ANNEXURE 3

ASSESSMENT (PROPERTY) RATES

The proposed property rates are to be levied in accordance with existing Council policies unless otherwise indicated and both the Local Government Municipal Property Rates Act 2004 and the Local Government Municipal Finance Management Act 2003.

A Draft Rates Policy was published for comments and objections following the March 2007 Council Meeting. All the input received by 7 May 2007 has been included in the updated Draft Policy and has been reviewed prior to the Council meeting to be held at the end of May 2007 by the Tariff and Rating Political Advisory Committee (TARPAC) established by the Executive Mayor. The Committee has also overseen the Total Municipal Account Modelling (TMA) process, whereby the impact of all Council charges on a household is assessed for affordability. Proposed rates increases have been further reviewed by TARPAC. The total rates requirement increases by 24.4% and includes natural growth.

Property rates are based on values indicated in the new General Valuation Roll (GV 2006). The Roll is updated for properties affected by land sub-divisions, alterations to buildings, demolitions and new buildings (improvements) through Supplemental Valuation Rolls (SV). All values are as at the date of the GV, being July 2006.

Rebates and concessions are granted to certain categories of property usage or property owner.

The definitions and listing of categories are reflected in the Draft Rates Policy attached as Annexure 7.

Industrial / Commercial Properties – Undeveloped Land

All properties other than those defined below as residential will be rated as “non-residential” properties. This includes all undeveloped land. The cent-in-the-rand for all “non-residential” properties for 2007/8 is proposed to be R0,00861.

Residential Properties

For all residential properties, as defined per the Rates Policy, the first R88 000 of property value will be rebated by an amount equal to the rates payable on a property of R88 000 in value.

All residential properties, as defined per the Rates Policy, will be levied a rate which is rebated by approximately 46%. The cent in the rand for 2007 / 2008 is proposed to be R0,00459.

Agricultural Properties

Agricultural properties (including farms and small holdings) fall into three categories;

(a) those used for residential purposes,

(b) those used for *bona fide* farming purposes,

(c) those used for other purposes such as industrial or commercial.

The bona fide farming properties that qualify for the special agricultural rebate for 2007 / 2008 will receive a rebate of 90% of the non-residential rate.

Properties in rural areas deemed to be small holdings that are not used for *bona fide* farming, but are used as residential properties will be categorised as “residential”, provided that they meet the definition of a residential property as described in the Rates Policy. Such properties will qualify for the rebate of the first R88 000 of municipal value as per the General Valuation Roll and the “rebated” cent-in-the-rand. The cent-in-the-rand for agricultural properties or small holdings that qualify for residential status is proposed to be R0,00459.

All other properties in rural areas not deemed to be used for *bona fide* farming or residential purposes will be charged the non-residential rate. The cent-in-the-rand for 2007 / 2008 is proposed to be R0,00861.

Public Service Infrastructure

In terms of the MPRA Council may not levy rates on the first 30% of the market value of Public Service Infrastructure. The remainder of the market value is rated at the non-residential cent-in-the-rand of R0,00861.

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 the owner of a property which satisfies the requirements for the residential rebate and must on 1 July of the financial year:

- occupy the property as his/her normal residence; and
- be at least 60 years of age 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 R5 000; and
- not be the owner of more than one 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 for this rebate for the current financial year, failing which the rebate will not be granted.

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

The proposed incomes and rebates for the 2007/2008 financial year are as follows:

Gross Monthly Household Income				% Rebate
2006/2007		2007/2008		
0	1500	0	1740	100%
1501	1650	1741	2130	88%
1651	1750	2131	2520	75%
1751	1850	2521	2910	62%
1851	2100	2911	3300	49%
2101	2300	3301	3690	36%
2301	2600	3691	4080	23%
2601	3000	4081	4500	11%
n/a	n/a	4501	5000	10%

Rebates for Certain Categories of Properties / Property Users

Special rebates will be considered for certain categories of property upon application before 30 September 2007.

The categories of properties qualifying for exemption and rebates are as per the Rates Policy.

The draft Budget for 2007 / 2008 has been balanced using the estimated income from levying the rates proposed in this report.

Provision has been made in the draft Budget for 2007 / 2008 for the income forgone arising from the rebates and concessions proposed in this report as detailed in the Draft Rates Policy.