

“ The City of Heritage ”



**BY-LAWS ON PROPERTY
RATES**

ULUNDI LOCAL MUNICIPALITY

RATES BY-LAWS

PART I: GENERAL

SECTION 1: OBJECTIVE OF BY-LAWS

- (a) These by-laws are formulated to give proper effect to the local municipality's policies on rates.
- (b) These by-laws must be read in conjunction with the policies referred to, and within the applicable provisions of the following legislation:
 - (i) Local Government: Municipal Systems Act No. 32 of 2000;
 - (ii) Local Government: Municipal Finance Management Act No. 56 of 2003; and
 - (iii) Local Government: Municipal Property Rates Act No. 6 of 2004.
- (c) The relevant sections of the legislation referred to above are appended to Part 6 of the rates policy.
- (d) Copies of this document, with the relevant annexures setting out the legal requirements and legal framework within which the by-laws must operate, are available free of charge on application to the Office of the Municipal Manager, Co of Mitchell and Junius Street, Meyerton.

SECTION 2: DEFINITIONS

“Agent” in relation to the owner of a property, shall mean a person appointed by the owner of the property to receive rental or other payments in respect of the-

property on behalf of the owner, or to make payments in respect of the property on behalf of the owner.

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“Agricultural purpose” in relation to the use of a property shall exclude the use of the property for the purpose of ecotourism or for trading or hunting of game.

“Annual budget” shall mean the budget approved by the municipal council for any particular financial year, and shall include any adjustments to such budget.

“Basic municipal services” shall mean a municipal service necessary to ensure an acceptable and reasonable quality of life, which service – if not provided – would endanger public health or safety or the environment.

“By-law” shall mean legislation passed by the council of the municipality, and which shall be binding on the municipality and on the persons and institutions to which it applies.

“Consumer price index” shall mean the CPIX as determined and gazette from time to time by the South Bureau of Statistics.

“Council” shall mean a political member of the council of the municipality.

“Domestic consumer or user” of municipal services shall mean the person or household which municipal services are rendered in respect of “residential property” as defined below.

“Financial year” shall mean the period starting from 1 July in any year and ending on 30 June on the following year.

“Integrated development plan” shall mean a plan formulated and approved as envisaged in Section 25 of the Municipal Systems Act 2000.

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“Land reform beneficiary” in relation to a property, shall mean a person who acquired the property through the provision of Land and Assistance Act No. 126 of 1993 or the Restitution of Land Rights Act No. 22 of 1994, or who holds the property subject to the Communal Property Associations Act No. 29 of 1996, or who holds or acquires the property in terms of such other land tenure reform legislation as may be enacted.

“Local community” or “community”, in relation to the municipality, shall mean that body of persons comprising the residents of the municipality, the ratepayers of the municipality, any civic organisations and non-governmental, private sector or labour organisations or bodies involved in local affairs within the municipality, and visitors and other people residing outside the municipality who, because of their presence in the municipality, make use of services or facilities provided by the municipality.

“Market value” in relation to a property shall mean the value of the property as determined in accordance with Section 46 of the Property Rates Act 2004.

“Month” means one of twelve months of a calendar year.

“Municipality” or “municipal area” shall, where appropriate, mean the geographic area, determined in terms of the Local Government: Municipal Demarcation Act No. 27 of 1998 as the municipal area pertaining to the municipality.

“Municipal council” or “council” shall mean the municipal council as referred to in Section 157(1) of the Constitution.

“Municipal entity” shall mean (a) a company, co-operative, trust, fund or any other corporate entity established in terms of any applicable national or provincial

legislation, and which operates under the ownership control of one or more municipalities; or (b) a service utility.

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“Municipal manager” shall mean the person appointed in terms of Section 82 of the Municipal Structures Act, 1998.

“Multiple purposes” in relation to a property, shall mean the use of a property for more than one purpose.

“Municipal service” has the meaning assigned to it in terms of Section 1 of the Municipal Systems Act.

“Municipal tariff” shall mean a tariff for services which the municipality may set for the provision of a service to the local community, and may include a surcharge on such service. Tariffs for major services shall mean tariffs set for the supply and consumption or usage of electricity, water, sewerage and refuse removal, and minor tariffs shall mean all other tariffs, charges, fees, rentals or fines levied or imposed by the municipality in respect of other services supplied including services incidental to the provision of the major services.

“Occupier” in relation to a property, shall mean a person in actual occupation of the property, whether or not that person has a right to occupy the property.

“Owner” (a) in relation to a property referred to in paragraph (a) of the definition of “property”, shall mean 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”, shall mean a person in whose name the right is registered; (c) in relation to a land tenure right referred to in paragraph (c) of the definition of “property”, shall mean a person in whose name the right is registered or to whom it was granted in terms of legislation; and (d) in relation to public service infrastructure referred to in paragraph (d) of the definition of “property”, shall mean the organ of state which owns or controls that public service infrastructure

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As envisaged in the definition of “publicly controlled”, provided that a person mentioned below may for the purposes of the Property Rates Act 6 of 2004 be regarded by the municipality as the owner of a property in the following cases:

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

“Permitted use” in relation to a property, shall mean the limited purposes for which the property may be used in terms of any restrictions imposed by a condition of title, a provision of the municipality’s town planning or land use scheme, or any legislation applicable to any specific property or properties, or any alleviation of any such restrictions.

“Person” means a natural or juristic person and shall include an organ of state, and an “organ of state” shall mean an organ of state as defined in Section 239 of the Constitution.

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“Property” shall mean (a) immovable property registered in the name of a person, including in the case of a sectional title scheme a sectional title unit registered in the name of a person; (b) a right registered against immovable property in the name of the person, but excluding a mortgage bond registered against the property; (c) a land tenure right registered in the name of a person or granted to a person in terms of legislation; and (d) public service infrastructure.

“Public service infrastructure” shall mean 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 servicing the public;
- (c) power stations, power sub-stations 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 fuel forming part of the scheme for transporting such fuels;
- (e) railway lines forming part of a national railway system;
- (f) communication towers, masts, exchanges and lines forming part of a communication system serving the public;
- (g) runways or aprons at national or provincial airports;
- (h) breakwaters, seawalls, 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;
- (i) any other publicly controlled infrastructure as may be prescribed; and

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- (j) rights of way, easements or servitudes in connection with infrastructure mentioned in paragraphs (a) to (i).

“Publicly controlled” shall mean owned by or otherwise under the control of an organ of state, including a public entity listed in the Public Finance Management Act No. 1 of 1999, a municipality, or a municipal entity.

“Rate” shall mean a municipal rate on property as envisaged in Section 229(1)(a) of the Constitution.

“Rateable property” shall mean property on which the municipality may in terms of Section 2 of the Property Rates Act 2004 levy a rate, but excluding property fully excluded from the levying of rates in terms of Section 17 of that Act.

“Ratepayer” shall mean a person who is liable to the municipality for the payment of (a) rates on property in the municipality; (b) any other tax, duty or levy imposed by the municipality; and/or (c) fees for services provided either by the municipality or in terms of a service delivery agreement.

“Rebate” in relation to a rate payable on a property, shall mean a discount granted in terms of Section 15 of the Property Rates Act 2004 on the amount of the rate payable on the property.

“Residential property” shall mean a property included in the valuation roll in terms of Section 48(2)(b) of the Property Rates Act 2004 as residential. “Sectional Titles Act” shall mean the Sectional Titles Act No. 95 of 1986, and “sectional title scheme” shall mean a scheme defined in Section 1 of that Act; and “sectional title unit” shall mean a unit as defined in Section 1 of that Act.

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PART II: RATES

SECTION 3: OBJECTIVE

In developing and adopting this rates policy, the council has sought to give effect to the sentiments expressed in the preamble of the Property Rates Act, namely that:

- the Constitution enjoins local government to be developmental in nature, in addressing the service delivery priorities of our country and promoting the economic and financial viability of our municipalities;
- there is a need to provide local government with access to a sufficient and buoyant source of revenue necessary to fulfill its developmental responsibilities;
- revenues derived from property rates represent a critical source of income for municipalities to achieve their constitutional objectives, especially in areas neglected in the past because of racially discriminatory legislation and practices; and
- it is essential that municipalities exercise their power to impose rates within a statutory framework which enhances certainty, uniformity and simplicity across the nation, and which takes account of historical imbalances and the burden of rates on the poor.

In applying its rates policy, the council shall adhere to all the requirements of the Property Rates Act no. 6 of 2004 including any regulations promulgated in terms of that Act.

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SECTION 4: IMPOSITION OF RATES

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

The council pledges itself to limit each annual increase as far as practicable to the increase in the consumer price index (CPIX) over the period preceding the financial year to which the increase relates, except when the approved integrated development plan of the municipality provides for a greater increase.

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, and of the extent to which this burden is or remains competitive with the comparable burden in other municipalities within the local economic region.

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 and less any contributions to the provision for bad debts, equal at least 25% (twenty five 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 collectability of its revenues remain sound.

SECTION 5: EXEMPTIONS, REBATES AND REDUCTIONS ON RATES

In imposing the rate in the rand for each annual operating budget component, the council shall grant the following exemptions, rebates and reductions to the categories of properties and categories of owners indicated below, but the

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council reserves the right to amend these exemptions, rebates and reductions if the circumstances of a particular annual budget so dictate.

In determining whether a property forms part of a particular category indicated below, the municipality shall have regard to the actual use to which the relevant property is put. In the case of vacant land not specifically included in any of the categories indicated below, the permitted use of the property shall determine into which category it falls.

CATEGORY OF PROPERTY

REBATE

*	Residential properties or properties of any category used for multiple purposes where the residential component represents on average 90% or more of the property's actual use: With improvements Without improvements	None
*	Industrial / Commercial properties	Capped at R134 500 pm
*	Business and Commercial Properties	None
*	Farm Properties	None
*	State-owned properties : Residential	None
*	State-owned properties : Other	None
*	Municipal Properties	100 %
*	Privately Owned Schools	None
*	Old age institutions registered at the Department of Welfare	None
*	Formal and Informal Settlements ; All properties with a ratable value of up to R75 000	100 %
*	Communal Land	100%
*	State Trust Land	None
*	Protected Areas	100%
*	Properties on which national monuments are situated, and where no business or commercial activities are conducted in respect of such monuments	100 %
*	Properties on which national monuments are situated, but where business or commercial activities are conducted in respect of such monuments	100 %
*	Properties owned by public benefit organisations registered at the Department of Welfare and used to further the objectives of such organisations	100 %
*	Properties belonging to a land reform beneficiary or his or her heirs for the first 10 years after the registration of the title in the office of the Registrar of Deeds	100 %
*	Property registered in the name of and used primarily as a place of worship by a religious community, including an official residence	100 %
*	Private Hospitals	None

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NOTE: Including to the foregoing, the first R75 000 of the market value of all residential properties, is exempt from the payment of rates in terms of Section 17(1)(h) of the Property Rates Act.

Municipal properties shall include properties owned or used by other municipalities.

Properties used for multiple purposes, other than those referred to under residential properties above, shall be rated on the value assigned to each component, and shall receive the rebate applicable to such component. Where one component on average represents 90% or more of the property's actual use, such property shall be rated as though it were used for that use only.

The following categories of owners of properties shall additionally receive the following rebates on the rates due in respect of such properties after deducting the rebate to residential properties, where applicable:

CATEGORY OF PROPERTY OWNERS

REBATE

- | | |
|--|---|
| * Residential property owners who are both the permanent occupants and the sole owners of the property concerned and who are registered indigents in terms of the municipality's indigency management policy | 100% of the rates based on the ratable value up to R60 000. |
| * Residential property owners who are over 60 years of age, who are both the permanent occupants and the sole owners of the property | 100% of the rates based on the ratable value up to R60 000. |

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concerned, and whose aggregate household income is proved to the satisfaction of the municipal manager not to exceed state pension per month, or such other amount as the council may from time to time determine

ratable value above R60 000.

The council grants the above rebates in recognition of the following factors:

- The inability of residential property owners to pass on the burden of rates, as opposed to the ability of the owners of business, commercial, industrial and certain other properties to recover such rates as part of the expenses associated with the goods or services which they produce.
- The need to accommodate indigents and less affluent pensioners.

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- The services provided to the community by public service organizations, schools and hospitals.
- The value of agricultural activities to the local economy coupled with the limited municipal services extended to such activities, but also taking into account the municipal services provided to municipal residents who are employed in such activities.
- The need to preserve the cultural heritage of the local community.
- The need to encourage the expansion of public service infrastructure.
- The indispensable contribution which property developers (especially in regard to commercial and industrial property development) make towards local economic development, and the continuing need to encourage such development.
- The requirements of the Property Rates Act no. 6 of 2004.

The municipal manager shall ensure that the revenues forgone in respect of the foregoing rebates are appropriately disclosed in each annual operating budget component and in the annual financial statements and annual report, and that such rebates are also clearly indicated on the rates accounts submitted to each property owner.

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SECTION 6: FREQUENCY OF PAYMENTS

Payments for rates shall be made monthly on or before the date specified in each monthly rate account.

SECTION 7: CORRECTION OF ERRORS AND OMISSIONS

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, but a period not longer than twelve (12) months : 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, for the full period of the rates have been incorrectly levied.

SECTION 8: FREQUENCY OF VALUATIONS

The municipality shall prepare a new valuation roll every 4 (four) years and supplementary valuation rolls every 12 (twelve) months.

SECTION 9: REVIEW OF POLICY AND PROMULGATION OF BY-LAWS

The council shall ensure that by-laws are promulgated to give effect to its rates policy.

