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# LOCAL AUTHORITY NOTICE

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## LOCAL AUTHORITY NOTICE 1524

KUNGWINI LOCAL MUNICIPALITY



FINAL

MUNICIPAL PROPERTY RATES BY-LAW

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**KUNGWINI LOCAL MUNICIPALITY**

**BY-LAWS**

**To give effect to the rates policy of the municipality in terms of section 6 of the Local Government: Municipal Property Rates Act, 2004 (Act no.6 of 2004), and in relation to which it may differentiate between different categories of properties and different categories of owners of properties liable for the payment of rates.**

**PREAMBLE**

**WHEREAS** the constitution of the Republic of South Africa, entitles municipalities to impose rates on property in their areas, subject to regulation in terms of national legislation.

**AND WHEREAS** 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.

**AND WHEREAS** there is a need provide local government with access to a sufficient and buoyant source of revenue necessary to fulfill its developmental responsibilities.

**AND WHEREAS** income derived from property rates is a critical source of revenue for municipalities to achieve their constitutional objectives, especially in areas that have been neglected in the past due to racially discriminatory laws,

**AND WHEREAS** it is essential that municipalities exercise their power to impose rates within a statutory framework that not only enhances certainty, uniformity and simplicity across the nation, but also takes into account historical imbalances and the rates burden on the poor,

**AND WHEREAS** the Constitution and other legislation confers on the Municipality the power to regulate the exercise by municipalities of their fiscal powers,

**AND WHEREAS** the Local Government, Municipal Property Rates Act, 2004 (Act No.6 of 2004) came into effect on 2 July 2005.

**BE IT THEREFORE ENACTED** by the Kungwini Local Municipality, as follows:

## SECTION A

### 1. DEFINITIONS

**“Act”** means the Local Government Municipal Property Rates Act, 2004 (Act No 6 of 2004);

**“Agricultural Purposes”** in relation to the use of a property, excludes the use of a property for the purpose of eco-tourism or for the trading in or hunting of game,

**“By-laws”** shall mean legislation passed by the council of the municipality, and which shall be binding on the municipality and on the persons and institutions to which it applies.

**“Business”** 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.

**“General Valuations”** means valuations as defined by section 30 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.

**“Market value”** in relation to a property shall mean the value of the property as determined in accordance with Section 46 of the property Rates Act 2004.

**“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;

**“Multiple use properties”** means properties that cannot be assigned to a single category due to different uses.

**“Municipal properties”** means those properties of which the municipality is the owner.

**“Owner”** (a) in relation to a property referred to in paragraph (a) of the definition of “Property”, shall mean 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”, shall mean a person in whose name the right is registered; (c) in

relation to land tenure right referred to in paragraph (c) of the definition of "property", shall mean a person in whose name the right is registered or to whom it was granted in terms of legislation; and (d) in relation to public service infrastructure referred to in paragraph to in paragraph (d) of the definition of "property", shall mean the organ of state which owns or controls that public service infrastructure as envisaged in the definition of "public controlled", provided that a person mentioned below any for the purpose of the Property Rates Act 6 of 2004 be regarded by the municipality as the owner of a property in the following cases:

- (a) A trustee, in case of a property in a trust, but excluding state trust land;
- (b) An executor or administrator, in the case of a property in a deceased estate;
- (c) A trustee or liquidator, in the case of a property in an insolvent estate or in liquidation;
- (d) A judicial manager, in the case of a property in the estate of person under judicial management;
- (e) A curator, in the case of a property in the estate of a person under curatorship;
- (f) A person in whose name usufruct or other personal servitude is registered, in the case of a property that is subject to a usufruct or other personal servitude;
- (g) A lessee, in the case of a property that is registered in the name of the municipality and is leased by it, and
- (h) A buyer, in the case of a property sold by the municipality and of which possession was given to the buyer pending registration of ownership in the name of such buyer.

**"Public Benefits Organisation"** means an organization conducting specified public benefit activities as defined in the Act and registered in terms of the Income Tax Act for tax reductions because of those activities.

**"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 and 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 or aprons at national or provincial airports;
  - (h) breakwater, sea walls, channels, basin, 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 light houses, radio navigational aids, buyos, beacons or any other device or system used to assist the safe and efficient navigation of vessels;
  - (i) any other publicly controlled as may be prescribed; or
  - (j) rights of way, easements or servitudes in connection with infrastructure mentioned in paragraphs (a) to (i);
- “Residential”** means a suite of rooms which forms a living unit that is exclusively used for human habitation purposes, or a multiple number of such units on a property, excluding a hotel, commune, boarding and under taking, hostel and place of instruction.

**“State-owned properties”** means properties owned by the State, which are not included in the definition of public service infrastructure in the Act. These state-owned properties are classified as follows:

- (a) State properties that provide local services.
- (b) State properties that provide regional/municipal district-wide/metro-wide service.
- (c) State properties that provide provincial/national service.

**“Supplementary valuations”** means valuations as defined by section 78 of the Act.

**“Vacant land”** means a land where no immovable improvements have been erected.

**SECTION B:**

The municipality must in terms of section 6 of the Local Municipal Property Rates Act, 2004 (Act no.6 of 2004), adopt by-laws which may differentiate between different categories of properties and different categories of owners of properties liable for the payment of rates.

**1. CATEGORIES OF PROPERTY**

1.1 The municipality has therefore determined categories of properties based on the use of the property and geographical area in which the property is situated as follows:

- (a) Residential properties
- (b) Business properties
- (c) Industrial properties
- (d) Mining properties
- (e) Public service infrastructure
- (f) Public Benefits Organization
- (g) Agricultural properties used for agricultural purposes
- (h) Agricultural properties used for eco-tourism or conservation
- (i) Agricultural properties used for the trading in or hunting of game
- (j) State-owned properties:
  - (i) State properties that provide local services
  - (ii) State properties that provide regional/municipal district-wide/metro wide service
- (k) Municipal properties
- (l) Protected areas
- (m) Multiple use properties
- (n) Vacant

land



## **2. CATEGORIES OF OWNERS OF PROPERTY**

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

- (a) Indigent status of the owner of a property
- (b) Owners temporarily without income
- (c) Owners dependant on pensions or social grants for their livelihood
- (d) Owners of residential property
- (e) Social or economic conditions of the area where the owners of property is located e.g 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.
- (f) Owners of agricultural properties who are bona fide farmers
- (g) Public Benefit Organizations

## **3. EXEMPTIONS, REBATES AND DEDUCTIONS:**

In order to alleviate rates burden on the poor, the following exemptions and rebates are proposed:

### **3.1 Exemptions:**

- (a) Indigent owners.
- (b) Owners dependent on pensions or social grant for their livelihood.
- (c) Public Benefit Organizations
- (d) Owners of residential property whose market value is below R30 000 before the first R15 000.00 mandatory exclusion section 17(1)(h) of the Property Rates Act.

### **3.2 Rebates:**

1. Owners of residential properties whose properties market value is between R30 001 and R150 000 before the R15 000 exclusion are given 30% rebates on the rates payable.

### **3.3 Application of rates on properties used for agricultural purposes**

The application of rates on properties used for agricultural purposes will be dealt in accordance with appendix "A" on page 12.

## **SECTION C:**

### **1. CRITERIA FOR INCREASING / DECREASING OF RATES**

It is proposed that the following be taken into account for the purpose of increasing/decreasing rates:

- (a) Priorities of a municipality reflected in its Integrated Development Plan.
- (b) The revenue needs of the municipality.
- (c) A need for management of rates shocks.
- (d) Affordability of rates to ratepayers.

**SECTION D:****1. LIABILITY FOR RATES**

- (a) Rates on property will be levied in terms of the Municipality's Property Rates Policy. .
- (b) The rates will be levied on the market values of every category of properties without disregarding the exemptions, rebates and deductions as per policy.
- (c) The market values of categories of properties are contained in the valuation roll of the municipality for a period of 4 years.
- (d) The payment of rates to the municipality shall be made on a monthly basis, on or before the dates specified on the monthly account/statement.

**2. VALUATIONS**

The municipality will undertake general valuation on all rateable properties within its jurisdiction every 4 years

The municipality will also undertake supplementary valuations every year.

**SECTION E**

**1. REVIEW OF THE BY-LAWS**

These by-laws will be reviewed at least annually, when necessary.

**2. EFFECTIVE DATE OF THESE BY-LAWS**

These by-laws will take effect from the 1<sup>st</sup> July 2008.

**APPENDIX "A"**

**EFFECT OF RATES ON PROPERTIES USED FOR AGRICULTURAL PURPOSES**

The rebates on rates on properties used for agricultural purposes will be treated on the basis of:

- a) The extent of municipal services provided to agricultural properties result in a rebate for each services and are treated as follows:

<b>Service</b>	<b>Rebate</b>
i) Municipal roads next to the municipality	7,5%
ii) Municipal sewerage, electricity and refuse removal	7,5% each
iii) Water not supplied by the municipality	20%

- b) Contribution to the Local economy

If agricultural properties contribute substantially to:

- (i) Job creation.
- (ii) Salaries / wages of farm workers are reasonable (i.e. meet minimum standards or in line with the sector's average).

A rebate of 5% will be granted if the above requirements are met.

The above also apply to the mining sector.

- © The extent to which agriculture assist in meeting service delivery and development obligations of the municipality and contribution to the social and economic welfare of farm workers.

The following rebates will be granted:

<b>Service</b>	<b>Rebate</b>
(i) Provision of permanent residential property (to farm workers (registered in the name of the farm workers)	5%
(ii) Provision of portable water to residential properties	5%
(iii) Electrification of residential properties of farm workers	5%
(iv) Making land/buildings available for use by farm workers for cemeteries, education and recreational purposes of the farm workers' children and the nearby community in general, etc.	5%