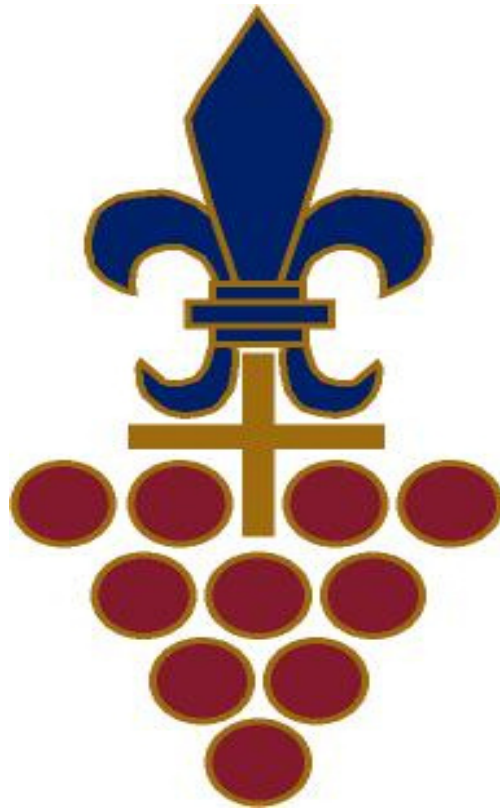


# STELLENBOSCH MUNICIPALITY



## RATES POLICY

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## 1. BACKGROUND

In 2007, Stellenbosch Municipality initiated a process to prepare a General Valuation Roll of all property situated within the geographical boundaries of WC024 in terms of the requirements of the Municipal Property Rates Act no 6 of 2004 (MPRA) which becomes effective on 1 July 2009. This Policy is formulated in terms of *Section 3* of the MPRA.

## 2. LEGISLATIVE CONTEXT

- 2.1 In terms of Section 229 of the Constitution Act No 108 of 1996, a municipality may impose rates on property.
- 2.2 In terms of Section 4 (1) (c) of the Municipal Systems Act, Act 32 of 2000, a municipality has the right to finance the affairs of the municipality by imposing, *inter alia*, rates on property.
- 2.3 In terms of Section 2 (1) of the MPRA a metropolitan or Local municipality may levy a rate on property in its area in accordance with the other provisions of the MPRA.
- 2.4 This policy must be read together with, and is subject to the provisions of the MPRA.
- 2.5 In terms of Section 62 (1) (f) (ii) of the Municipal Finance Management Act 56 of 2003, a municipality must have and implement a rates policy as may be prescribed by any applicable national legislation.

## 3. GUIDING PRINCIPLES

- 3.1 The rating of property will be implemented impartially, fairly, equitably and without bias, and these principles also apply to the setting of criteria for exemptions, reductions, and rebates contemplated in Section 15 of the MPRA.
- 3.2 The rating of property will be implemented in a way that -
  - (a) is developmental oriented;
  - (b) supports sustainable local government by providing a stable and buoyant revenue source within the discretionary control of the Municipality;
  - (c) supports local and socio-economic development;
  - (d) promotes simplicity, uniformity, and certainty in the property rates assessment process;
  - (e) gives due consideration to the need for simple and practical process of billing and collection of property rates;
  - (f) promotes sustainable land management, especially that which reduces the risk from natural disasters; and
  - (g) achieves national and local environmental management objectives.

## 4. DEFINITIONS

In addition to the definitions contained in the MPRA, the following definition applies for the purpose of the application of this Rates Policy:-

**“ratepayer”** means a person or entity that is liable, in terms of the MPRA, for the Payment of rates on property levied by the Stellenbosch Municipality;

**“residential property”** means improved property that is:

used predominantly (60% or more) for residential purposes, with not more than two dwelling units per property, and includes any adjoining property registered in the name of the same owner and used together with such residential property as if it were one property. (Any such grouping shall be regarded as one residential property for rate rebate or valuation reduction purposes); or

a unit registered in terms of the Sectional Title Act, used predominantly for residential purposes, 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 servant's quarters. (Any such grouping shall be regarded as one residential property for rate rebate or valuation reduction purposes.); or

owned by a share- block company and used solely for residential purposes; or

a property used for residential purposes situated on property used for or related to educational purposes.

For the sake of clarity, the following properties are specifically excluded from the definition: hostels, flats, old age homes, guesthouses, retirement villages, life right schemes and any vacant land irrespective of its zoning or intended usage.

## **5. IMPOSITION OF RATES**

- 5.1** Rates are levied in accordance with Section 11 of the Act and are expressed as an amount in each rand of the market value of each category of property within the Municipality, as recorded in the Municipality's valuation roll and supplementary valuation rolls, and are determined together with the finalisation of the Municipality's annual budget.
- 5.2** The Council shall, when levying property rates for each financial year, take cognisance of the burden of rates and service charges on property owners in the various categories of property ownership
- 5.3** There are two categories of rating, residential as defined in 6.1 below and all other properties are defined as non-residential ( the latter includes all undeveloped land).

## **6. APPLICATION OF THE RATES POLICY**

### **6.1 Residential property**

6.1.1 The Stellenbosch Municipality will not levy a rate on:

- i the first R15 000 on residential properties on the basis set out in section 17 (1) (h) of the MPRA;
- and
- ii in cases of registered indigent owners a further R60 000 in respect of residential properties; to give effect to Stellenbosch Municipality's indigent relief measures aimed primarily at alleviating poverty amongst those persons owning low-cost properties or qualifying in terms of Council's Indigent Policy.

6.1.2 The Stellenbosch Municipality may grant a further residential rebate on rates levied on the balance of the market value of residential properties, as determined by Council during the Stellenbosch Municipality's budget process.

## **6.2 State Owned Property**

State owned property no longer qualifies for any rates rebate by virtue of ownership. However, the exemptions, rebates and reductions relating to the usage of properties as specified in this Policy and the MPRA Regulations when promulgated, would apply.

## **6.3 Public Service Infrastructure**

Public Service Infrastructure (as defined in the MPRA) *will be exempted from the levying of property rates.*

## **6.4 Agriculture**

Council reserves the right to inspect the below mentioned properties before or after granting any rebate and to revoke or amend any decision made prior to such investigation.

### **6.4.1 Farms**

Owners of farms with a residential component and 100% agricultural activities may apply to receive an agricultural rebate. The owner must apply to Council by 30 September of each year, and declare in an affidavit as per Appendix A, that no contraventions of the usage criteria are taking place on the property.

Farms being used for commercial or industrial purposes (other than 100 percent farming activities, such as truck depots, construction yards, restaurants, functioning venue, factories etc) do not qualify for any rebate or valuation reductions whatsoever.

### **6.4.2 Smallholdings**

There are two categories of smallholdings:

Those that are primarily residential in nature and will qualify in terms of the definition of residential property for the residential valuation reduction and or rate rebate. The owner must apply to Council by 30 September of each year, and declare in an affidavit that no contraventions of the usage criteria take place on the property. The owners of these properties, should they meet the relevant criteria, are not precluded from applying for a Senior Citizens and Disabled Persons Rate Rebate, in terms of this policy's section 6.7; and

Those being used for commercial or industrial purposes (such as truck depots, construction yards, restaurants, functioning venues, factories, etc), do not qualify for any rebate.

## **6.5 Multiple use properties**

Properties with multiple use as per Section 9 of the MPRA will not be categorised separately.

## 6.6 Municipal Properties

Only municipal properties used by any one of the Directorates, will not be rated, Council utilized properties, save for Council Public Assets. All other council owned property rates will be passed on to the lessee or included in the rent factor.

All municipal-owned properties will be exempted from paying of property rates, except those municipal properties which are leased according to a lease agreement. The latter properties' rates will be passed on to the lessee or included in the rent factor.

## 6.7 Senior Citizens and Disabled Persons Rate Rebate

Registered owners of properties who are senior citizens and/or registered owners of properties, who are disabled persons, qualify for special rebates according to gross monthly household income. To qualify for the rebate(s) a property owner must be a natural person and be the owner of a property which satisfies the requirements for the residential rebate in addition to the above-mentioned, the property owner must also:

- occupy the property as his/ her normal residence; and
- be at least 60 years of age and in receipt of a pension or  
In receipt of a disability pension from the Department of Social Development; and
- be in receipt of a total monthly income from all sources (including income of spouses of owners) not exceeding R 7 500; and
- not be the owner of more than one property; and  
In the case of owning more than one property, a rebate will be granted only on the occupied property and
- 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; and
- submit the application by 30 September of the applicable financial year for this rebate for the current financial year.

The percentage rebate granted to different monthly household income levels will be determined according to the schedule below.

**The proposed income and rebates for the 2009/2010 financial year are as follows:**

Gross Monthly Household Income				% Rebate
Salary bands		2009/2010		
Up to		3 500		100%
From	3 501	To	5 500	75%

From	5 501	To	7 500	50%
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## 6.8 Conservation Land

In terms of Section 17 (1) (e) of the MPRA, Council will not levy a rate on those parts of a special nature reserve, national park or nature reserve within the meaning of the Protected Areas Act, or of a national botanical garden within the meaning of the National Environmental Management Biodiversity Act, 2004, which are not developed or used for commercial, farming or residential purposes. The apportioned value of any portion of such properties utilized for any purpose other than that used for such conservation purposes will be rated accordingly.

## 6.9 Religious Organisations

In terms of section 17 (1)(i) of the MPRA, the Stellenbosch Municipality will not levy a rate on property registered in the name of and used primarily as a place of public worship by a religious community, including an official residence registered in the name of that community which is occupied by an office bearer of that community who officiates at services at that place of worship.

## 6.10 Non- Profit Organizations/ Public Benefit Organizations

The Stellenbosch Municipality will grant a 100% reduction in the rates for the categories of non- profit organisations or public benefit organisations listed below. These categories of properties and owners of properties are deemed to contribute services or benefits to the community and are essentially non- profit organisations. The reductions are considered and granted after applications are made by owners on annual basis. Owners who fail to apply for the rebate by 30 September will not be entitled to the rebate for the following financial year.

In order to be considered, the organisations listed below must either be registered as NPO's under the Non- Profit Organisations Act, 71 of 1997 or be public benefit organisations that qualify for tax exemption as contemplated by Part 1 of the Ninth Schedule of the Income Tax Act, 58 of 1962.

### 6.10.1 Health and welfare institutions

Privately owned properties used exclusively as a hospital, clinic, mental hospital, orphanage, non- profit retirement village, old age home or benevolent institution, 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 for charitable purposes.

### 6.10.2 Educational institutions

Property owned by not- for- gain institutions (declared or registered by law) and used for educational purposes including a residence registered in the name of the educational institution and used by full-time employees of the educational institution.

### 6.10.3 Residential Historical Monuments

Such properties that meet the definition of residential property will receive the applicable residential rebate and valuation reduction.

### 6.10.4 Charitable institutions

Properties owned by not-for-gain institutions or public benefit organisations and are used solely for the performance of charitable work.

#### *6.10.5 Sporting Bodies*

Properties used predominantly by an organisation for the purpose of amateur sport and any social activities which are connected with such sports.

#### *6.10.6 Agricultural societies*

Property owned by agricultural societies affiliated to the SA Agricultural Union used for the purposes of the society.

#### *6.10.7 Cemeteries and crematoria*

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

#### *6.10.8 Cultural institutions*

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

#### *6.10.9 Non Residential Historical Monuments, Museums, libraries, art galleries and botanical gardens*

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

#### *6.10.10 War veterans*

Property registered in the name of a trustee of organisations (as defined in the Social Aid Act, Act 66 of 1989) maintained for the welfare of war veterans and their families.

#### *6.10.11 Youth development organisations*

Property owned and/or used by organisations such as the Boy Scouts, Girls Guides, Voortrekkers or organisations the Council deems to be similar.

#### *6.10.12 Animal protection*

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

## **7. GENERAL**

**7.1** All applications required in terms of this policy for exemptions, rebates or reductions must be submitted to the Stellenbosch Municipality by 30 September of the financial year preceding the year in respect of which the rate is to be levied. If the rebate applied for is granted, the rebate will apply for the full financial year.

**7.2** Persons who have submitted false information and/or false affidavits will have the exemptions, rebates or reductions withdrawn with effect from the commencement of the financial year in question.

**7.3** All applications for exemptions, rebates or reductions will require the applicant's municipal accounts to have been paid up to date or the conclusion of a suitable arrangement with the Stellenbosch Municipality as provided for in the Stellenbosch Municipality's Credit Control and Debt Collection By-law and Policy, which may include water saving measures.

**8. ANNUAL REVIEW PROCESSES AND EFFECTIVE DATE**

This rates policy will be effective with the implementation of the local Government Municipal Property Rates Act 6 of 2004 and will be reviewed on an annual basis to ensure that it complies with the Stellenbosch Municipality's strategic objectives and with legislation.

**9. LIABILITY FOR AND PAYMENT OF RATES**

Liability for and payment of rates is further governed by the MPRA and the Stellenbosch Municipality's Credit Control and Debt Collection Policy and By-Laws as well as any other applicable legislation.

**10. QUANTIFICATION OF COSTS TO MUNICIPALITY AND BENEFITS TO COMMUNITY**

The cost to the Stellenbosch Municipality and benefit to the local community in terms of exemptions, rebates and reductions and exclusions referred to in section 17 (1)(a),(e),(g)(h) and (i) of the MPRA and rates on properties that must be phased in terms of section 21 of the MPRA are reflected in the Stellenbosch Municipality's budget.