

FRANCES BAARD DISTRICT MUNICIPALITY

Rates Policy



Approved 27 May 2009

<p>Frances Baard District Municipality Rates Policy</p>
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1 INTRODUCTION

The major source of local taxation is the property tax (property rates). The owners of property in municipal areas have to pay a tax based on a valuation of their properties in order to finance certain municipal services. While this tax is by no means the sole source of municipal revenue, it is an important source of discretionary revenue for the Frances Baard District Municipality with regard to the DMA and enables it to function effectively.

In terms of section 229 of the Constitution, Frances Baard District Municipality may levy a rate on a property in its respective area. The Council must adopt and implement a Rates Policy that complies with the provisions of any applicable legislation on the levying of fees. It is required that the Council adopt by-laws to give effect to the implementation and enforcement of its Rates Policy. The by-laws differentiate between:

- Different categories of property
- Different categories of owners liable for the payment of rates

The Council will annually review, and if necessary, adjust its Rates Policy

1.1 Definitions

All definitions refer to the act – Mutatis Mutandis.

2 LEGISLATIVE CONTEXT

- This policy is mandated by Section 3 of the Local Government: Municipal Property Rates Act, 2004 (No. 6 of 2004), which specifically provides that a municipality must adopt a Rates Policy.
- In terms of Section 229 of the Constitution of the Republic of South Africa, 1996 (No.108 of 1996), a municipality may impose rates on property.
- In terms of the Local Government: Municipal Property Rates Act, 2004 (No. 6 of 2004) a municipality in accordance with –
 - a) Section 2(1), may levy a rate on property in its area; and
 - b) Section 2(3), must exercise its power to levy a rate on property subject to
 - I. Section 229 and any other applicable provisions of the Constitution;
 - II. the provisions of the Property Rates Act; and

III. the rates policy.

- In terms of Section 4 (1) (c) of the Local Government: Municipal Systems Act, 2000 (No. 32 of 2000), the municipality has the right to finance the affairs of the municipality by imposing, inter alia, rates on property.
- In terms of Section 62(1)(f)(ii) of the Local Government: Municipal Finance Management Act, 2003 (No. 56 of 2003) the municipal manager must ensure that the municipality has and implements a rates policy.

2.1 Policy principles

All ratepayers, in a specific category, as determined by council from time to time, will be treated equitably.

- Rates will be raised in proportion to the improved value of the property.
- The rates tariff will be based on the value of all rateable properties and the amount required by the municipality to contribute towards basic infrastructure and other services as indicated in the Structures Act in the DMA.
- Property rates shall not be used to subsidized trading and economic services.
- Exemptions, grants and rebates should not unreasonably affect the income base of the municipality.

2.2 Adoption of a rates policy

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 fulfil 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

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- 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.

This policy will take effect on the 1st (first) of July 2009 and will accompany the Frances Baard District Municipality's budget for the financial year concerned when the budget is tabled in the municipal council in terms of section 16(2) of the Municipal Finance Management Act.

This Rates Policy will—

- treat persons liable for rates equitably;
- determine criteria for the determination and applying of
 - categories of properties for levying of rates
 - categories of owners/properties for granting exemptions, rebates, reductions and increases of rates
 - properties used for multiple purposes
- identify and quantify in terms of costs to the Frances Baard District Municipality and to the local community
 - exemptions, rebates, reductions,
 - exclusions and
 - phasing in of rates on properties;
- take into account the effect of rates on the poor and include appropriate measures to alleviate the rates burden on them;
- take into account the effect of rates on organisations conducting specified public benefit activities and registered in terms of the Income Tax Act for tax
- take into account the effect of rates on public service infrastructure;
- allow the Frances Baard District Municipality to promote local, social and economic development; and
- identify all rateable properties that are not rated.

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The Frances Baard District Municipality has taken into account the following when considering any exceptions, rebates or reductions:

- extent of service provided by the Frances Baard District Municipality
- contribution of agriculture to the local economy
- extent to which agriculture assists in meeting the service delivery and development obligations of the Frances Baard District Municipality
- contribution of agriculture to the social and economic welfare of farm workers.

Any exemptions, rebates or reductions provided for in the Rates Policy adopted by the Frances Baard District Municipality, will comply with national framework that may be prescribed.

Relief will only be granted in respect of payment of rate by the way of an exemption, rebate or reduction provided for in this policy. Relief will not be granted on payment to the owners of properties on an individual basis.

Property tax on properties used for multiple purposes will be levied on the dominant use of the property.

2.3 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 rateable property as recorded in the Frances Baard District Municipality's valuation roll and supplementary valuation roll.

Rateable property shall include any rights registered against such property, with the exception of a mortgage bond.

The council pledges itself, subject to any applicable limitations by law, to limit each annual increase as far as practicable to the increase in the consumer price index over the period preceding the financial year to which the increase relates.

The Council will take into consideration the collective burden of rates and service charges on the property owners, in the various categories of property ownership, and will remain competitive in comparison with other municipalities within the local economic region.

3 LEVYING OF RATES

3.1 All rateable properties

The Frances Baard District Municipality will levy rates on all rateable properties in the district management area. The Municipality however may grant exemptions or rebates or reductions on rates levied but the Municipality has no obligation to levy rates on the following properties:

- Property of which the Frances Baard District Municipality is the owner;
- Public service infrastructure owned by a municipal entity;
- 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.

3.2 Differential Rates

The Frances Baard District Municipality will levy different rates for different categories of rateable property. The categories are determined according to –

- Property use
- Permitted use of the property; or
- Property's geographical area.

The Frances Baard District Municipality will differentiate between the following categories:

- residential properties;
- industrial properties;
- commercial properties;
- farm properties and smallholdings used for
 - (i) agricultural purposes;
 - (ii) other business and commercial purposes; or

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- (iii) non-commercial purposes
- (iv) residential purposes
 - privately owned towns serviced by the owner.
 - farm properties not used for any purpose
 - state-owned properties
 - municipal properties
 - public services infrastructure
 - formal and informal settlements
 - communal land (section 1 of Communal Land rights Act,2004)
 - state trust land
 - properties acquired through Provision of Land and Assistance Act,1993 and which is subjected to Communal Property Associations Act,1996
 - protected areas
 - properties on which national monuments are proclaimed
 - properties owned or used by public benefit organisations

The Frances Baard District Municipality will determine the category of properties used for multiple purposes by apportioning the market value of the property to the different purposes for which the property is used

3.3 Amount due for rates

A rate levied on property will be a rate based on the market value of the property shown on the current valuation roll of the Frances Baard District Municipality.

If the market value is below the prescribed amount then a uniform fix amount will be levied but such a fixed amount will not exceed the prescribed % of the amount rateable on that specific category of property.

In the case of public service infrastructure, rates will be levied on the market value less 30% of that value as contemplated in section 17(1)(a), on or such lower percentage as the Minister may determine in terms of section 17(4).

In the case of property to which Section 17(1)(h) of the act applies, on the market value of the property less the amount stated in that section (note the

section concerned deals with the requirement that the first R15000 of the market value of certain properties is not rateable).

3.4 Period levied

In levying rates, the Frances Baard District Municipality will levy the rate for a financial year. A rate lapses at the end of the financial year for which it was levied.

Part of the Frances Baard District Municipality's annual budget process is the levying of rates. The Frances Baard District Municipality will therefore review the amount in the rand of its current rates, annually and determine if it is in line with the budget for the next year.

3.5 Commencement of rates

A rate becomes payable as from the start of the particular financial year. If the Frances Baard District Municipality's annual budget is not yet approved by the start of the financial year, rate becomes payable when the Municipality's annual budget, including the resolution levying the rates, is approved in terms of the provisions of the Municipal Finance Management Act. The council will give notice of all rates approved at the annual budget meeting at least 30 days prior to the date that the rates become effective. Accounts delivered after the 30 days notice will be based on the new rates.

3.6 Exemptions, reductions and rebates

In imposing the rate for each annual operating budget component, the council will grant the following exemptions, rebates and reductions to the categories of properties and categories of owners indicated below. However the 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, the Municipality will take into regard 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 will determine into which category it falls.

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The following owners may be granted an exemption or a rebate on, or a reduction in the rates payable on their property:

- Registered in the name of any private school which is registered in terms of any law;
- Pensioners that meet the following criteria:
 - Registered owner of property,
 - Applicant must reside on the property,
 - Income not exceeding an amount set by Council.
- Rateable property registered in the name of the Council, if such property is used in supplying electricity, water, and gas or sewerage services;
- State hospitals, state clinics and institutions for mentally ill persons, which are not operated for gain;
- Rateable property registered in the name of an institution or organisation, which, in the opinion of the Council, performs charitable work;
- Rateable property registered in the name of an agricultural society affiliated to or recognised by the South African Agricultural Union, which is used for the purpose of such society;
- Cemeteries and crematoriums, which are registered in the names of private persons and which are used exclusively for burials and cremations;
- Museums, art galleries, libraries and botanical gardens which are open to the public, whether admission fees are charged or not;
- Sports grounds used for the purpose of amateur sports and any social activities, which are connected with such sports;
- Rateable property registered in the name of benevolent or charitable organisations, or any rateable property let by the Council to any of the named organisations;
- Indigent owners
- Owners temporarily without income
- Owners of a property situated in an area affected by a disaster within the meaning of the Disaster Management Act, 2002 or in any other serious adverse social or economic conditions

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- Owners of residential properties with a market value lower than an amount determined by council
- Owners of agricultural properties who are bona fide farmers

Applications for rebate must be submitted before 30 June each year. Applications will be considered by the Director of Finance and the rebate, if approved, will be pro rated from date of application. Rebates are granted in consideration 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.
- The services provided to the community by public service organisations.
- 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 will ensure that the revenues forgone in respect of the rebates are appropriately disclosed in each annual operating budget, the annual financial statements, annual report and that such rebates are also clearly indicated on the rates accounts submitted to each property owner.

4 LOCAL, SOCIAL AND ECONOMIC DEVELOPMENT

Based on the criteria determined by its local, social and economic development policy the Frances Baard District Municipality will grant rebates to organisations that promotes local, social and economic development in its area.

The following criteria will apply:

- job creation in the municipal area;
- social upliftment of the local community; and
- creation of infrastructure for the benefit of the community.

Rebates will be restricted to a percentage determined by Council from time to time and must be phased out within 3 years from the date that the rebate was granted for the first time.

5 LIMITATIONS ON LEVYING OF RATES

5.1 Constitutional constraints

In terms of the Constitution a Municipality will not exercise its power to levy rates on property in a manner that materially and unreasonably prejudices national economic policies, economic activities across its boundaries, or the national mobility of goods, services, capital and labour.

5.2 Other impermissible rates

Rates that are disallowed include rates on—

1. the first 30% of the market value of public service infrastructure;
2. those parts of a special nature reserve, national park or nature reserve or national botanical garden which are not developed or used for commercial, business, agricultural or residential purposes;
3. mineral rights;
4. property belonging to land reform beneficiary for a period of ten years the date on which such beneficiary's title is registered in the office of the

Registrar of Deeds, for so long as the property is owned by the land reform beneficiary who first acquires title and his or her heirs;

5. the first R15 000 of the market value of a property assigned in the valuation roll or supplementary valuation roll to a category determined by the Municipality for residential purposes or for properties used for multiple purposes, provided one or more components of the property are used for residential purposes;
6. a property registered in the name of and used primarily as a place of public worship by a religious community, including an official residence registered in the name of that community which is occupied by an office bearer of that community and who officiates at services at that place of workshop.

The above mentioned exclusion from rates of a property lapses if the property:

1. is disposed of by the religious community owing it
2. it is no longer used primarily as a place of public worship
3. is no longer used as such an official residence by an office-bearer of that community who officiates at services at that place of worship.
4. if the declaration of that property as a special nature reserve, national park, nature reserve or national botanical garden, or as part of such a reserve, park or botanical garden, is withdrawn in terms of the applicable Act mentioned in that subsection.

The amount for which an owner becomes liable if exclusion from rates of a property lapses will be regarded as rates in arrears, and the applicable interest on that amount is payable to the municipality. In the case of (2) the religious community owning the property becomes liable to the municipality concerned for any rates that would have been payable on the property during the period of one year preceding the date on which the exclusion lapsed.

5.3 Impermissible differentiation

The Frances Baard District Municipality will not levy:

- different rates on residential properties except where
 - transitional arrangements apply

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- where some of the properties are newly rateable;
- in the case of public infrastructure
- a rate on non-residential properties that exceeds a prescribed ratio to the rate on residential properties;
- rates which unreasonably discriminate between categories of non-residential properties;
- additional rates, except provided for in Section 22 of the Property Rates Act .

Rates ratios to be applied

Categories

Categories	Ratio in relation to residential property
Residential property	1:1
Agricultural Property	1:0.25
Public Service infrastructure Property	1:0.25

5.4 Annual increase of rates

Different limits may be set for different kinds of municipalities or different categories of properties. The Minister of Provincial and Local Government may set an upper limit on the percentage by which rates can be increased on a specific category of properties.

5.5 Phasing-in of discount

The phasing-in of discount on a property must:

- in the first year, be at least **75%**;
- in the second year, be at least **50%** and
- in the third year, be at least **25%** of the rate for that year otherwise applicable to that property.

No rate will be levied during the first year on newly rateable property owned and used by organisations conducting specified public benefit activities. Thereafter the phasing-in of discount will apply. On other newly rateable properties a 75% discount will apply to the second year, the 50% to the third

year, and the 25% to the fourth year. A rate levied on newly rateable property will not be higher than the rate levied on similar property or categories of property in the Frances Baard District Municipality.

5.6 Business/Industrial property

The rates on buildings with regard to Business/Industrial property will be phased in over three financial years on the following basis:

- 2009/2010 financial years - 50% of applicable rate for business/industrial
- 2010/2011 financial years - 75% of applicable rate for business/industrial
- 2011/2012 financial years - 100% of applicable rate for business/industrial

5.7 Agricultural properties

The agricultural properties will be phased in over three financial years on the following basis:

- 2009/2010 financial years - 25% of applicable rate
- 2010/2011 financial years - 50% of applicable rate
- 2011/2012 financial years - 75% of applicable rate
- 2012/2013 financial years - 100% of applicable rate

5.8 Residential Properties

The residential properties will be phased in over three financial years on the following basis:

- 2009/2010 financial years - 25% of applicable rate
- 2010/2011 financial years - 50% of applicable rate
- 2011/2012 financial years - 75% of applicable rate
- 2012/2013 financial years - 100% of applicable rate

5.9 Tariff applicable

The tariff to be levied will be determined by Council from year to year. Please refer to the FBDM Tariff policy for current year's tariff.

6 ADDITIONAL RATES

6.1 Special rating areas

The Frances Baard District Municipality may by a resolution of its council determine an area within the Municipality as a special rating area, levy an additional rate on property in that area for the purpose of raising funds for improving or upgrading that area, and differentiate between categories of properties when levying such additional rate.

For determining such a special rating area, the Frances Baard District Municipality will undertake a prescribed process of consultation with the local community, and obtain the consent of the majority of the members of the local community in the proposed special rating area who will be liable for paying the additional rate.

The levying of an additional rate may not be used to reinforce existing inequities in the development of the Frances Baard District Municipality, and any determination of a special rating area will be consistent with the objectives of the Frances Baard District Municipality's IDP.

(A portion of the income generated from rates in respect of agricultural properties will be paid into a reserve fund for specific spending on projects in the rural/farming areas. The Council may determine spending of these funds.)

7 MUNICIPAL REGISTER OF PROPERTIES

The Frances Baard District Municipality will draw up and maintain a register in respect of all properties situated within that Frances Baard District Municipality, dividing such register into a part A and a part B.

Part A of the register will be composed of

- the current valuation roll;
- supplementary valuation rolls prepared from time to time.

Part B of the register specifies which properties on the valuation roll or any supplementary valuation rolls are subject to:

- an exemption from rates
- a rebate on or a reduction in the rate
- a phasing in of the rate in
- an exclusion

The register will be open for inspection by the public during office hours at the Frances Baard District Municipality's main offices. The Frances Baard District Municipality will at regular intervals, but at least annually, update part B of the register.

8 LIABILITY FOR RATES

8.1 Property rates payable by owners

The owner of the property is responsible for the payment of rates levied. Rates on property jointly owned are payable jointly and severally by all the owners.

In the case of agricultural property owned by more than one owner in undivided shares, the municipality will:

- hold one of the joint owners liable for all rates levied; or
- hold any joint owner only liable for his particular share of the property.

8.2 Payment of rates on property in sectional title schemes

A rate on property, which is subject to a sectional title scheme, will be levied on the individual sectional title units in the scheme and not on the property as a whole. The owner of a sectional title unit is responsible for the payment of rates levied by the Frances Baard District Municipality.

Rates may not be collected or apportioned from the owners by the body corporate controlling the sectional title units.

8.3 Payment time and method

Frances Baard District Municipality will recover the rate levied in periodic instalments of equal amounts in twelve months. The instalment is payable on/before the 15th day of every month, following the month in which it has been levied. Interest will be charged, at 1% above the rate determined annually by the Minister of Finance, for any late payments received.

By prior arrangement with the Frances Baard District Municipality the rate may be paid in a single amount before 30 September of the year it is levied in, however, application must be submitted before 31 May for this option.

8.4 Accounts to be furnished

A Frances Baard District Municipality will furnish each person liable for the payment of a rate with a written account specifying:

- the amount due
- the date on or before which the amount is payable
- calculation of amount
- property market value
- amount of discount if the property is subject to any compulsory phasing in
- amount due for additional rates if the property is subject to it

Whether or not a person has received a written account from the Frances Baard District Municipality the person liable for payment of the rates remains liable for such payment. If the person concerned has not received a written account, that person must make the necessary enquiries from the Frances Baard District Municipality.

The municipality will —

- consolidate any separate accounts of persons liable for payments to the municipality;

- credit a payment by such a person against any account of that person; and
- implement any of the debt collection and credit control measures to any arrears on any of the accounts of such a person.

8.5 Recovery of arrear rates from third parties

If an amount due for rates levied in respect of a property is unpaid by the owner of the property after the date determined for payment by the municipality the municipality will recover the amount in whole or in part from a tenant or occupier of the property, despite any contractual obligation to the contrary on the tenant or occupier. A written notice will be served on the tenant or occupier before the Municipality will recover the amount owing. The amount the Municipality will recover from the tenant or occupier is limited to the amount of the rent or other money due by the tenant or occupier to the owner of the property.

Frances Baard District Municipality will recover the amount due for rates on a property in whole or in part from the agent of the owner but only after the Municipality has served a written notice on the agent in this regard. The amount that the Municipality will recover from the agent is limited to the amount of any rent or other money received by the agent on behalf of the owner, less any commission due to the agent.

9 GENERAL VALUATION OF RATEABLE PROPERTY

9.1 General valuation and preparation of valuation rolls

The Frances Baard District Municipality will have a general valuation done of all applicable properties and will prepare a new valuation roll every 3 (three) years and supplementary valuations every six months. A municipal valuer will be appointed before the valuation date. This person will be appointed through an open, competitive and transparent process.

9.2 Valuation criteria

Properties will be valued in accordance with generally recognised valuation practices, methods and standards, and the provisions of the Property Rates Act, 2004. The market value of a property is the amount the property would have realised if sold on the date of valuation in the open market by a willing seller to a willing buyer.

Council may determine whether -

- a physical inspection of the property to be valued, or
- a comparative, analytical and other systems or techniques may be used, including aerial photography and computer assisted mass appraisal systems or techniques.

9.3 Valuation date

For the purposes of a general valuation the Frances Baard District Municipality will determine a date that will be not more than 12 months before the start of the financial year in which the valuation roll is to be first implemented. The general valuation will reflect the market values of properties in accordance with market conditions.

9.4 Commencement and period of validity of valuation roll

The valuation roll will take effect from the start of the following year and will remain valid for one or more years not exceeding four years. The valuation roll will remain valid one year after the date it has lapsed.

9.5 Designation of municipal valuers

The Frances Baard District Municipality will appoint a municipal valuer which will either be one of its officials or a person in private practices before the date of valuation. The appointment will be done through an open, competitive and transparent process. The municipal valuer will be a person registered as a professional valuer or a professional associated valuer in terms of the Property Valuers Professions Act, 2000.

The Frances Baard District Municipality will withdraw the designation of a municipal valuer on the following grounds:

- Misconduct, incapacity or incompetence
- Non-compliance with the provision of the Property rates Act, 2004
- Under-performance
- Breach of contract

9.6 Municipal valuer's functions

The valuer of the Municipality will in accordance with the Property Rates Act, 2004—

- value all properties in the Frances Baard District Municipality determined in terms of section 30(2);
- prepare a valuation roll of all properties in the Frances Baard District Municipality determined in terms of section 30 (3);
- sign and certify the valuation roll;
- submit the valuation roll to the municipal manager within a prescribed period;
- consider and decide on objections to the valuation roll;
- attend every meeting of an appeal board when that appeal board—
 - hears an appeal against a decision of that valuer;
 - reviews a decision of that valuer;
- prepare a supplementary valuation roll whenever this becomes necessary;
- assist the Frances Baard District Municipality in the collection of postal addresses of owners where such addresses are reasonably determinable by the valuer when valuing properties;
- generally, provide the Frances Baard District Municipality with appropriate administrative support incidental to the valuation roll.

9.7 Inspection of property

The valuer may between 07:30 and 19:00 on any day except a Sunday or public holiday, enter any property in the Frances Baard District area that must be valued and inspect that property for the purpose of the valuation.

The municipal valuer will be in possession of an identity card in the prescribed format containing his photograph and must, on demand by a person on that property produce it.

The municipal valuer may also be accompanied by an interpreter. The municipal valuer may require documents or any other information from the owner, occupier or tenant, regarding the property for the purpose of valuing the property.

10 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, the rates payable will 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. 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.

11 COMMUNITY PARTICIPATION

Before the Frances Baard District Municipality adopts its rates policy the Municipality will follow a process of community participation envisaged in the Chapter 4 of the Municipal Systems Act. The municipal manager will display its draft rates policy for a period of at least 30 days at the Frances Baard District Municipality's head offices, on the municipalities' website and advertise in the media. The local community will be invited to submit comments and representations to the Municipality within the specified period which will not be less than 30 days. The council will take all comments and representations made to it into account when it considers the draft rates policy.

12 RATES POLICY ANNUAL REVIEW

The municipal council will annually review and if deemed necessary amend the rates policy. All the amendments will accompany the Frances Baard District Municipality's annual budget when it is tabled in the council.

During the budget process the Chief Financial Officer will inform council of all the costs associated with the suggested exemptions, rebates, reductions, phasing in of rates and grant-in-lieu of rates. Provisions will be made on the operating budget for –

- the full potential income associated with property rates; and
- the full costs associated with exemptions, rebates, reductions, phasing in of rates and grants-in-lieu of rates.

13 BY-LAW

The Frances Baard District Municipality will adopt a by-law to give effect to the implementation of this rates policy. The by-law will differentiate between the different categories of properties and the different categories of owners liable for payment. The rates by-law will also stipulate the rate tariff applicable on each category of property.

14 GIS SYSTEM

GIS computer programme is used by Frances Baard District Municipality to assist in the valuation process. This programme will use the property data from the municipal financial database.

14.1 Procedure

Data and photos are gathered during on-site inspections and captured on the system. The property is then electronically valued. Management information will be made available. A valuation roll for public inspection gets printed and notices are generated to send to the owners. The valuations are imported into the financial system of Frances Baard District Municipality once the valuation process has been completed.

15 CONCLUSION

The ordinary municipal rate is not levied according to specific service benefits, but according to ability to pay, as evidenced by the ownerships of fixed property, the justification of the tax being the community of interest. It is a tax, and a tax is a common burden. It is levied to pay for benefits and services to the community as a whole in which no particular individual, or set of individuals derives any measurable and specific benefit from the rest of the community.
