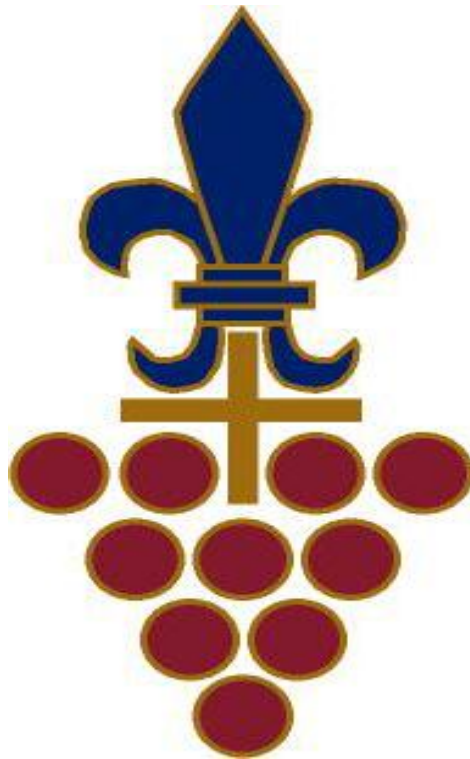


STELLENBOSCH MUNICIPALITY



RATES POLICY

2013/2014

TABLE OF CONTENTS

	PAGE
1. BACKGROUND	1
2. LEGISLATIVE CONTEXT	1
3. GUIDING PRINCIPLES	1
4. DEFINITIONS	2
5. IMPOSITION OF RATES	3
6. APPLICATION OF THE RATES POLICY	3
6.1 Residential Property	3
6.2 Vacant Property	3
6.3 State Owned Property	4
6.4 Public Service Infrastructure	4
6.5 Rural Properties	4
6.5.1 <i>Agricultural Use</i>	4
6.5.2 <i>Alternate Criteria and Use</i>	4
6.6 Multiple use Properties	5
6.7 Municipal Properties	5
6.8 Senior Citizens and Disabled Persons	5
6.9 Conservation Land	6
6.10 Religious Organisations	6
6.11 Public Benefit Organizations (PBO)	6
6.12 Non-Profit Organizations (NPO)	7
6.12.1 <i>Health and welfare institutions</i>	7
6.12.2 <i>Charitable institutions</i>	7
6.12.3 <i>Sporting Bodies</i>	7
6.12.4 <i>Agricultural societies</i>	7
6.12.5 <i>Cemeteries and crematoria</i>	7
6.12.6 <i>Cultural institutions</i>	7
6.12.7 <i>Non-Residential Historical Monuments, Museums, libraries, art galleries and non-national botanical gardens</i>	8
6.12.8 <i>War veterans</i>	8
6.12.9 <i>Youth development organisations</i>	8
6.12.10 <i>Animal protection</i>	8
7. GENERAL	8
8. REGULAR REVIEW PROCESSES	8
9. LIABILITY FOR AND PAYMENT OF RATES	9
10. QUANTIFICATION OF COSTS TO MUNICIPALITY AND BENEFITS TO COMMUNITY	9
11. OBJECTION AND APPEALS	9
12. CLEARANCE CERTIFICATES	9

13.	ADJUSTMENTS OF RATES PRIOR TO SUPPLEMENTARY VALUATION ROLL	10
14.	SHORT TITLE	10
15.	VALUATION ROLL CODES	11

1. BACKGROUND

In 2007, Stellenbosch Municipality initiated a process to prepare a General Valuation Roll of all property situated within the geographical boundaries of Stellenbosch Municipality (WC024) in terms of the requirements of the Municipal Property Rates Act (Act 6 of 2004) (MPRA) which became effective on 1 July 2009. This Policy is formulated in terms of Section 3 of the MPRA and the consequential Regulations.

2. LEGISLATIVE CONTEXT

- 2.1 In terms of Section 229 of the Constitution, (Act 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, (Act 56 of 2003), a municipality must have and implement a rates policy as may be prescribed by any applicable national legislation.
- 2.6 In terms of Section 8(1) of the MPRA, Stellenbosch Municipality will as the primary instrument levy rates on the use of property but implemented as per paragraph 5.5 of this policy.

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 developmentally oriented;
 - (b) supports sustainable local government by providing a stable and buoyant revenue source within the legislative 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;
 - (g) achieves national and local environmental management objectives; and
 - (h) balances the affordability to the public versus the financial sustainability of the Municipality.

4. DEFINITIONS

In addition to the definitions contained in the MPRA or the Regulations, the following definitions apply for the purpose of the application of this Rates Policy:-

- 4.1 **%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;
- 4.2 **%residential property+** means improved property that is:
- For the sake of clarity, the following properties are specifically excluded from this definition: hostels, old age homes, guesthouses and vacant land.
- 4.2.1 used predominantly (60% or more) for residential purposes and 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
- 4.2.2 registered in terms of the Sectional Title Act, (Act 95 of 1986 and as amended). 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 servants quarters (for the purposes of 4.2.2, any such grouping shall be regarded as one residential property for rate rebate or valuation reduction purposes); or
- 4.2.3 owned by a share-block company and used solely for residential purposes; or
- 4.2.4 used for residential purposes situated on property used for or related to educational purposes ; or
- 4.2.5 a retirement scheme or life right scheme used predominantly (60% more) for residential purposes.
- 4.3 **%Valuation roll+** means a valuation roll drawn up in terms of Section 30 of the MPRA or a supplementary valuation roll made in terms of Section 78 of the MPRA.
- 4.4 **%Vacant land+** means a property without any buildings or structures, and where no immovable improvements have been erected.
- 4.5 **%Agricultural purposes+** refers to the active pursuit by a bona-fide farmer for primary income generation from agricultural activities.
- 4.6 **%Agricultural Activities+** means the cultivation of soils for purposes of planting or growing of trees or crops in a managed and structured fashion; the rearing of livestock and game or the propagation and harvesting of fish, but excludes eco-tourism or the trading or hunting of game.
- 4.7 **%Bona fide farmer+** is a person/legal entity that is a full time farmer.
- 4.8 **%Agricultural property+** refers to property that is able to be used productively and is commercially sustainable for agricultural purposes.
- 4.9 **%Chief Financial Officer (CFO)+** means a person designated in terms of Section 80(2) (a) of the Local government: Municipal Finance Management Act, (Act 56 of 2003).

5. IMPOSITION OF RATES

- 5.1 Rates are levied in accordance with the MPRA as a cent-in-the-rand on the property value recorded in the Stellenbosch Municipality's valuation roll drawn up in terms of the MPRA.
- 5.2 The Stellenbosch Municipality shall, when levying property rates for each financial year, take cognizance of the burden of rates and service charges on property owners in the various categories of property ownership.
- 5.3 The rates charged as a cent in the rand for residential properties as per the definitions (above) is the base rate and the rate charged to all other categories of properties are reflected as a ratio to the residential rate.
- 5.4 Properties used for multiple purposes and where the Stellenbosch Municipality considers it reasonable to apply the category of multiple use, for which an apportionment of value of each distinct use of the property will be calculated by the Municipal Valuer and used for billing at the applicable rate.
- 5.5 For the purposes of determining property categories, the following will be applied in the order (i) to (iii) as indicated below:
- (i) the use of the property;
 - (ii) the permitted use of the property; or
 - (iii) the geographical area in which the property is situated.
- 5.6 Building Clause references
- Obligations pertaining to Building Clauses as per the development agreements or contracts will be levied at the applicable rate.

6. APPLICATION OF THE RATES POLICY

6.1 Residential Property

- 6.1.1 The Stellenbosch Municipality will not levy a rate on the initial portion of the market value of residential properties being the sum of:
- (i) the first R15 000 on residential properties on the basis set out in Section 17 (1) (h) of the MPRA; and
 - (ii) on the further R80 000 in respect of qualifying properties, or the primary component of multiple use properties that are categorised as residential as per paragraph 4.2 to give effect to paragraph 3.2 of this policy. All non-primary components of multiple use properties do not qualify.

The above where applicable, will be applied once only per property as a whole.

6.2 Vacant Property

Vacant residential property will be levied as if the property has an improvement value equal to 100 percent of the valuation of the property.

Vacant non-residential property will be levied as if the property has an improvement value equal to 50 percent of the valuation of the property.

Agricultural properties will not be considered as being vacant.

Vacant properties will be rated according to its permitted use and will not qualify for any rebates or reductions.

The rates levied as per this criteria will take preference over the contractual agreements pertaining to building clauses (refer 5.6 above) when the latter is less than this (vacant) criteria.

6.3 State Owned Property

State owned property will be levied according to its permitted use. The exemptions, rebates and reductions relating to the usage of properties as specified in this Policy and the MPRA Regulations, will apply.

6.4 Public Service Infrastructure

Public Service Infrastructure (as defined in the MPRA) will be rated at the rate ratio as set out in the MPRA Regulations.

6.5 Rural Properties

6.5.1 *Agricultural Use*

As a result of the contribution of agriculture to the social and economic welfare of farm workers, Stellenbosch Municipality will apply the rate ratio as set out in the MPRA Regulations (the agricultural rate), to properties that is used for agricultural purposes by bona fide farmers. These properties will however not qualify for any rebates or reductions.

6.5.2 *Alternate Criteria and Use*

6.5.2.1 Owners of a property which is not categorised as agricultural, but which in the opinion of the owner should be agricultural must apply (refer to paragraph 7.1 of this policy) for a revaluation and declare in an affidavit, that no contraventions of the usage criteria are taking place on the property. The latter will be dealt according to the supplementary valuation process.

6.5.2.2 Where a property is being used for commercial or industrial purposes, i.e. truck depots, construction yards, restaurants, functioning venue, factories etc, such properties will not qualify for any agricultural rate or valuation reduction whatsoever. The Stellenbosch Municipality may consider valuating said property as a Multiple use Property (refer to paragraph 6.6 of this policy).

6.5.2.3 Properties that are primarily residential in nature will qualify in terms of the definition of residential property for the residential valuation reduction and/or rate rebate (refer to paragraph 6.1.1 of this policy). 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 paragraph 6.8 of this policy.

6.6 Multiple use Properties

Properties with multiple uses as per Section 9 of the MPRA will be categorised separately as determined by the Stellenbosch Municipality and used for billing at the appropriate and applicable rate.

The different uses will be grouped into two or more components. The first will be the primary component; the other components (sub-components) will be identified by their generalised functional name and these may only qualify for the valuation reduction as per paragraph 6.1.1 (i) of this policy.

The category of the primary component of such a property will be directed in the first instance by the permitted use of the property, but at the sole discretion of Stellenbosch Municipality.

6.7 Municipal Properties

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

6.8 Senior Citizens and Disabled Persons

Registered owners of properties who are senior citizens and/or who are disabled persons may qualify for special rebates according to gross monthly household income.

To qualify for the rebate(s) referred to above, a property owner must be a natural person, registered as a South African citizen and be the owner of a property, which property satisfies the residential property requirements and in addition to the above-mentioned, the property owner must also:

- 6.8.1 Occupy the property as his/her normal residence; and
 - 6.8.1.1 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
 - 6.8.1.2 be in receipt of a total monthly income from all sources (including financial contributions of all members of the household permanently residing at that property) not exceeding the highest income amount as referenced in the table of paragraph 6.8.5 of this policy; and
 - 6.8.1.3 not be the owner of more than one property, but in the case of owning more than one property, it must be noted that a rebate will be granted only on the occupied property; and
 - 6.8.1.4 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
 - 6.8.1.5 where the occupant of a residential property is a senior citizen or a disabled person and is the usufructuary of the property, he/she may satisfy the occupancy requirement.

- 6.8.2 Submit the application with proof of income, which can include proof of a SARS assessment.
- 6.8.3 Any owner who, during a financial year, for the first time, meets all the other criteria above may apply to receive the rebate from the date of receipt by the Stellenbosch Municipality of the application for the remainder of that financial year, whereafter all the criteria as per paragraph 7.1 of this policy will apply to applications for subsequent financial years.
- 6.8.4 Stellenbosch Municipality reserves the right to request any additional information as may be deemed necessary.
- 6.8.5 The percentage rebate granted to different monthly household income levels will be determined according to the schedule below. The income bands and rebates for the effective financial period of this policy are as follows:

Gross Monthly Household Income (R10 000.00)				% Rebate
Salary bands				
Up to			4 500	100%
From	4 501	to	6 500	75%
From	6 501	to	8 500	50%
From	8 501	to	10 000	25%

6.9 Conservation Land

In terms of Section 17 (1) (e) of the MPRA, Stellenbosch Municipality 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, (Act 57 of 2003 and as amended), or of a national botanical garden within the meaning of the National Environmental Management Biodiversity Act, (Act 10 of 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.

6.10 Religious Organisations

In terms of Section 17 (1) (i) of the MPRA, the Stellenbosch Municipality will not levy a rate on properties 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.

6.11 Public Benefit Organizations (PBO)

The Stellenbosch Municipality will apply the rate ratio as set out in the MPRA or the MPRA Regulations to public benefit organisations. As per the MPRA Regulations the specific public benefit activity listed in Item 1 (Welfare and Humanitarian), Item 2 (Health Care), and Item 4 (Education and Development) of Part I of the Ninth

Schedule of the Income Tax Act will be applicable. All PBO must annually submit proof of their status as per the above criteria.

6.12 Non-Profit Organizations (NPO)

All organizations listed below and operated by said organisations not-for-gain (declared or registered by law) or organisations that execute activities as per Item 6 (Cultural), item 7 (Conservation, Environment and Animal Welfare) and Item 9 (Sport) of Part 1 of the Ninth Schedule to the Income Tax Act may receive a rebate. All abovementioned organisations must be the owner of said properties.

These rebates are not applicable to any vacant land irrespective of its zoning or intended usage unless stated otherwise in this policy. All NPO must annually submit proof of their status as per the above criteria.

Any NPO which, during a financial year, for the first time, meets the criteria of this section may apply to receive the rebate from the date of receipt of the application for consideration by the Stellenbosch Municipality for the remainder of that financial year, whereafter all the criteria as per paragraph 7.1 of this policy will apply to applications for subsequent financial years.

In order to be considered, the organisations listed below must be registered as NPOs under the Non-profit Organisations Act, (Act 71 of 1997).

6.12.1 *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.

6.12.2 *Charitable institutions*

Properties used solely for the performance of charitable work.

6.12.3 *Sporting Bodies*

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

6.12.4 *Agricultural societies*

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

6.12.5 *Cemeteries and crematoria*

Privately owned properties used as cemeteries and crematoria.

6.12.6 *Cultural institutions*

Properties declared in terms of the Cultural Institutions Act, (Act 119 of 1998).

6.12.7 *Non-Residential Historical Monuments, Museums, libraries, art galleries and non-national botanical gardens*

Properties used as non-residential historical monuments, museums, libraries, art galleries and non-national botanical gardens registered in the name of private persons or organisations and open to the public.

6.12.8 *War veterans*

Property registered in the name of a trustee or organisation in terms of the Social Assistance Act, (Act 13 of 2004), maintained for the welfare of war veterans and their families.

6.12.9 *Youth development organisations*

Property owned and/or used by organisations deemed to have youth development objectives such as the Boy Scouts, Girls Guides, or Voortrekkers.

6.12.10 *Animal protection*

Property owned or used by institutions/organisations whose exclusive aim is to protect birds, reptiles and other animals.

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 31 May of each year, which date precedes the financial year in 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.

7.4 Stellenbosch Municipality reserves the right to inspect all properties before or after implementing the applicable rate and to revoke or amend any decision made prior to such investigation.

7.5 The Stellenbosch Municipality reserves the right to recover any rates of owners of any properties after the status of said properties have changed.

8. REGULAR REVIEW PROCESSES

This rates policy 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, the Stellenbosch Municipality's Credit Control and Debt Collection Policy, By-Laws and any other applicable legislation.

There is one of two methods of payment that the owner of the property has to agree upon, namely (i) paying the rates on a monthly instalment basis or (ii) paying the rates in one amount every annum. The paying of rates on a monthly basis will be the preferred method unless the owner has selected (via a written request) the annual method of payment. Actions as per the applicable By-Laws and/or Policies shall be taken against defaulters.

- (i) When paying on a monthly basis the amount due shall be paid not later than the date as specified on the monthly accounts. The cycle of such payments will start on the first day of July (the start of a financial year) and extend to the 30th of June the following year.
- (ii) When paying a once-off amount (the full rates for that financial year), then that amount shall be paid in full not later than the date as specified on the annual account.

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, 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.

11. OBJECTION AND APPEALS

The lodging of an objection or appeal:-

- (i) In terms of Section 50 of the MPRA does not defer liability for the payment of rates in terms of this policy; or
- (ii) In terms of Section 54 of the MPRA does not defer liability for the payment of rates in terms of this policy.

12 CLEARANCE CERTIFICATES

All monies collected by the Municipality including in respect of Special Rating Areas and any estimated amounts in terms of Section 118(1A) of the Systems Act, (Act 32 of 2000), or Section 89 of the Insolvency Act, (Act 24 of 1936), are for the purpose of Section 118 of the Systems Act, deemed to be due and must be paid in order to facilitate the transfer of immovable property:

- (i) All amounts that are due must be paid in full prior to the issuing of any clearance certificate in terms of Section 118, of the Systems Act; and
- (ii) No interest shall be paid by the Municipality to the registered seller in respect of these payments which are deemed to be due

13 ADJUSTMENTS OF RATES PRIOR TO SUPPLEMENTARY VALUATION ROLL

- 13.1 If the owner of a property which has been subdivided or consolidated after the last general valuation wishes to sell the consolidated erf, or one or more of the erven which have been subdivided off the parent erf, as the case may be, applies to the Municipality for a clearance certificate in terms of Section 118 of the Local Government: Municipal Systems Act, (Act 32 of 2000), and if the Municipality has not yet included such valuation of the relevant property(ies) in a supplementary valuation roll:-
- 13.1.1 the Municipal Valuer shall conduct a valuation of the relevant property(ies) for purposes of a supplementary valuation; and
- 13.1.2 the valuation shall be submitted to the CFO for approval of the levying of rates on such property(ies) in accordance with such valuation, with effect from the date on which the relevant subdivision or consolidation (as the case may be) was registered in the Deeds Office
- 13.2 Any valuations performed in terms of this section shall be included in the next supplementary roll prepared by the Municipality without any amendments to the valuation and any objections to such valuation may only be lodged once such supplementary valuation roll is made public in terms of Section 49 of the MPRA.

14. SHORT TITLE

This policy is the Rates Policy of the Stellenbosch Municipality.

15. VALUATION ROLL CODES

The Derived Codes as listed below will be used on the Valuation Role and supporting letters or Notices to reflect the applicable Property Valuation Tariff (as reflected in the Prime Code column).

Council shall on an annual basis during the budget approval cycle set the amount-in-the-rand values (the Property Valuation Tariff) for each of the Prime Codes (being AGR, RES and NRES) in the table below.

Derived Code	Prime Code	Purpose	Supporting references
RES	RES	Residential	MPRA Section 8(2)(a), 17(1)(h) and the Rates Policy paragraph 6.1.1
RESA	RES	Adjoining Residential	Rates Policy paragraph 4.2; (No Section 17(1)(h) and Policy par 6.1.1)
RESM	RES	Residential on Multi Properties	MPRA Section 17(1)(h) i.e. ONLY Rates Policy paragraph 6.1.1 (i)
RESV	RES	Vacant Residential	Rates Policy paragraph 6.2
RELII	RES	Public Worship (Residential)	MPRA Section 17(1)(i) and the Rates Policy paragraph 6.9
FIS	RES	Formal and Informal Settlement	MPRA Section 8(2)(k) and Provincial reporting requirements
AGR	AGR	Agricultural	MPRA Sections 8(2)(d)(i), 8(2)(e) and 8(2)(f)(i) (Not a vacant property)
PSI	AGR	Public Service Infrastructure	Regulations, MPRA Section 17(1)(a) and the Rates Policy paragraph 6.3
PBO	AGR	Public Benefit Organisation	Regulations, MPRA Section 8(2)(q) and the Rates Policy
PROT	AGR	Protected Areas	MPRA Section 17(1)(e)
NRES	NRES	Non-Residential	MPRA Section 8(2)(c)
NRESV	NRES	Vacant Non-Residential	Rates Policy paragraph 6.2
IND	NRES	Industrial	MPRA Section 8(2)(b)
POS	NRES	Public Open Spaces	(Vacant property does not apply)
PROS	NRES	Private Open Spaces	(Vacant property does not apply)
MONU	NRES	National Monument	MPRA Section 8(2)(p) and the Rates Policy
NPO	NRES	Non-Profit Organisation	Rates Policy paragraph 6.10
RELIG	NRES	Public Worship	MPRA Section 17(1)(i) and the Rates Policy paragraph 6.9
MUNR	RES	Municipal Owned: Residential	MPRA Section 8(2)(h) and the Rates Policy
MUNRR	RES	Municipal Owned: Residential	Rented or Leased property (No Rebates may be applied)
MUNA	AGR	Municipal Owned: Agricultural	MPRA Section 8(2)(h) and the Rates Policy
MUNAR	AGR	Municipal Owned: Agricultural	Rented or Leased property (No Rebates may be applied)
MUNB	NRES	Municipal Owned: Business	MPRA Section 8(2)(h) and the Rates Policy
MUNBR	NRES	Municipal Owned: Business	Rented or Leased property (No Rebates may be applied)
MUNP	AGR	Municipal Owned: PSI	MPRA Section 7(2)(a)(ii) and 8(2)(h)