

Item A-F (17-2023) CM 26/05/2021	MEDIUM-TERM REVENUE AND EXPENDITURE FRAMEWORK (MTREF) FOR 2023/24 TO 2025/26 AND THE REVISED 2022/2023 TO 2026/27 INTEGRATED DEVELOPMENT PLAN (IDP)
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Resolved:

4. To guide the implementation of the municipality's annual budget, the Council of the City of Ekurhuleni **APPROVES** the amended policies and By-laws as contained in **Annexure E**.

POLICIES

- Annexure E1** Medium-term Budget Statement Policy (Reviewed)
- Annexure E2** Pricing Policy Statement (Reviewed)
- Annexure E3** Property Rates Policy (Reviewed)
- Annexure E4.1** Provision of Free Basic Electricity Policy (Reviewed)
- Annexure E4.2** Provision of free Basic Water supply services (Reviewed)
- Annexure E5** Waste Management Tariff Policy (Reviewed)
- Annexure E6** Consumer Deposit Policy (Reviewed)
- Annexure E7** Indigent Support Policy (Reviewed)
- Annexure E8** Credit Control & Debt Collection Policy (Reviewed)
- Annexure E9** Provision for Doubtful Debtor and Debtor Write-Off Policy (Reviewed)
- Annexure E10** Budget Implementation and Monitoring Policy (Reviewed)
- Annexure E11** Municipal Entity Financial Support Policy (Reviewed)
- Annexure E12** Accounting Policy (Reviewed)
- Annexure E13** Electricity Metering for Residential and business Customers (Reviewed)
- Annexure E14** Policy for the vending of pre-paid electricity (Reviewed)
- Annexure E15** Policy for Estimation and Correction of Energy or Demand Meter Reading and Billing Data (Reviewed)
- Annexure E16** Electricity Tariff policy (Reviewed)
- Annexure E17** Virements Policy (Reviewed)
- Annexure E18** Consumer Agreement (Reviewed)
- Annexure E19** Supply Chain Management Policy (Reviewed)
- Annexure E20** Treasury Policy (Reviewed)
- Annexure E21** Funds Transfer Policy (Reviewed)
- Annexure E22** Assets Management Policy (Reviewed)
- Annexure E23** Cost Containment Policy (Reviewed)
- Annexure E24** Policy for the wheeling of Electricity Ekurhuleni (Reviewed)
- Annexure E25** Policy for Embedded generation (Reviewed)
- Annexure E26** Ekurhuleni Community Enterprise Development Fund Policy (Reviewed)
- Annexure E27** Long Term Financial Strategy 2020/21-2029/30 (Reviewed)
- Annexure E28** Expanded Public Works Programme Policy (Reviewed)

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PROPERTY RATES POLICY

SECTION A: INTRODUCTION, DEFINITIONS AND PRINCIPLES

1. PREAMBLE

WHEREAS section 229 of the Constitution of the Republic of South Africa empowers municipalities to levy property rates, subject to national legislation;

AND WHEREAS section 2 of the Local Government: Municipal Property Rates Act No. 6 of 2004, as amended, is the national legislation that empowers a municipality to levy a rate on property in its area;

AND WHEREAS in terms of section 3(1) of the Act the council of a municipality must adopt a rates policy consistent with the Act on the levying of rates on rateable property in the municipality;

AND WHEREAS section 3(3) of the Act prescribes what issues are to be addressed in the rates policy;

AND WHEREAS any exemptions, rebates or reductions provided for in the Rates Policy must, in terms of section 3(5) of the Act, comply and be implemented in accordance with a prescribed national framework;

NOW THEREFORE the Council of the City of Ekurhuleni has adopted the Policy as set out hereunder: -

2. DEFINITIONS

For the purpose of this Policy any word or expression to which a meaning has been assigned in the Act, shall bear that same meaning in this Policy, and unless the context indicates otherwise:

“Act”	means the Local Government: Municipal Property Rates Act, No. 6 of 2004 (Act No. 6 of 2004 as amended);
“Agricultural purposes ”	means a property that is used primarily for agricultural purposes but, without derogating from section 9 of the Local Government: Municipal Property Rates Act, No. 6 of 2004 (Act No. 6 of 2004 as amended), excludes any portion thereof that is used commercially for the hospitality of guests and excludes the use of the property for the purpose of eco-tourism or for the trading in or hunting of game;
“Business and commercial”	means the activity of buying, selling or trade in goods or services and includes any office or other accommodation on the same erf, the use of which is incidental to such business, with the exclusion of the business of mining, agriculture, farming, or inter alia, any other business consisting of cultivation of soils, the gathering in of crops or the rearing of livestock or consisting of the propagation and harvesting of fish or other aquatic organisms.

“Category”	(a) in relation to property, means a category of properties determined in terms of section 8 of the Act, and ; (b) in relation to owners of properties, means a category of owners determined in section 15(2) of the Act.
Child Headed Households”	Is deemed to be a household that is headed by a minor dependant or child under the age of 18 years who has assumed the role of care-giver in respect of the children in the household and is also responsible for management of such households, due to the parent/s guardian or care-giver of the household who was the registered owner/ account holder/ legal tenant of the property who is terminally ill, deceased or abandoned the children in that household.
“Council”	Means - (a) the “Municipality” and vice versa; (b) the Council of the City of Ekurhuleni established by Provincial Notice No. 6768, as amended, exercising its legislative and executive authority through the municipality; (c) its successor in title; or (d) a structure or person exercising a delegated power or carrying out an instruction, where any power in these by-laws has been delegated or sub-delegated, or an instruction given, as contemplated in section 59 of the Act; (e) a service provider fulfilling a responsibility under these by-laws, assigned to it in terms of section 81(2) of the act, or any other by-law, as the case may be.
“Exemption”	in relation to the payment of a rate, means an exemption granted by a Municipality in terms of Section 15 of the Act;
“Industrial”	means a branch of trade or manufacturing, production assembling or processing of finished or partially finished products from raw materials or fabricated part, on so large scale that capital and labour are significantly involved.
“Indigent”	means an indigent person referred to in the Indigent Support Policy of the Council
“Multiple purpose”	in relation to a property, means the use of a property for more than one purpose;
“Municipal properties”	means those properties of which the municipality is the registered owner.
“Mining”	means any operation or activity for the purpose of extracting any mineral on, in or under the earth, water or any residue deposit, whether by underground or open working or otherwise and includes any operation or activity incidental thereto;
“Mining Property”	means a property used for mining operations as defined in the Mineral and Petroleum Resources Development Act, 2002 (Act No 28 of 2002)
“Newly rateable property”	means any rateable property on which property rates were not levied before the end of the financial year preceding the date on which this Act took effect, excluding:

“Owner”:

- (a) a property which was incorrectly omitted from a valuation roll and for that reason was not rated before that date; and
- (b) a property by the Minister by notice in the *Gazette* where the phasing-in of a rate is not justified;
- (a) in relation to a property referred to in paragraph (a) of the definition of “property”, means a person in whose name ownership of the property is registered;
- (b) in relation to a right to in paragraph (b) of the definition of “property”, means a person in whose name the right is registered;
- (c) in relation to a time sharing interest contemplated in the Property Time-sharing Control Act, 1983 (Act No. 75 of 1983), means the management association contemplated in the regulations made in terms of section 12 of the Property Time-sharing Control Act, 1983, and published in Government Notice R327 of 24 February 1984;
- (d) in relation to a share block company, the share block company as defined in the Share Block Control Act, 1980 (Act No. 59 of 1980);
- (e) in relation to buildings, other immovable structures and infrastructure referred to in section 17(1)(f), means the holder of the mining right or the mining permit;
- (f) in relation to a land tenure right referred to in paragraph (c) of the definition of “property”, means a person in whose name the right is registered or to whom it was granted in terms of legislation; or
- (g) in relation to public service infrastructure referred to in paragraph (d) of the definition of “property”, means the organ of state which owns or controls that public service infrastructure as envisaged in the definition of “publicly controlled”.
- (h) Provided that a person mentioned below may for the purposes of this Act be regarded by a municipality as the owner of a property in the following cases:
 - (i) a trustee, in the case of a property in a trust 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 a municipality and is leased by it;
- (viii) a lessee, in the case of a property to which a land tenure right applies and which is leased by the holder of such right
- (ix) a buyer, in the case of a property that was sold by a municipality and of which possession was given to the buyer pending registration of ownership in the name of the buyer;

“Permitted use”,

in relation to a property, means the limited purposes for which the property may be used in terms of:

- (a) any restrictions imposed by:
 - (i) a condition of title;
 - (ii) a provision of a town planning or land use scheme; or
 - (iii) any legislation applicable to any specific property or properties; or
- (b) any alleviation of any such restrictions;

“Pensioner”

means a person whom -

- (i) is at least than 60 years of age on date of application, provided that where couples are married in community of property and the property is registered in both their names , the age of the eldest will be the qualifying factor;
- (ii) is the registered owner of the property;
- (iii) is in receipt of a total monthly income from all sources (including the income of the spouse of the owner) not exceeding an amount to be determined by the council;
- (iv) is the owner/occupant and account holder of the property concerned, which will consist of one dwelling only and no part thereof will be sub-leased;
- (v) must reside permanently on the property concerned which consists of one dwelling only; and
- (vi) a person who is a mentally and/or physically disabled person complying with the requirements in (ii) to (v) above.

“Place of Public Worship”

means property used primarily for the purpose of congregation, excluding a structure that is primarily used for educational instruction in which secular or religious education is the primary instructive medium. Provided that the property is –

- (a) registered in the name of the religious community,
- (b) registered in the name of a trust established for the sole benefit of a religious community,
- or
- (c) subject to a land tenure right.

“Property”

means:

- (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 a person, 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; or
- (d) public service infrastructure;

“Publicly controlled”

means owned by or otherwise under the control of an organ of state, including:

- (a) a public entity listed in the Public Finance Management Act 1999 (Act No 1 of 1999);
- (b) a municipality; or
- (c) a municipal entity as defined in the Municipal Systems Act 32 of 2000

“Public service infrastructure”

means 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 serving the public;
- (c) power stations, power substations 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 fuels, forming part of a scheme for transporting such fuels;
- (e) railway lines forming part of a national railway system;
- (f) communication towers, masts, exchanges or lines forming part of a communications system serving the public;
- (g) runways, aprons and the air traffic control unit at national or provincial airports, including the vacant land known as the obstacle free zone surrounding these, which must be vacant for the air navigation purposes;
- (h) channels, basins, roads, railway or infrastructure used for the provision of water, lights, power, sewerage or similar services of ports or navigational aids;
- (i) any other public controlled infrastructure as may be prescribed; or
- (j) a right registered against immovable property in connection with infrastructure mentioned in paragraphs (a) to (i);

“Public Service Purposes”

in relation to the use of a property, means property owned and used by an organ of state as-

- (a) Hospitals and clinics;

	(b) schools, pre-schools, early childhood development centres or further education and training colleges;
	(c) national and provincial libraries and archives;
	(d) police stations;
	(e) correctional facilities; or
	(f) courts of law,
	but excludes property contemplated in the definition of "public service infrastructure";
"Rate"	means a municipal rate on property envisaged in Section 229(1)(a) of the Constitution;
"Rateable property"	means property on which a municipality may in terms of Section 2 of the Act levy a rate, excluding property fully excluded from the levying of rates in terms of Section 17 of the Act;
"Ratio"	in relation to section 19 of the Act, means the relationship between the cent amount in the Rand applicable to residential properties and different categories of non-residential properties: Provided that the two relevant cent amounts in the Rand are inclusive of any relief measures that amount to rebates of a general application to all properties within a property category;
"Rebate",	in relation to a rate payable on a property, means a discount granted in terms of Section 15 of the Act on the amount of the rate payable on the property;
"Reduction",	in relation to a rate payable on a property, means the lowering in terms of Section 15 of the Act of the amount for which the property was valued and the rating of the property at that lower amount;
"Relief"	means exemptions, reductions or rebates that may be granted by the City in terms of this Policy.
"Residential property"	means a property included in a valuation roll in terms of section 48(2)(b) in respect of which the primary use or permitted use is for residential purposes without derogating from section 9 of the Act;
"Smallholding"	refers to property, whether improved by the construction of a dwelling or not, not large enough to support a commercially viable farming operation, but able to provide a subsistence level of output to the owner of the property;
"Sporting bodies"	refers to organisations whose sole purpose is to use the property owned by them for sporting purposes, whether for gain or not;
"Vacant land"	means a land where no immovable improvements have been erected but excludes farms and small holdings not used for any purpose.

3. BACKGROUND

3.1 INTRODUCTION

The Local Government Municipal Property Rates Act (Act no 6 of 2004 as amended) requires a municipality to develop and adopt a rates policy consistent with the Act on the levying of rates on rateable property in the Municipality.

Property rates are the most reliable source of revenue for the Municipality. Services financed from rates include installation and maintenance of streets, roads, sidewalks, street lighting, and storm water drainage facilities, building and operating clinics, parks, recreational facilities and cemeteries. Property rates revenue is also used to fund municipal administration such as computer equipment, stationery, and costs of Governance, such as Council and community meetings, which facilitate community participation on issues of Integrated Development Plans (IDPs) and municipal budgets.

The Council has resolved, in compliance with the provision of the Act, to impose a rate and as a consequence, this rates policy has been developed within the parameters of the applicable legislation relating to property rates.

3.2 GUIDING PRINCIPLES

The following principles will ensure that the Municipality treats persons liable for rates equitably in terms of the Act:

- (a) Ratepayers with similar properties will pay similar levels of rates
- (b) The ability of ratepayers to pay their rates will be taken into account by the Council.
- (c) The determination of the tariffs and the levying of rates must allow the Council to promote local, social and economic development.

3.3 STRATEGIC FOCUS

In determining the rates, exemptions, rebates and reductions, the Council may consider the following:

- (a) the impact of rates on the community,
- (b) the impact of rates on business
- (c) the Integrated Development Plan (IDP) of Council
- (d) the impact of rates on the Local Economic Development (LED) strategy of the Council
- (e) the impact of the new rating system on poor residential households and agricultural communities
- (f) when determining the rates on properties the following aspects must be taken into account namely:
 - (i) the effects of rates on the poor, including appropriate measures in order to alleviate the rates burden on them; and
 - (ii) the effect of reaching the objectives set out in paragraph 2.4 of this policy.
- (g) in developing or amending this policy, the Council commits itself to a process of community participation as envisaged in section 4 of the Act and chapter 4 of the Municipal Systems Act, 2000 (Act No 32 of 2000) (MSA). In addition to the requirements laid down in the MSA, the Council will engage interested parties and structures, such as ratepayer organisations, directly in the process of community participation. In addition, use will be made of established community consultation structures, such as Ward committees, to ensure thorough participation with regard to the afore-mentioned process.

3.4 OBJECTIVES OF THE POLICY

The key objectives of the policy are to:

- (a) ensure that all owners of rateable property are informed about their liability to pay assessment rates;
- (b) specify relief measures for ratepayers who may qualify for relief or partial relief in respect of the payment of rates through exemptions, reductions and rebates contemplated in paragraph 8 of this policy;
- (c) set out the criteria to be applied by the Council if it increases rates and levies differential rates on different categories of property;
- (d) provide for categories of public benefit organisations, approved in terms of Section 30(1) of the Income Tax Act, 1962 (Act no 58 of 1962) as amended, which ratepayers are eligible for exemptions, reductions and rebates and therefore may apply to the Council for relief from rates;
- (e) recognise the state, organs of state and owners of public service infrastructure as property owners;
- (f) encourage the development of property;
- (g) ensure that all persons liable for rates are treated fairly and equitably as required by the Act.

SECTION B: CATEGORIES OF PROPERTIES

4. DIFFERENT CATEGORIES OF RATEABLE PROPERTY

4.1 The categories of property are determined according to actual *use* of the property irrespective of the permitted use in terms of the Town Planning scheme.

4.2 The Council in terms of section 8 of the Act has determined the following categories of property for purposes of rating:

- (a) residential properties;
- (b) industrial properties;
- (c) business and commercial properties;
- (d) agricultural properties;
- (e) mining and quarries;
- (f) public service purpose properties;
- (g) public service infrastructure;
- (h) public benefit organisation property;
- (i) vacant land;

Other Categories

- (j) municipal properties – Internal Charge

4.3 The Council may determine additional categories of rateable properties, provided that such determination in relation to property does not circumvent the categories of rateable property that must be determined in terms of subsection 4.2 of this policy and section 8 of the Act.

- 4.4 The Council has determined the following ratios in accordance with each category of property and to the rate on residential properties for purposes of tariff rating:

Category	Ratio
(a) residential properties	1:1.00
(b) industrial properties	1:2.50
(c) business and commercial properties	1:2.00
(d) agricultural properties	1:0.25
(e) mining and quarries	1:3.00
(f) public service purpose properties	1:2.00
(g) public service infrastructure	1:0.25
(h) public benefit organisation properties	1:0.25
(i) vacant land	1:4.00
<u>Other Categories</u>	
(j) municipal properties – Internal Charge	1:2.00

5. LEVYING OF RATES

- 5.1 When levying rates, the Council must, subject to section 7 (2) of the Act levy rates on all rateable property in its area.
- 5.2 Section 7(1) of the Act does not: -
- (a) oblige a municipality to levy rates on –
 - (i) properties of which the Council is the owner;
 - (ii) public service infrastructure
 - (iii) properties referred to in (b) of the definition of “property” of this policy; or
 - (iv) properties in respect of which it is impossible or unreasonably difficult to establish a market value because of legally insecure tenure resulting from past racially discriminatory laws or practices; or
 - (b) Prevent the Council from granting in terms of section 15 (1) of the Act exemptions from, rebates on or reductions in rates levied.

6. SPECIAL RATING AREAS

- 6.1 The Council may by resolution establish special rating areas and levy an additional rate on property in that area for the purpose of raising funds for improving or upgrading that area.
- 6.2 Any exclusion, exemption, reduction or rebate granted in terms of this policy does not affect the additional rate payable by the owner in a Special Rating Area.

7. MULTIPURPOSE PROPERTIES

- 7.1 (a) Where two thirds or more of a property is used for residential purposes, the entire property will be placed in the residential category. The two third dominant use will apply.
- (b) If more than one third is used for purposes other than residential, the entire property will be placed in the use category applicable to more than one third uses.
- 7.2 Where one use is exempt, the property will be categorised under a “Multiple Use” category and the exempt portion will be treated separately to the remainder. Where the remainder is also used for multiple uses, “dominant use” will apply.
- 7.3 In the case of agricultural property, the multiple use categories will apply where:
- a) a portion is used for residential purposes other than residential purposes that is incidental to the farming activity; or
 - b) a portion is used for non-residential and non-agricultural purposes.

8. PHASING IN OF CERTAIN AREAS

The assessment rates on newly rateable properties, as defined in the Act, will be phased in as determined in section 21 of the Act.

SECTION C: DIFFERENTIAL RATING

9. CATEGORIES OF PROPERTIES AND CATEGORIES OF OWNERS OF PROPERTY

- 9.1 The Council has determined the following categories of owners of property for purposes :
- (a) Residential
 - (b) Indigent owners
 - (c) Child headed households
 - (d) Pensioners
 - (e) Disability grantees/medically boarded persons
 - (f) Owners of property situated within an area affected by a natural disaster
 - (g) Municipal
 - (h) Sporting bodies
 - (i) Public benefit organizations/Non Governmental Organisations (NGO's) and Cultural Organisations
 - (j) Protected areas, Nature Reserves and Conservation Areas
 - (k) Religious organisations
 - (l) Welfare Organisations
 - (m) Public & private schools, universities & colleges.
 - (n) Owners of property situated within an area affected by any other serious adverse social or economic conditions
 - (o) Owners of properties used for bona fide farming purposes
- 9.2 The Council may from time to time determine and identify other categories of owners of property for purposes of exemptions, reductions, rebates and differential rating.

SECTION D: RELIEF MEASURES RELATED TO CATEGORIES OF PROPERTY AND CATEGORIES OF OWNERS OF PROPERTIES.

10. CRITERIA FOR EXEMPTIONS, REDUCTIONS AND REBATES

The following will be taken into consideration for the purpose of granting exemptions, reductions and rebates:

- (a) Indigent status of the owner of a property
- (b) Sources of income of the owner of a property; and
- (c) Social or economic conditions of the area where the owners of property are located e.g. an area declared by the national or provincial government to be a disaster area within the meaning of Disaster Management Act 57 of 2002, to the extent that the property was significantly negatively affected.
- (d) Social or economic conditions of the property owner.

11. EXEMPTIONS, REDUCTIONS AND REBATES

11.1 RESIDENTIAL

The Council may grant a reduction in the market value of residential property by resolution of the Council, to be read with section 17(1) (h) of the Act regarding impermissible rates on the first R15 000.

11.2 INDIGENT OWNERS

- (a) The Council has adopted an Indigent Support Policy that provides for the alleviation of the rates burden on the low income sectors of the community within the Municipality.
- (b) Owners of property who qualify for the assistance provided under the Indigent Support Policy are required to make application to access the relief provided.
- (c) Owners must occupy property in order to qualify for relief.
- (d) The relief sought will be granted based on the property value as per published property valuation roll.

Deemed indigent relief will be granted based on property value as approved by Council through Indigent Support Policy.

11.3 CHILD HEADED HOUSEHOLDS

The Council has adopted an Indigent Support Policy that provides for the alleviation of the rates burden on child headed households within the Municipality. Qualifying households must make application to access the relief provided in terms of Indigent Support Policy.

11.4 PENSIONERS

Pensioners may receive a reduction and a rebate of an amount as determined by Council from time to time, subject to the following –

The applicant must:

- (a) be the registered owner of property within the following categories of properties :
 - Residential;
- (b) produce a valid South African identity document ;
- (c) must be at least 60 years of age upon application, provided that where couples are married in community of property and the property is registered in both their names, the age of the eldest will be the qualifying factor;
- (d) be in receipt of a total monthly income from all sources (including the income of the spouse of the owner) not exceeding an amount as determined by Council from time to time;
- (e) a once-off application must be submitted with the implementation of every new valuation roll. The applicant applies only once for the reduction and it remains valid for the duration of the valuation roll.
- (f) not be in receipt of an indigent property rate rebate;
- (g) must reside permanently on the property concerned which consists of one dwelling only and no part thereof is sub-let; and
- (h) confirm the aforementioned details by means of a sworn affidavit.

The pensioner's reduction and rebate will lapse:

- (a) on death of the applicant;
- (b) on alienation of the property;
- (c) when the Applicant ceases to reside permanently on the property;
- (d) on expiry of validity period of valuation roll.

11.5 DISABILITY GRANTEES AND / OR MEDICAL BOARDED PERSONS

Disability grantees and or medically boarded persons may receive a reduction and a rebate of an amount as determined by Council from time to time, subject to the following -

The applicant must:

- (a) be in possession of a disability card or provide medical proof of disability;
- (b) be the registered owner of property within the following categories of properties :
 - Residential;
- (c) produce a valid South African identity document;
- (d) not be in receipt of an indigent property rate rebate;
- (e) must reside permanently on the property concerned which consists of one dwelling only and no part thereof is sub-let;
- (f) a once-off application must be submitted with the implementation of every new valuation roll. The applicant applies only once for the reduction and it remains valid for the duration of that valuation roll; and
- (g) confirm the aforementioned details by means of a sworn affidavit.

The disability and medically boarded reduction will lapse:

- (a) on death of the applicant;

- (b) on alienation of the property; or
- (c) when the applicant ceases to reside permanently on the property;
- (d) on expiry of validity period of valuation roll

11.6 NATURAL DISASTERS

Properties that have been damaged by a natural disaster, as defined in terms of the Disaster Management Act 57 of 2002, shall be re-valued as at date of such natural disaster, in accordance with the Act.

On application by the owner of the property, as defined, the Council may fully or partially suspend the levying of rates on that property, as determined by Council from time to time.

11.7 MUNICIPAL

Property owned by Council and used for purposes of service delivery may be exempt, by Council Resolution, from levying of property rates.

11.8 SPORTING BODIES

Sporting bodies used for purposes of amateur sport may, on application, be granted a rebate as determined by Council from time to time. Applicants must produce 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 (Act 58 of 1962).

The rebate will lapse:

- (a) on alienation of the property; or
- (b) if any such land or building is used for any purpose other than the purpose so exempted;
- (c) on expiry of validity period of valuation roll

11.9 PUBLIC BENEFIT ORGANISATIONS / NON-GOVERNMENTAL ORGANISATIONS AND CULTURAL ORGANISATIONS

The following Public Benefit Organisations/ Non-Governmental Organisations may be exempted from paying property rates as determined by council from time to time:

a) Welfare & Humanitarian Institutions

Properties used exclusively as an orphanage, non-profit retirement villages, old age home or other non-profit institution for the benefit of the public or a section thereof, provided that any profits from the use of the property are used entirely for the benefit of the institution and / or for charitable purpose.

b) Animal Welfare

Property registered in the name of and used by institutions / organisations whose exclusive aim is to protect birds, reptiles and other animals on a non-profit basis.

c) Cultural

- (i) Property registered in the name of a declared institution in terms of the Cultural Institutions Act (Act 119 of 1998 as amended) promoting the cultural aims as defined in section (6)(a) and (b) of the Ninth Schedule to the Income Tax Act (Act 58 of 1962 as amended) which reads as follows:
 - (a) The advancement, promotion or preservation of the arts, culture or customs.
 - (b) The promotion, establishment, protection, preservation or maintenance of areas, collections or buildings of historical or cultural interest, national monuments, national heritage sites, museums, including art galleries, archives and libraries.
- (ii) Property registered in the name of a cultural organization or any organization which is, in the opinion of the municipality, promoting the cultural aims as defined in section (6)(c) of the Nine schedule to the Income Tax Act (Act 58 of 1962 as amended).

Exemptions may be subject to the following conditions:

- (a) Application must be made in writing in the prescribed format and will be valid for duration of validity period of valuation roll;
- (b) Applicants must produce 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 (Act 58 of 1962);
- (c) The City Manager or his/her nominee must approve all applications;
- (d) The Council retains the right to refuse exemptions if the details supplied in the application form are incomplete, incorrect or false;
- (e) If during the currency of any financial year, any such land or building is used for any purpose other than the purpose so exempted, the Council shall impose rates thereon or on such portion so used, at a rate proportionate to the period of such use.

The rebate will lapse:

- (a) on alienation of the property; or
- (b) if any such land or building is used for any purpose other than the purpose so exempted;
- (c) on expiry of validity period of valuation roll

11.10 PUBLIC AND PRIVATE SCHOOLS, UNIVERSITIES AND COLLEGES

The following categories of owners may receive a rebate as determined by Council from time to time -

- (a) Public schools which are State funded:
- (b) Private schools which are not State funded in terms of section 34 of the South African Schools Act, 1996 (Act No. 84 of 1996) and are registered as independent schools in terms of the South African Schools Act, 1996 (Act No. 84 of 1996)
- (c) Universities registered as educational institutions not subsidized by state;
- (d) Technical and other colleges registered as educational institutions not subsidized by state; and
- (e) Creches registered as educational institutions.

11.11 OWNERS OF PROPERTY SITUATED WITHIN AN AREA AFFECTED BY ANY OTHER SERIOUS ADVERSE SOCIAL OR ECONOMIC CONDITIONS

A property classified by Council Resolution under this category may receive a rebate as determined by Council from time to time.

11.12 OWNERS OF PROPERTIES USED FOR BONA FIDE FARMING PURPOSES

Properties used for bona fide agricultural purposes with the property owner deriving his principle source of income from produce of the land may receive a rebate as determined by Council from time to time.

11.13 VACANT UNIMPROVED LAND

Vacant unimproved land on which a dwelling unit(s) is/are being constructed and which will be used exclusively for Residential purposes may receive a rebate as determined by Council from time to time.

11.14 IMPERMISSIBLE RATES

In terms of section 17 of the act, rates in respect of the following categories of properties or use of property will be deemed impermissible –

- (a) *Public Services Infrastructure* - subject to paragraph (b) on the first 30% of the market value of property.
- (b) *Public Services Infrastructure* - on any property referred to in paragraphs (a), (b), (e), (g) and (h) of the definition of "public service infrastructure"
- (c) *Protected Areas* - on those parts of a special nature reserve, national park or nature reserve within the meaning of the National Environmental Management: Protected Areas Act, 2003 (Act No. 57 of 2003), or of a national botanical garden within the meaning of the National Environmental Management: Biodiversity Act, 2004 (Act No. 10 of 2004), which are not developed or used for commercial, business, agricultural or residential purposes;
- (d) *Mining* - on mining rights or a mining permit within the meaning of the Mineral and Petroleum Resources Development Act, 2002 (Act No. 28 of 2002), excluding any building, other immovable structures and infrastructure above the surface of the mining property required for purposes of mining;
- (e) *Religious Organizations* - on a property registered in the name of and used primarily as a place of public worship by a religious community, including the official residence registered in the name of that community which is occupied by the office-bearer of that community who officiates at services at that place of worship.

11.15 EXEMPTION, REDUCTION AND REBATES EFFECTIVE DATE

11.15.1 Exemptions and Reductions as prescribed in terms of the Act will be applicable as from effective date of entry in current general valuation roll or supplementary valuation roll, compiled in terms of sections 32 and 78 of the Act.

11.15.2 Application based rebates as approved by council from time to time, will be effective as from date when all qualifying criteria in terms of rebate has been met, but not exceeding the effective date of entry in current general valuation roll or supplementary valuation roll, compiled in terms of sections 32 and 78 of the Act.

SECTION E: RATES INCREASE /DECREASE

12. CRITERIA FOR INCREASING OF RATES.

The Council must annually consider the levying of rates during the budget process and, if necessary, amend its rates policy taking into account public comments and inputs.

In determining the level of increases in the rates, the criteria to be applied include the following:

- (a) the inflation rate as indicated by the consumer price index;
- (b) Need to manage rates shocks.
- (c) Affordability of rates to ratepayers
- (b) take into consideration the medium term budget growth factors as determined by National Treasury guidelines.

SECTION F: LIABILITY FOR RATES

13.1 LIABILITY FOR RATES:

- (a) Rates levied on a property must be paid for by the owner of the property.
- (b) Joint owners are jointly and severally liable for payment of rates on the property.

13.2 AMOUNT DUE FOR RATES:

A rate in the rand is determined annually by the Council during the budget process.

13.3 THE EFFECTIVE DATE OF THE PROPERTY RATES POLICY:

The rates policy takes effect from the 1st July 2022.

13.4 METHOD AND TIME OF PAYMENT:

Council shall recover an annual levy payable on a monthly basis in twelve (12) near equal instalments.

13.5 PAYMENT AND RECOVERY OF RATES:

- (a) Payment and recovery of rates shall be in accordance with Council's relevant policies and by – laws.

14. SHORT TITLE

This policy shall be called the Property Rates Policy of the City of Ekurhuleni.

ADDENDUM

LEGAL REQUIRMENTS THAT ALL MUNICIPALITIES MUST COMPLY WITH IN TERMS OF THE MUNICIPAL PROPERTY RATES ACT, 2004 (ACT NO 6 OF 2004) WITH REGARD TO RATES POLICY DEVELOPMENT

This addendum does not contain all provisions of the Act that must be complied with in the development of rates policy, but list just a few key provisions that the municipality deems necessary for residents / ratepayers to be aware of so that they get a full picture of rating issues that will affect them.

1. IMPERMISSIBLE RATE

A municipality may not levy a rate on the following in terms of section 17(1) of the Act :

- On the first **30%** of the market value of public service infrastructure in terms of section 17(1)(a) of the Act.
- Any part of the seashore in terms of section 17(1)(b) of the Act.
- Any part of the territorial waters of the Republic in terms of section 17(1)(c) of the Act.
- Any island of which the state is the owner in terms of section 17(1)(d) of the Act.
- Protected areas in terms of section 17(1)(e) of the Act.
- Mineral rights in terms of section 17(1)(f) of the Act.
- Properties belonging to land reform beneficiaries in terms of section 17(1)(g) of the Act.
- On the first **R 15 000.00** of the market value of residential properties in terms of section 17(1)(h) of the Act.
- Religious Organizations - on a property registered in the name of and used primarily as a place of public worship by a religious community, including the official residence registered in the name of that community which is occupied by the office-bearer of that community who officiates at services at that place of worship in terms of section 17(1)(i) of the Act.

2. COMPULSORY PHASING IN OF CERTAIN RATES

Rates levied on a newly rateable property must be phased in over a period of three or four years depending on the ownership and use of such a property in terms of section 21 of the Act.

3. PRESCRIBED RATIOS

The municipality will comply with the ratios set by the Minister of Provincial and Local Government in concurrence with the Minister of Finance in terms of section 19 of the Act.

4. LIMITS ON ANNUAL INCREASES OF RATES

The municipality will comply with the notice issued by the Minister of Provincial and Local Government in concurrence with the Minister of Finance regarding the set upper limit on the percentage by which rates on properties or a rate on a specific property may be increased in terms of section 20 of the Act.

5. TARIFFS FOR 2022-23 FINANCIAL YEAR

Start Date: 01 July 2023
End Date: 30 June 2023

1. **THAT** in terms of Sections 2, 7, 8 and 14 of the Local Government: Municipal Property Rates Act 6 of 2004 ("the Act"), read with Sections 4(1)(c)(ii) and 11(3)(i) and 75A of the Local Government: Municipal Systems Act 32 of 2000, the following rates in the Rand **BE LEVIED** for the financial year 1 July 2023 to 30 June 2024, on the market value of property or on the market value of a right in property within the area of jurisdiction of the Council as appearing in the valuation roll, in respect of the various categories of properties set out below:

Category	Ratio	Rate in the Rand
Residential Properties	1:1.00	0.01098
Industrial Properties	1:2.50	0.02746
Business and Commercial Properties	1:2.00	0.02197
Agricultural Properties	1:0.25	0.00275
Municipal Properties	1:2.00	0.02197
Public Services Infrastructure Properties (PSI)	1:0.25	0.00275
Public Service Purpose Properties (PSP)	1:2.00	0.02197
Public Benefit Organisation Properties	1:0.25	0.00275
Mining and Quarries	1:3.00	0.03295
Vacant Land	1:4.00	0.04393

2. That the rates levied in terms of paragraph 1 above **SHALL BECOME DUE AND PAYABLE** in twelve equal instalments on fixed days for twelve consecutive months, these being the due date stipulated in the account sent to the ratepayer.
3. That interest at the prime rate of the Ekurhuleni Metropolitan Municipality's bankers (currently ABSA Ltd) will **BE CHARGED** per month or part thereof on all arrear property rates at the applicable interest rate, adjusted quarterly as specified in Schedule 6 - Tariffs : Financial Services.
4. That in terms of Section 15(1)(b) of the Act read with Council's Property Rates Policy, the Council grants, the following reduction in market value and rebates on the rate levied for the financial year to any owner of ratable property in the following circumstances :
 1. That in terms of section 17(h) of the Municipal Property Rates Act, No 6 of 2004, the impermissible value of the market value of a property assigned to the residential category in the valuation roll or supplementary valuation roll, **BE CONFIRMED as R 15 000.**
 2. That in terms of section 15(1)(b) of the Municipal Property Rates Act, No 6 of 2004, reduction of the market value of a property assigned to the residential category in the valuation roll or supplementary valuation roll, **BE DETERMINED as R 135 000.**

3. **Indigent household** – Owner of residential property, registered in terms of Council's approved indigent policy, 100% rebate **BE GRANTED** from paying of property rates.
4. **Deemed Indigent household** – Owner of residential property, qualifying in terms of Council's approved indigent policy, 100% rebate **BE GRANTED** from paying of property rates.
5. **Child headed households** – That a child headed household registered in terms of Council's approved indigent policy, 100% rebate **BE GRANTED** from paying of Property Rates.
6. **Age / Pensioners reduction, Disability grantees and medically boarded persons** – That in addition to the reduction in 4.1 AND 4.2 above and subject to requirements as set out in Council's Property Rates Policy, an additional reduction of **R150 000.00** on the market value of residential property owned by person older than 60 years of age or registered as "Life right use" tenant in deeds office (Age / Pensioner reduction), disability grantees and medically boarded persons **BE GRANTED**.
7. **Aged / Pensioners rebate, Disability grantees and medically boarded persons** – That in addition to the reduction in 4.1 and 4.6 above, an additional rebate **BE GRANTED** in respect of sliding scale based on average monthly earnings.

The applicant must:

- i. be the registered owner of the property or registered as "Life right use" tenant in deeds office.
- ii. produce a valid identity document;
- iii. be at least 60 years of age upon application, provided that where couples are married in community of property and the property is registered in both their name, the age of the eldest will be the qualifying factor, **or** approved disability grantee **or** approved medically boarded person;
- iv. not be in receipt of an indigent assessment rate rebate;
- v. reside permanently on the property concerned which consists of one dwelling only and no part thereof is sub-let;
- vi. confirm the aforementioned details by means of a sworn affidavit and / or latest income tax assessment.
- vii. On approval, the following rebates will be applicable :

Average Monthly earnings in respect of preceding 12 months.	
R0.00 to R 3,960 (2 x State pensions when amended)	100 % rebate on property rates
R3,960.01 to R8,360.00	85% rebate on property rates
R8,360.01 to R12,540.00	70% rebate on property rates
R12,540.01 to R16,720.00	55% rebate on property rates
R16,720.01 to R20,900.00	40% rebate on property rates

viii. That the minimum “average monthly earnings” be adjusted annually and effective in accordance with National Government Budget announcement in respect of state pensions.

8. **Sporting Bodies** - used for the purposes of amateur sport and any social activities which are connected to sport and registered in terms of section 8 of the Ninth schedule of the Income Tax act 58 of 1962, **90% REBATE** in respect of the amount levied as rates on the relevant property but subject to existing agreements between club and Council not determining a different position.

9. **Welfare organisations** - registered in terms of the National Welfare Act, 1978 (Act No. 100 of 1978), **100% REBATE** in respect of the amount levied as rates on the property.

10. **Public benefit organizations/Non-Governmental Organisations (NGO’s) and Cultural Organisations** - approved in terms of section 30 of the Income Tax Act 58 of 1962, read with Items 1, 2 and 4 of the Ninth Schedule to that Act, **100% REBATE** in respect of the amount levied as rates on the property.

11. **Private schools, Universities, Colleges and Crèches :**

i. Private (Independent) primary and secondary schools (regardless of whether subsidized or not), registered as educational institutions with Department of Education, **BE REBATED** between **70% and 100 %** in respect of the amount levied as rates on the relevant property, subject to prior application and submission of prior years audited financial statements. Rebate will be adjusted in accordance with percentage ratio between net profit and gross income in the following categories:

Net Profit after tax %			Rebate %
0.00 %	To	10.00%	100%
10.01%	To	20.00%	90%
20.01%	To	30.00%	80%
30.01%	To	40.00%	70%

ii. Private (Independent) Universities and colleges, registered as educational institutions not subsidized by state, **20% REBATE** in respect of the amount levied as rates on the relevant property.

iii. Crèches, registered as educational institutions, **100% REBATE** in respect of the amount levied as rates on the relevant property.

12. **Municipal** – That non-trading services **BE EXEMPTED** from paying of property rates.

13. **Vacant unimproved stands** - That a **75% rebate BE GRANTED** on residential property on which a dwelling unit(s) is/are being constructed and which will be used exclusively for that purpose, subject to the following conditions :

- i. That an approved building plan is supplied;
- ii. That a residential dwelling unit(s) be constructed on the property;
- iii. That the 75% rebate be granted for a maximum period of eighteen (18) months from the date the approved building plan was supplied;
- iv. That the occupation certificate be supplied at the end of the eighteen (18) month period;

- v. That the failure to supply the occupation certificate will result in a reversal of the 75% rebate already granted; and
 - vi. That in the event that the said property is sold prior to the issue of the occupation certificate, the rebate already granted be reversed.
14. That rebates in respect of items 4.3 to 4.13, **BE SUBJECT** to the submission and approval of required application in respect of new applications. Existing approvals remains effective for duration of validity period of general valuation roll or whilst qualifying criteria are met.

