasury from time to time.
- 17.2 Rate increases will be used to finance the increase in operating costs of community and subsidised services.
- 17.3 Relating to community and subsidised services the following annual adjustments will be made:
- 17.3.1 All salary and wage increases as agreed at the South African Local Government Bargaining Council as well as increases of Section 56 and 57 managers
  - 17.3.2 An inflation adjustment for general expenditure, repairs and maintenance and contributions to statutory funds, and
  - 17.3.3 Additional depreciation costs or interest and redemption on loans associated with the assets created during the previous financial year.
- 17.4 Extraordinary expenditure related to community services not foreseen during the previous budget period and approved by the council during a budget review process may be financed by an increase in property rates.
- 17.5 Affordability of rates to ratepayers.
- 17.6 All increases in property rates will be communicated to the local community in terms of the municipality's policy on community participation.

**18. NOTIFICATION OF RATES**

- 18.1 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.
- 18.2 A notice stating the extent of the municipality's resolution and the date on which the new rates become operational will be displayed by the municipality for a period of at least 30 days at places provided for that purpose as well as in the Provincial gazette as required in terms of Section 14(2) of the Act.

**19. PAYMENT OF RATES**

- 19.1 Ratepayers may choose between paying rates annually in one instalment on or before 30 September or in twelve equal instalments on or before the seventh day of the month following on the month in which it becomes payable, if the ratepayer full pays his/her levy in advance before 30 September each year, a rebate will be granted on the payment as reflected in Schedule A.

- 19.2 If the owner of property that is rateable, notifies the municipal manager or his/her nominee not later than 31 May in any financial year, or such later date in such financial year as may be determined by the municipal manager or his/her nominee that he/she wishes to pay all rates in respect of such property in instalments, such owner shall be entitled to pay all rates in the subsequent financial year and each subsequent financial year in twelve instalments until such notice is withdrawn by him/her in a similar manner.
- 19.3 Interest on arrears of rates, whether payable on or before 30 September or in equal monthly instalments, shall be calculated in accordance with the interest rate as determined by the Minister for Cooperative Governance.
- 19.4 If a property owner, who is responsible for the payment of property rates in terms of this by-laws, fails to pay such rates 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.
- 19.5 Arrears of rates shall be recovered from tenants, occupiers and agents of the owner, in terms of section 28 and 29 of the Act.
- 19.5.1 (a) If an amount due for rates levied in respect of a property is unpaid by the owner of the property after the date determined, the municipality will recover the amount in whole or in part from the tenant or occupier of the property, despite any contractual obligation between the tenant and the owner. The municipality will only recover the outstanding rates from the tenant or occupier after a written notice has been served to the tenant or occupier.
- (b) The amount that the municipality will recover from the tenant or occupier will be limited to the amount of the rent or other money due and payable, but not yet paid by the tenant or occupier to the owner of the property. The tenant or occupier must set off any amount recovered from them by the municipality against any money owed to the owner.
- (c) The tenant or occupier of a property will on request of the municipality, furnish the municipality with a written statement specifying all payments to be made by the tenant or occupier to the owner of the property for rent or other money payable on the property during a period as may be determined by the municipality.
- 19.5.2 (a) If an amount due for rates levied in respect of a property is unpaid by the owner of the property after the date determined, the municipality will recover the amount in whole or in part from the agent of the owner. The municipality will only recover the outstanding rates from the agent after a written notice has been served to the agent.
- (b) The amount that the municipality will recover from the agent will be limited to the amount of any rent or other money received by the agent on behalf of the owner, less any commission due to the agent.
- (c) The agent, will on request of the municipality, furnish the municipality with a written statement specifying all payments for rent on the property and any money received by the agent on behalf of the owner during a period as may be determined by the municipality.

## **20. PAYMENT OF RATES ON PROPERTY IN SECTIONAL TITLE SCHEME**

- 20.1 A rate on a property, which is subject to a sectional title scheme, will be levied on the individual sectional title units in the scheme and not on the property as a whole
- 20.2 The rate levied on a sectional title unit will be payable by the owner of the unit. The municipality will not recover the rate on such sectional title unit, or any part of such rates, from the body corporate controlling the sectional title unit, **except** when the body corporate itself is the owner of any specific sectional title unit.

## **21. ACCOUNTS TO BE FURNISHED**

- 21.1 The municipality will furnish each person liable for the payment of rates with a written account, which will specify:

- 21.1.1 the amount due for rates payable,
- 21.1.2 the date on or before which the amount is payable,
- 21.1.3 how the amount was calculated,
- 21.1.4 the market value of the property, and
- 21.1.4 rebates, exemptions, reductions or phasing-in, if applicable.

- 21.2 A person liable for payment of rates remains liable for such payment, whether or not such person has received a written account from the municipality. If the person concerned has not received a written account, he/she must make the necessary enquiries with the municipality.
- 21.3 In the case of joint ownership the municipality shall consistently, in order to minimise costs and unnecessary administration, recover rates from one of the joint owners only provided that it takes place with the consent of the owners concerned.

## **22. CORRECTION OF ERRORS AND OMISSIONS**

- 22.1 Where the rates levied on a particular property have been incorrectly determined, whether because of an error or omission on the part of the municipality or false information provided by the property owner concerned or a contravention of the permitted use to which the property concerned may be put, the rates payable shall be appropriately adjusted for the period extending from the date on which the error or omission is detected back to the date on which rates were first levied in terms of the current valuation roll.
- 22.2 In addition, where the error occurred because of false information provided by the property owner or as a result of a contravention of the permitted use of the property concerned, interest on the unpaid portion of the adjusted rates payable shall be levied at the maximum rate permitted by prevailing legislation.

## **23. FREQUENCY OF VALUATION**

The municipality shall prepare a new valuation roll every 4 (four) years, with the option to extend the validity of the valuation roll to 5 (five) or 6 (six) years with the approval of the MEC for Local Government in the province.

Supplementary valuations will be done in terms of the Act on a continuous basis to ensure that the valuation roll is properly maintained.

## **24. COMMUNITY PARTICIPATION**

Before the municipality adopts the rates by-law, the municipal manager will follow the process of community participation envisaged in chapter 4 of the Municipal Systems Act and comply with the following requirements:

The municipal manager will:

- 24.1 Conspicuously display the draft rates policy for a period of at least 30 days at the municipality's head and satellite offices and libraries and on the website.
- 24.2 Advertise in the media a notice stating that the draft by-laws has been prepared for submission to council and that such by-laws is available at the various municipal offices and on the website for public inspection. Property owners and interest persons may obtain a copy of the draft policy from the municipal offices during office hours at the prescribed fee payable per copy. Property owners and interest persons are invited to submit written comments or representations to the municipality within the specified period in the notice.
- 24.3 Council will consider all comments and/or representations received when considering the finalisation of the rates by-laws.

## **25. REGISTER OF PROPERTIES**

The municipality will compile and maintain a register in respect of all properties situated within the jurisdiction of the municipality. The register will be divided into Part A and Part B.

Part A of the register will consist of the current valuation roll of the municipality and will include all supplementary valuations done from time to time.

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

- 25.1 Exemption from rates in terms of section 15 of the Property Rates Act,
- 25.2 Rebate or reduction in terms of section 15,
- 25.3 Phasing-in of rates in terms of section 21, and
- 25.4 Exclusions as referred to in section 17.

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

The municipality will update Part A of the register during the supplementary valuation process when necessary.

Part B of the register will be updated annually.

## 26. BY-LAWS TO GIVE EFFECT TO THE RATES POLICY

The municipality will adopt By-laws to give effect to the implementation of the Rates By-laws and such By-laws may differentiate between different categories of properties and different categories of owners of properties liable for the payment of rates.

## 27. REGULAR REVIEW PROCESSES

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

## 28. SHORT TITLE

This by-law is the Property Rates By-Law for Ditsobotla Local Municipality.

## 29. ENFORCEMENT/IMPLEMENTATION

This Rates by-Law has been adopted by the Municipality in terms of resolution A2 dated 19 January 2011 and comes into effect from 1 July 2011.

### SCHEDULE A SCHEDULE OF REBATES

Category/Description	Proposed rebate	Council's adopted rebate
Private Schools	10%	
Public Service Infrastructure (in terms of the Act)	100%	
Full payment of Rates before 30 September – (ALL)	10%	
Contribution to job creation		
▶ 1 to 10 workers	2.5 %	
▶ 11 to 49 workers	5%	
▶ 50 workers and more	7,5%	
<b>Rebates on Agricultural Land</b>		
➤ No municipal roads next to property	10%	
➤ No municipal sewerage to the property	10%	
➤ No municipal electricity to the property	7%	
➤ No water supply to the property by the municipality	15%	

➤ No refuse removal provided by the municipality	8%	
<b>Contribution to social and economic welfare of farm workers:</b>		
➤ Residential property provide with potable water	5%	
➤ Residential property provide with electricity	5%	
➤ Availing land/buildings for education and recreational purposes for farm workers	5%	
<b>Retired person on residential properties only :</b>		
➤ Owner with income less than R 5 000 per month excluding Indigent.	50%	
➤ Owner with income between R 5 001 and R 10 000	40%	

**SCHEDULE B**

**The costs associated with exemptions, reductions, rebates, exclusions and phasing in of rates**

i.	<u>Exemptions</u>	R	c
	Municipal properties		.....
	Residential properties		.....
	Cemeteries and crematoriums		.....
	Public service infrastructure		.....
	Public benefit organisations		.....
ii.	<u>Reductions</u>		
	Properties affected by disaster		.....
	Properties affected by serious adverse social or economic conditions		.....
iii.	<u>Rebates</u>		
	Enterprises that promote local, social and economic development		.....
	State properties		.....
	Residential properties		.....
	Retired and disabled persons		.....
vi.	<u>Phasing in</u>		
	Newly rateable property		.....
	Land reform beneficiaries		.....
v.	<u>Exclusions</u>		
	Public service infrastructure		.....
	Protected areas		.....
	Land reform beneficiary		.....
	Residential property (mandated R 45 000 exemption)		.....
	Public places of worship		.....

**Total Cost** \_\_\_\_\_

**LOCAL AUTHORITY NOTICE 128****DITSOBOTLA LOCAL MUNICIPALITY****NOTICE OF PROPERTY RATES PAYMENT IN RESPECT OF THE FINANCIAL YEAR  
1 JULY 2011 – 30 JUNE 2012**

Notice is hereby given in terms of section 14 (2) of the Local Government: Municipal Property Rates Act, 2004 (Act 6 of 2004) read with section 21A of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) that the following property rates will be levied by resolution of the Council in respect of the above mentioned financial year on the ratable property recorded in the valuation roll or supplementary valuation roll with effect 01 July 2011:

- . Residential: R0. 008 in the Rand.
- . Agricultural Land: R0. 002 in the Rand.
- . Businesses: R0. 012 in the Rand.
- . Government: R0. 015 in the Rand.
- . Businesses outside Townships: R0. 006 in the Rand.

Civic Centre  
C/o Dr. Nelson Mandela Drive &  
Transvaal Street  
LICHTENBURG  
2740

T.G. LETLHOGILE  
MUNICIPAL MANAGER

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