

# KWADUKUZA MUNICIPALITY



## FINAL RATES POLICY

**2019/2020**

1. DEFINITIONS

**“Act”** means the Local Government: Municipal Property Rates Act (No. 6 of 2004) and the regulations as promulgated in terms of the said Act.

**“Agent”** In relation to the owner of a property, means a person appointed by the owner of the property.

- a) to receive rental or other payments in respect of the property on behalf of the owner; or
- b) to make payments in respect of the property on behalf of the owner;

**“Agricultural property”** means property that is used primarily for agricultural purposes but 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;’

**“Amendment Act”** means the Local Government: Municipal Property Rates Amendment Act No. 29 of 2014

**“Annually”** Means once every financial year.

**“Appeal board”** Means a valuation appeal board established in terms of Section 56 of the Act.

**“Apartments and Villas”** Means a dwelling house, cabana, cottage, chalet, bungalow, flat studio, apartment, villa, where the owner/agent does not reside and facilities and equipment are provided for guests to cater for themselves as temporary holiday accommodation. The facilities should be adequate to cater for the maximum advertised number of residents the facility can accommodate. The booking is usually done through an agent and check in procedures would not normally be completed on site

**“Assistant municipal valuer”** means a person designated as an assistant municipal valuer in terms of section 35(1) or (2) of the Act

**“Backpacker/Hostelling Establishment”** Means an accommodation facility that offers a range of alternative sleeping arrangements i.e. dormitories, en-suite

bedrooms, bungalows, etc as well as communal facilities. Selected meals may be provided, however, adequate facilities must also be provided to cater for the advertised number of guests. Only establishments that cater for transient guests qualify. Check-in procedures are usually completed on site, and the owner/manager may reside on the site.

**“Bed & Breakfast”** Means an establishment, which is primarily a dwelling and makes excess rooms available to transient guests. The bathrooms may or may not be en suite. This establishment may be managed by the owner and/or designated person. Breakfast may be available for all guests. Public areas are usually shared by guests and owners/hosts alike.

**“Category”** means (a) in relation to property, 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 terms of Section 15(2) of the Act.

**“Child headed household”** A household headed by a person under the age of 21 years subject to meeting the indigent criteria as stipulated in Council's Indigent Policy.

**“Data-collector”** A person designated as a data- collector in terms of section 36 of the Act

**“Date of valuation”** The date determined by a municipality in terms of Section 31(1) of the Act.

**“Day”** means when any number of days are prescribed for the performance of any act, those days must be reckoned by excluding the first and including the last day, unless the last day falls on a Saturday, Sunday or any public holiday, in which case the number of days must be reckoned by excluding the first day and also any such Saturday, Sunday or public holiday

**“District Municipality”** A municipality that has municipal executive and legislative authority in an area that includes more than one municipality, and

which is described in Section 155 (1) of the Constitution as a category C Municipality.

**“Effective date”**

- a) In relation to a valuation roll, means the date on which the valuation roll takes effect in terms of Section 32(1) of the Act; or
- b) In relation to a supplementary valuation roll, means the date on which a supplementary valuation roll takes effect in terms of Section 78(2)(b) of the Act.

**“Exclusion”** In relation to a municipality’s rating power, means a restriction of that power as provided for in Section 17 of the Act.

**“Exemption”** In relation to the payment of a rate, means an exemption granted by a municipality in terms of Section 15 of the Act.

**“Financial year”** Means the period starting from 1 July in a year to 30 June the next year.

**“Guesthouse (maximum 12 rooms in S.R. zone)”** Means an establishment that is purposely built/ altered for the sole use of providing transient guests with accommodation. This establishment shall be occupied by and may be managed by the owner or manager/host/hostess. The public areas are for the exclusive use of the guests. This facility will offer breakfast and depending on location, dinner and other facilities may be offered.

**“Income Tax Act”** The Income Tax Act, 1962 (Act No. 58 of 1962)

**“Indigent”** means an owner or person who is in permanent occupation of the property and qualifies for indigent relief in terms of the Municipality’s indigent policy;

**“Land reform beneficiary”** In relation to a property, means a person who:-

- a) acquired the property through-

- i) the Provision of Land and Assistance Act, 1993 (Act No. 126 of 1993); or
- ii) the Restitution of Land Rights Act, 1994 (Act No. 22 of 1944);
- b) holds the property subject to the Communal Property Associations Act, 1996 (Act No. 28 of 1996); or

holds or acquires the property in terms of such other land tenure reform legislation as may pursuant to Section 25(6) and (7) of the Constitution be enacted after this Act has taken effect.

**“Land Tenure right”** means a land tenure right as defined in section 1 of Upgrading of Land Tenure Rights Act, 1991 (Act No. 112 of 1991)

**“Local community”** In relation to a municipality-

- a) means that body of persons comprising-
  - i) the residents of the Municipality;
  - ii) the ratepayers of the Municipality;
  - iii) any civic organisation and non-governmental, private sector or labour organisations or bodies which are involved in local affairs within the Municipality; and
  - iv) visitors and other people residing outside the Municipality who, because of their presence in the Municipality , make use of services or facilities provided by the Municipality; and
- b) includes, more specifically, the poor and other disadvantaged sections of such body of persons.

**“Local Municipality”** A municipality that shares municipal executive and legislative authority in its area with a district municipality within whose area it falls, and which is described in Section 155(1) of the Constitution as a category B municipality.

**“Market Value”** In relation to a property, means the value of the property determined in accordance with Section 46 of the Act.

**“MEC for local government”** The member of the Executive Council of a province who is responsible for local government in that province.

**“Minister”** The cabinet member responsible for local government

**“Multiple purposes”** In relation to a property, means the use of a property for more than one purpose subject to Section 9 of the Act

**“Municipal Council or Council”** means the council of the KwaDukuza Municipality as constituted to in section 18 of the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998) **“Municipal Finance Management Act”** The Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003);

**The Municipality”** means the KwaDukuza Municipality (a) established in terms of section 155(6) of the Constitution, 1996, and established by and under section 11 and 12 of the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998), read with sections 3, 4 and 5 of the KwaZulu-Natal Determination of Types of Municipality Act, 2000 (Act No. 7 of 2000) and b) as a geographical area, means a municipal area demarcated in terms of the Local Government: Municipal Demarcation Act, 1988 (Act No. 27 of 1988)

**“Municipal Manager”** A person appointed in terms of Section 82 of the Municipal Structures Act;

**“Municipal Structures Act”** The Local Government: Municipal Structures Act, 1988 (Act No. 117 of 1998).

**“Municipal Systems Act”** The Local Government: Municipal Systems Act 2000 (Act No. 32 of 2000).

**“Municipal Valuer or Valuer of a Municipality”** A person designated as a municipal valuer in terms of Section 33(1) of the Act.

**“Newly rateable property”** 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

- 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 identified by the Minister by notice in the Gazette where the phasing-in of a rate is not justified.

**“Occupier”** In relation to a property, means a person in actual occupation of a property, whether or not that person has a right to occupy the property;

**“Office bearer”**, in relation to places of public worship, means the primary person who officiates at services at that place of worship

**“Official residence”**, in relation to places of public worship, means –

- (a) a portion of the property used for residential purposes: or
- (b) one residential property, if the residential property is not located on the same property as the place of public worship,

registered in the name of the religious community or registered in the name of a trust established for the sole benefit of a religious community and used as a place of residence for the office bearer.

**“Organ of State”** An organ of state as defined in Section 239 of the Constitution.

**“Owner”**

- 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 referred to in paragraph (b) of the definition of property, means a person in whose name the right is registered;

- c) In relation to a land tenure right referred to in paragraph (c ) of the definition of property , means a person in whose name the right is registered or to whom it was granted in terms of legislation; or
- d) Definition of property, means the organ of state which owns or controls that public service infrastructure as envisaged in the definition of “publicly controlled”,

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 the estate of a person under judicial management;
- iv) A curator, in the case of a property in the estate of a person under curatorship;
- v) A person in whose name a usufruct or other personal servitude is registered, in the case of a property that is registered in the name of the Municipality and is leased by it; or
- vi) 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;

**“Pensioner”** A senior citizen, who receives regular payment from the state or former employer after retirement, or the surviving spouse who receives a regular payment from the former employer of the late spouse, or a natural person who is over the age of 60. In addition medically boarded pensioners and persons in receipt of a State grant are regarded as pensioners.



**“Parent property”** A parent property is described as such in a service level agreement, and that has been approved for township development in terms of the Development Facilitation Act 67 of 1995, the Natal Ordinance No 27 of 1949, or the KwaZulu-Natal Planning and Development Act 6 of 2008.

**“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;

**“Person”** Includes an organ of state.

**“Primary Developer”** A primary developer of a parent property is the legal entity, or successor in title in the event of a sale of a property’s development rights, that entered into a service level agreement with the Municipality. The description of the parent property must be stated in the service level agreement.

**“Primary Property”** Means the property on which the owner resides

**“Property”**

- a) immovable property registered in the name of a person, including, in the case of a sectional title unit registered in the name of a person/legal entity;
- b) a right registered against immovable property in the name of a person/legal entity, excluding a mortgage bond registered against the property;
- c) a land tenure right registered in the name of a person/legal entity or granted to a person/legal entity in terms of legislation; or

- d) public service infrastructure;

**“Property Register”** A register of properties referred to in Section 23 of the Act.

**“Property Development”** A major development primarily for residential properties, but also including such other categories as may be authorized, arising from a DFA or Land PTB approval or directly in terms of the Municipality’s Town Planning Scheme, and in which all the internal infrastructure and community facilities are provided by the Primary Developer.

**“Protected area”** An area that is or has to be listed in the register referred to in Section 10 of the Protected Areas Act.

**“Protected Areas Act”** The National Environmental Management: Protected Areas Act, 2003

**“Publicly controlled”** 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

**“Public Benefit Organisation”** Means an organisation as described in Section 30 of the Income Tax Act

**“Public Service Infrastructure”** 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

(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 communication 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 air

navigation purposes;

(h) breakwaters, sea walls, channels, basins, quay walls, jetties, roads, railway or infrastructure used for the provision of water, lights, power, sewerage or similar services of ports, or navigational aids comprising lighthouses, radio navigational aids, buoys, beacons or any other device or system used to assist the safe and efficient navigation of vessels;

of 1999);

(i) any other publicly controlled infrastructure as may be prescribed; or

(j) rights of way, easements or servitudes in connection with infrastructure mentioned

in paragraphs (a) to (i)

**“Rate”** A municipal rate on property envisaged in section 229 (1) (a) of the Constitution;

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

**“Register”**

- a) means to record in a register in terms of –
  - i. the Deeds Registries Act, 1937 (Act No. 47 of 1937); or
  - ii. the Mining Titles Registration Act, 1967 (Act No. 16 of 1967); and
- b) Includes any other formal act in terms of any other legislation to record-
  - iii. a right to use land for or in connection with mining purposes; or
  - iv. a land tenure right;

**“Residential property”** A property included in a valuation roll in terms of Section 48 (2) (b) of the Act as residential.

**“Sectional Titles Act”** The Sectional Titles Act, 1986 (Act No. 95 of 1986)

**“Sectional title unit”** A unit defined in Section 1 of the Sectional Titles Act

**“Special Rating Area”** Special Rating area subject to section 22 of the Act, means geographic area approved by Council, within which property owners agree to pay for certain services supplementary to those supplied by the Municipality. These services are financed by levying an additional rate which is added to the rates bill of the property owners within the precinct.

**“Specified public benefit activity”** An activity listed in item 1 (welfare and humanitarian), item 2 (health care) and item 4 (education and development) of Part 1 of the Ninth Schedule to the Income Tax Act.

**“SPLUMA”** Spatial Planning and Land Use Management No 16 of 2013

**“State Trust Land”** Land owned by the state-

- a) in trust for persons communally inhabiting the land in terms of a traditional system of land tenure;
- b) over which land tenure rights were registered or granted; or

- c) which is earmarked for disposal in terms of the Restitution of Land Rights Act, 1994 (Act No. 22 of 1994)

**“Vacant property”** means –

- a) property on which no immovable improvements have been erected; or
- b) in the case of property on which immovable improvements are being constructed, where such property cannot be permanently occupied

## **2. INTRODUCTION**

The Municipality has the power to levy a rate on property in its area of jurisdiction. Section 3 (1) of The Local Government Municipal Property Rates Act No. 6 of 2004 (herein referred to as the MPRA) and Section 62 (1) (f) of the Local Government Finance Management Act 56 of 2003 (herein referred to as the MFMA) requires the Municipality to develop and adopt a rate policy consistent with the said Act on levying of rates on ratable property.

Section 3 of the Act provides that the Rates Policy takes effect on the effective date of the valuation roll prepared by the Municipality in terms of this Act.

This document sets out the Policy of the Municipality and must be read with the MPRA. In applying this Policy, the Municipality will meet the requirements of the MPRA and the MFMA, including any regulations made under these Acts.

### **2.1 Annual review of the Rates Policy**

The Municipal Council shall review this Policy annually and if necessary, amend it. The amended Policy must accompany the Municipality's annual budget when it is tabled before Council in terms of the Municipal Finance Management Act and the Municipality must follow the community participation process envisaged in the Municipal Systems Act.

### **2.2 Liability for Rates**

Rates levied on a property must be paid by the owner of the property. Owners are jointly and severally liable for payment of rates on the property. Service of accounts or documents or process on any one owner is deemed to be service on all owners.

### **2.3 Amount due for Rates**

The Municipality will by resolution as part of each annual operating budget process, determine a rate in the rand for every category of property.

## **3. THE PURPOSE OF THIS POLICY**

The purpose of this policy is to:

- 3.1 comply with the provisions Section 3 of the Municipal Property Rates Act, 2004 (Act No. 6 of 2004);
- 3.2 determine the methodology and to prescribe procedures for the implementation of the Act;
- 3.3 determine criteria to be applied for the levying of differential rates for different categories of properties;
- 3.4 determine or provide criteria for the determination of categories of properties and categories of owners of properties for categories of properties;
- 3.5 determine criteria to be applied for granting exemptions, rebates and reductions;
- 3.6 determine how the Municipality's powers must be exercised in relation to multipurpose properties;
- 3.7 determine measures to promote local economic and social development; and
- 3.8 identify which categories or properties the Municipality has elected not to rate as provided for in Section 7 of the Act.

#### **4. DIFFERENT CATEGORIES OF PROPERTY**

4.1 Section 8 of the Act provides for different categories of property that may be adopted by Municipalities for the purpose of levying different rates and/or exemptions and rebates. The categories of property are determined according to the actual use of the property and the property shall be rated on such actual use. A change in the use may result in a change in the category of the property. The Municipality has adopted the following categories:

- a) Residential properties.
- b) Industrial,
- c) Business and commercial properties including privately run institutions.
- d) Agricultural properties:
- e) Properties owned by an organ of state and used for public service purposes
- f) Public service infrastructure properties
- g) Properties owned by public benefit organisations and used for specified public benefit activities
- h) Vacant land.
- i) Multiple use properties.

#### **5. CRITERIA FOR DIFFERENTIAL RATING FOR DIFFERENT CATEGORIES OF PROPERTIES**

5.1 The criteria for weighting the categories listed in Section 4 of this Policy for the purpose of determining rate randages for each category are as follows:

- a) The general economic and financial strength or weakness of owners of a category compared to other categories.
- b) Vacant land will be rated higher (in terms of a Cent in the Rand) as the Municipality is encouraging owners to develop it and also to discourage speculation by owners.
- c) Differential rating among the various property categories will be done by way of setting different rate randage for each property category rather than by way of reductions and rebates. This is much simpler for citizens to understand and thus promotes the principle of transparency.

## **6. CRITERIA FOR RATING MULTIPLE USE PROPERTY**

The following criteria shall be applied by the Municipality:

- 6.1 By apportioning the market value of a property to the different purposes for which the property is used for.
- 6.2 Applying the relevant rate randage to the corresponding apportioned market value.
- 6.3 If the market value cannot be apportioned to its various uses, then such property will be valued according to the dominant (main or primary) use.

## **7. CRITERIA FOR EXEMPTION, REBATES AND REDUCTIONS**

- 7.1 The criteria used for the purpose of rates exemption, rebates and reductions are as follows:
  - a) Indigent status of the owner of a property.
  - b) Sources of income of the owner of a property.



- c) Social or economic conditions of the area where the owners of property is located for example an area declared by the National or Provincial Government to be a disaster area within the meaning of Disaster Management Act, 2002 to the extent that the significantly negatively affected.
- d) Market value of residential property below a determined threshold.

## **8. GRANTING OF EXEMPTIONS, REBATES AND REDUCTIONS**

The criteria developed for the granting of exemptions, rebates and reductions for the different categories will be considered after an application accompanied by the relevant documents (SARS status, pension or social grant proofs) including affidavit has been lodged with the Municipality. The necessary rebates shall be determined by Council. Prescribed application forms may be obtained from the Finance Offices.

### **8.1 Properties qualifying for Exemption**

#### **8.1.1. Protected areas and environmentally sensitive areas**

- a) In terms of Section 17 (1)(e) of the MPRA, the Municipality may 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, or of a national botanical garden within the meaning of the National Environmental Management Biodiversity Act, 2004, which are not developed or used for commercial, business, agricultural or residential purposes. In addition, Section 17(2)(a) states that the exclusion from rates of a property referred to in Section 17(1)(e) lapses the declaration of that property as a special nature reserve, national part, 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 Section 17(1)(e).

- b) In addition to these areas, the Municipality will exempt from rates any environmentally sensitive area that is recognized as such by the Council. When such an area is located on part of a property that has other land use types, then rates will only be portioned to the other types if applicable. Applications in this regard must be made to the Council for recognition and approval of the environmentally sensitive areas.

#### 8.1.2. Land reform beneficiaries

- a) Section 17(1)(g) of the Act states that a property belonging to a land reform beneficiary or his or her heirs, shall be excluded from rates, provided that this exclusion lapses ten years from the date on which such beneficiary's title was registered in the office of the Registrar of Deeds. In terms of Section 21(1)(b) of the Act the rates on these properties must be phased in over a period of 3 years

#### 8.1.3. Properties used for residential purposes

In addition to the statutory reduction of R15 000, a further reduction of R85 000 is approved for property values exceeding R130 000. Persons owning property with a rateable value of R130 000 and below will be not be liable for the payment of rates.

#### 8.1.4. Places of Worship

- a) The Municipality may not levy a rate on properties registered in the name of and used primarily, or zoned as, 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.

### 8.2. Properties qualifying for rebates and discounts

#### 8.2.1. Newly Rateable Properties

- a) 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
  - i) a property which was incorrectly omitted from a valuation roll and for that reason was not rated before that date; and
  - ii) a property identified by the Minister by notice in the Gazette where the phasing-in of a rate is not justified.
- b) The rates for all newly ratable properties will be phased in over a period of 3 years according to the following percentages:-
  - i) 75% discount for the first year
  - ii) 50% discount for the second year
  - iii) 25% discount for the third year
  - iv) Thereafter, no discount will be applicable.

#### 8.2.2. Public Service Infrastructure

- a) The Municipality recognises that public service infrastructure e.g. infrastructure owned by Telkom, Eskom, South African National Roads Agency Limited (SANRAL) play a significant role in the growth and sustainability of the economy of Municipality.
- b) Rates are not levied on the first 30% of the market value of public service infrastructure
- a) In addition, certain properties are exempt from the payment of rates and the calculation of rates are being phased out as stipulated in the Amendment Act

#### 8.2.3. Properties owned by an organ of state and used for public service purposes.

The following public service properties will be entitled to a separate rate tariff determined by Council from time to time:

- i) Hospitals and clinics
- ii) Schools, pre-schools, early childhood development centers or further education and training colleges
- iii) National and provincial libraries and archives
- iv) Police stations.
- v) Correctional facilities
- vi) Courts of law

but excludes property contemplated in the definition of “public service infrastructure”

#### 8.2.4. Agricultural properties

- a) Properties that are rated as agricultural shall be entitled to a rebate as determined by Council from time to time.

#### 8.2.5. Residential properties that are part of a township

- a) Rates on a property will become payable from the date on which the subdivision or consolidation of the property was registered in the Deeds Office. A parent property may be rated, in terms of the Municipal Property Rates Act, from the date its first subdivision is registered in the Deeds Office if the parent property is not already registered in the Deeds Office.

#### 8.2.6. Residential properties that are part of a gated community

- a) In gated communities where property owners are all members of an association and that association is, by agreement of its members and the Municipality, responsible for the maintenance and replacement of

all or part its services to the community, a rebate will be allowed by Council. This rebate will be determined according to the percentage of services provided by Council in accordance with the standards and costs of services supplied by Council in the particular financial year.

#### 8.2.7. Commercial and Industrial Properties

The following rebates shall be granted to commercial and industrial properties, subject to criteria/conditions set out below:

100% REBATE	YEAR 1
90% REBATE	YEAR 2
80% REBATE	YEAR 3
70% REBATE	YEAR 4
60% REBATE	YEAR 5
No incentive	From YEAR 6

- a) A Council Resolution approving such incentives must be adopted prior to establishment. The application for developer's/investor incentives shall be submitted as a separate application concurrently with the development planning application. The submission to Council when seeking approval shall stipulate the terms and conditions applicable in respect of this incentive scheme. Factors to be considered, but not limited to, are benefits that would accrue to the community and local economic development. The following are a few of the factors that will be considered when assessing the application for incentives:

- (i) Investment to the Priority Economic Sector as per KwaZulu-Natal Provincial Growth and Development Strategy and New Growth Path,
- (ii) Agreeing to sign the Service Level Agreement and to pay for all infrastructure related costs within the agreed period not exceeding the rebates years,
- (iii) The municipal accounts are in order or up to date,
- (iv) Job Creation – during the construction and operational phase.
- (v) Skills Development – during construction and operational phase.
- (vi) Use of local suppliers and SMMEs during the construction and operational phase,
- (vii) Enterprise Development programme,
- (viii) Adherence to the BBBEE Act and relevant guidelines,
- (ix) Corporate Social Investment plan to the local communities or communities identified by the municipality,

The above factors shall form part of the detailed motivation or proposal/application to Council for the developer's/investor incentives, which will be assessed on its own merits and approved by Council.

- b) A parent property shall be rated from date of approval in terms of the Development Facilitation Act 67 of 1995, the Natal Ordinance No 27 of 1949, the KwaZulu-Natal Planning and Development Act 6 of 2008 or SPLUMA. A subdivision registered off a parent property will be granted the rebate applicable from Year 1 from the date of registration of the subdivision in the Deeds Office.
- c) The incentive granted in Year 1 shall be calculated from date of approval or effective date to the end of that financial year.
- d) The rebate shall not be granted, or if granted be reversed, should the respective conditions of establishment not be met, or any section of the

relevant Town Planning Scheme, Planning legislation, or National Building Regulations, be contravened.

#### 8.2.8. Developers Incentives (Residential)

- a) **Developers incentives (residential) will no longer be granted from the 2016/17 financial year unless stipulated in an existing service level agreement, in which case the following shall apply:** Primary Developers who have signed a Service Level Agreement with Council will be entitled to the rebates listed below. The incentives will be reviewed annually.

100% REBATE	YEAR 1
100% REBATE	YEAR 2
90% REBATE	YEAR 3
80% REBATE	YEAR 4
70% REBATE	YEAR 5
60% REBATE	YEAR 6
50% REBATE	YEAR 7
No incentive	From YEAR 8

- b) A parent property shall be rated from date of approval in terms of the Development Facilitation Act 67 of 1995, the Natal Ordinance No 27 of 1949, or the KwaZulu-Natal Planning and Development Act 6 of 2008.
- c) The incentive granted in Year 1 shall be calculated from date of approval to the end of that financial year.

- d) The rebate shall not be granted, or if granted be reversed, should the respective conditions of establishment not be met, or any section of the relevant Town Planning Scheme, Planning legislation, or National Building Regulations, be contravened.

### 8.3 Owners Qualifying For Exemptions

#### 8.3.1 Indigent persons

- a) Any indigent person who owns residential improved property below a valuation determined by Council will be exempted from paying rates.
- b) Any indigent person who owns vacant residential property below a valuation determined by Council will be exempted from paying rates.

#### 8.3.2 Public Benefit Organisations

Any organisation that is registered as a Public Benefit Organisation, in terms of Section 30 of the Income Tax Act, will be granted a rebate as determined by Council on condition that the property is used for an activity listed in item 1 (welfare and humanitarian), item 2 (health care) and item 4 (education and development) of Part 1 of the Ninth Schedule to the Income Tax Act.

### 8.4 Owners Qualifying For Rebates

#### 8.4.1 Pensioners / Senior citizen

Senior citizens may be granted a rebate on the primary property as determined by a resolution of Council at its annual budget meeting subject to the following:

- a) The applicant must meet the following criteria:
  - i) He/She must produce a bar coded identity document,
  - ii) He/She must be the owner of the primary property. This includes co-owners who are married to each other or property owned solely by either spouse,



- iii) He/She must permanently reside on the primary property, provided that the primary property is not used as a bed and breakfast or guest house establishment,
  - iv) In the case of a usufruct, the usufruct must be registered over the whole property and the title deed must be produced.
  - v) In the case of multiple ownership, all owners must meet the qualifying criteria listed above.
  - vi) In the case of a trust, a copy of the deed of trust indicating the owners of the trust and copies of their identity documents must be submitted with the application form
  - vii) The property must be registered in the name of a natural person and not a company or close corporation.
  - viii) The value of the rebate will be at the discretion of Council.
- b) Applicants for such rebates must submit sworn affidavits concerning their income status to the Municipality.
  - c) The pensioners rebate will lapse:
    - i) On death of the applicant,
    - ii) On transfer of the respective property,
    - iii) When the applicant ceases to reside permanently on the property,
  - d) Applications shall be implemented with effect from the next practical billing cycle following the date of application.
  - e) Further, Council may determine different rebates for pensioners/senior citizens within certain age categories, eg. pensioners/senior citizens above 60 years, between 65 and 75 years, and those over 75 years.

#### 8.4.2 Recipients of disability grants and persons who have been medically boarded

- a) Disability grantees or medically boarded persons may on annual application be granted a rebate as determined by a resolution of Council at its annual budget or with effect from the next practical billing cycle following the date of application subject to the following:
  - i) Disabilities grantees, the applicant must be in possession of a letter issued by the Department of Social Welfare, confirming receipt of a disability grant.
  - ii) Medically boarded persons : the applicant must produce a letter from the applicant's employer or the underwriter for the employer confirming medical boarding,
  - iii) The applicant must produce a bar coded identity document,
  - iv) The applicant must be the owner of the primary property provided that the primary property is not used as a bed and breakfast or guest house establishment. This includes co-owners who are married to each other or property owned solely by either spouse,
  - v) The applicant must permanently reside on the primary property,
  - vi) In the case of a usufruct, the usufruct must be registered over the whole property and the title deed must be produced.
  - vii) In the case of multiple ownership, all owners must meet the qualifying criteria listed above.
  - viii) The grant/medically boarded pension must be the only source of income.
  - ix) In the case of a trust, a copy of the deed of trust indicating the owners of the trust and copies of their identity documents must be submitted with the application form
  - x) The property must be registered in the name of a natural person and not a company or close corporation.

- xi) The value of the rebate will be at the discretion of Council.
- b) The rebate will lapse :
  - i) On death of the applicant,
  - ii) On transfer of the respective property,
  - iii) When the applicant ceases to reside permanently on the property,
  - iv) If a medically boarded person gains employment.
- c) Applications shall be implemented with effect from the next practical billing cycle following the date of application.

#### 8.4.3 Child Headed Households

- a) Property shall be classified as child headed household if the children in the household are below the age of 21 years have been investigated by a social worker from the Department of Social Development and declared as such.
- b) Such child headed household may receive a rebate as determined by a resolution of Council at its annual budget and subject to the following:
  - i) The terminally ill parent, the child or the deceased estate of the parent as aforesaid must be the owner of the property.
- c) Application must be accompanied by:
  - i) Confirmation from the Department of Social Development that the above criteria have been met and the property is one that is a child headed household: If the parent is deceased,
  - ii) A copy of the letter of executorship or administration of the deceased estate,
  - iii) A copy of the liquidation and distribution account showing the transfer of the property to the minors,

- iv) The death certificate of the parent,
- v) If the parent is terminally ill, a copy of the District Surgeons Report confirming his/her status and
- vi) Birth certificate/s of minors residing on the property.
- d) The minors must reside permanently on the property,
- e) The value of the applicant's property must not exceed a value as determined by a resolution of Council as its annual budget.
- f) Applications must be renewed annually by the Department of Social Welfare.
- g) The rebate will lapse:
  - i) When the minor reaches the age of majority,
  - ii) On alienation of the property,
  - iii) When the minors ceases to reside permanently on the property,
  - iv) If the Department of Social Development no longer regards the household as being Child Headed,

#### 8.5 Natural Disasters

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

#### 8.6 Bed & Breakfast Accommodation

Bed & Breakfast establishments will receive either a rebate, or be rated at a concessionary tariff, as determined by Council at its annual budget. Confirmation of type of hospitality establishment shall be provided by Council's Town Planning Department. The following are the qualifying criteria:

- a) The owner of the property must permanently reside on the property. In the case of a company, close corporation or trust being the registered owner, at least one member / director thereof must reside permanently on the property, subject to any members of such companies, close corporations and trusts not being a member of another company, close corporation or trust that owns a bed and breakfast establishment.
- b) The bed & breakfast must be registered with a properly constituted organisation as may be approved by the Municipality from time to time.
- c) The bed & breakfast must only offer accommodation facilities and dining facilities to registered guests. Establishments that offer conference facilities, spa, hair salons etc will not qualify.
- d) The owner must provide details of the establishment in respect of total size of the developed property, total number of rooms and facilities available to guests. This will be required to be certified by a member of the Association.

#### 8.6.1 Rebate/Rate tariff

- a) Bed & Breakfast establishment with less than or equal to 3 bedrooms shall be rated as residential
- b) Bed & Breakfast establishment with more than 3 bedrooms but less than or equal to 9 bedrooms may be rated as residential for commercial purposes and may receive a rebate, or a concessionary rate tariff may be applied, as resolved by Council in the annual budget.

#### 8.7 Guest Houses

Owners of guest houses will receive either a rebate, or be rated at a concessionary tariff, as determined by Council at its annual budget. Confirmation of type of hospitality establishment shall be provided by Council's Town Planning Department. The following are the qualifying criteria:

- a) The guest house must be registered with a properly constituted organisation as may be approved by the Municipality from time to time.
- b) The guest house must only offer accommodation facilities and dining facilities to registered guests. Establishments that offer conference facilities, spa, hair salons etc will not qualify.
- c) The owner must provide details of the establishment in respect of total size of the developed property, total number of rooms and facilities available to guests. This will be required to be certified by a member of the Association.

#### 8.7.1 Rebate/Rate tariff

- a) Establishments with 1 to 6 bedrooms will be rated as residential used for commercial purposes and may receive a rebate, or a concessionary rate tariff may be applied, as resolved by Council in the annual budget. Those with 7 or more bedrooms will be rated as commercial properties and may receive a rebate, or a concessionary rate tariff may be applied, as resolved by Council in the annual budget.

### 8.8 Special Rating Areas

The Municipality may by resolution of Council determine an area within the Municipality as a special rating area and all parties must comply with the processes as set out in the Section 22 of the Act.

8.8.1 Details of the policy governing Special Rating Areas appear hereunder. On application, the Municipality may, by resolution of Council, establish a Special Rating Area (hereinafter called SRA),

8.8.2 Any rebate granted by Council shall not apply to the additional rate payable by the owner in a SRA,

8.8.3 An application for the establishment of an SRA must:

- a) Be in writing, in the prescribed form :

- b) Be submitted by no later than 30 September preceding the start of the new municipal financial year for which the application is made,
- c) Describe and define the boundaries of the proposed SRA,
- d) Consist of not less than 51 % of commercial properties and 66% of residential properties under the defined SRA boundaries or the total value of the properties must exceed a value as determined by Council from time to time,
- e) Be accompanied by the applicant's budget, business and implementation plan on the management of the SRA,
- f) DEMONSTRATE THAT:
  - i) at least 66% of owners in number and 51% of commercial property value and 66% of residential property value have voted in favour of establishment of the SRA,

OR

- ii) (ii) at least 51% of owners in number relating to properties categorized as business & commercial and 66% of owners in number relating to properties categorized as residential, provided that the residential owners are zero rated in respect of the additional rate,
- g) The Municipality may, at its discretion, review and change the establishment procedures from time to time,

8.8.4 The SRA must enter into an Agreement with the Municipality in terms of Section 67 of the MFMA. Funds will not be to the SRA Company unless a Section 67 Agreement is signed and received by the Municipality,

8.8.5 Once the SRA is established, the aforesaid Section 67 Agreement must be renewed annually by no later than 31 December together with the budget of the SRA,

- 8.8.6 Once the SRA has been established and the additional rate approved, the Municipality will levy additional rate and will pay to the SRA (in the form of a grant) the revenue generated, as they are collected,
- 8.8.7 New developments within the jurisdiction of the SRA, will be rated in accordance with the effective date of the Supplementary Valuation Roll,
- 8.8.8 The boundaries for existing SRA's may be amended, provided that:
- a) 51% of additional owners in number relating to properties categorized as business & commercial and 66% of owners in number relating to properties categorized as residential demonstrate their support, or
  - b) 66% of additional owners in number demonstrate their support,
  - c) A three quarter majority vote is obtained from the existing owners in favour of the amendment of the boundary, at the AGM or a Special General Meeting of the section 21 company, after at least 30 days' notice of the amendment proposals have been delivered to every property owner within the existing SRA,
  - d) The new boundary may not exceed 100% of the existing boundary in size or number of properties,
  - e) Council may limit the increase of the new boundary or the number of new properties to be incorporated.
- 8.8.9 An SRA shall be dissolved:
- a) If the Section 67 Agreement has not been renewed or honoured,
  - b) By resolution of Council upon written application signed by the majority of owners within the SRA who are liable for the payment of the special rate,
- 8.8.10 Upon the winding up of the management body, the assets remaining after the satisfaction of all its liabilities shall be transferred to the Municipality.



## **9 IDENTIFICATION AND QUANTIFICATION OF COSTS AND BENEFITS**

9.1 Section 3(3)(e) of the Act states that a municipality must identify and quantify in terms of cost to the Municipality and any benefit to the local community –

- i) Exemptions, rebates and reductions.
- ii) Exclusions.
- iii) Rates on properties that must be phased in terms of Section 21.

## **10 COUNCIL OWNED PROPERTIES**

10.1 All Council owned property must be valued. All lessees and purchasers who are required to pay rates in terms of their respective agreements of lease/sale will be subject to payment of rates based on the usage of the property.

## **11 PAYMENT OF RATES**

11.1 Payment and recovery of rates, as well as penalties and administration charges on arrear rates, shall be governed by the Municipality's Credit Control and Debt Collection Policy.

### **11.2 Method and Frequency**

- a) The Municipality shall recover a rate on a monthly basis in eleven (11) near equal instalments together with any supplementary rates,
- b) The Municipality may recover a rate annually on application from owners.
- c) Such application must be made on or before 15 July of a financial year.
- d) The final due date for the payment of annual rates shall be the last municipal working day of September each year.

- e) The Municipality shall recover a rate annually for National and Provincial Government owned properties

11.3 The Municipality may publish a number of Supplementary Valuation Rolls during the year, in accordance with section 78 of the Act. The rates as adjusted by the supplementary valuation roll be levied accordingly,

11.4 The payment of rates shall not be affected by reason of objections and appeals or non-compliance with the rates policy.

## **12 EFFECTIVE DATE**

This policy shall be effective from 01 July 2019 upon approval by Council.

## **13 POLICY ADOPTION**

This policy has been considered and approved by the **COUNCIL OF KWADUKUZA MUNICIPALITY** as follows:

Resolution No: **C492**

Approval Date: **29 May 2019**