

CITY OF JOHANNESBURG



a world class African city



Rates Policy Review Presentation 2014/2015

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Processes and Dates for Rates Policy review

- First phase public input into the current Rates Policy
- Second phase proposed Rates Policy and proposed Tariffs (April 2014)
- Due date for comments, submission and inputs is 25 February 2014
- Current Rates policy is available on : www.joburg.org.za
- Written comments can be:
 - Emailed to : RatesComment@joburg.org.za
 - Fax Number : 011 727 0189



- In terms of section 62(1)(f)(ii) of the MFMA, the Municipal Manager appointed in terms of section 82 of the Structures Act, must, in his capacity as the Council's accounting officer, ensure that the Council has and implements a Rates Policy.
- The Rates Policy guides the City in all aspects of levying rates on property owners as required by the Local Government Municipal Property Rates Act 6, of 2004 (MPRA).
- Council levies different rates for different categories of rateable property based on zoning .
- Property rates is a tax in terms of Section 11 of the Prescription Act 68 of 1969 and the Council may recover rates in arrear for a period of up to 30 years .
- During the City's budget process, the City determines the rates tariffs for the new financial year. This is called the rate in the Rand. Property Rates are levied as a cent in the Rand based on the market value of the property as reflected in the valuation roll.



The Rates Policy review process for 2014/2015 financial year is done under the following context:

- City has implemented the second Valuation roll since the implementation of the MPRA
- The reviews that were done in the first two years of the implementation of the policy assisted in stabilising the policy while ensuring that revenue was maintained
 - Civic education on the Rates policy, Rates By-law and its impact
 - Aligning the Rates policy with other policies and the strategic direction adopted by the City
 - Implementation of the strategic direction GDS 2040
 - ▶ Corridors of freedom



Context of the review of current conditions

- The Rates Policy review process for 2014/2015 financial year will be done under the following context from an administrative perspective:
- The value of the rand has dropped
- The cost of oil per barrel has increased, creating petrol increases which results in a higher cost of living
- The disposable income for the property owners is under pressure
- Growing percentage of property owners that are getting rates rebates and reduction
- More requests for rebates and reduction, from property owners who don't receive rebates.
- Cost of doing business Johannesburg is high compared to other Metros



Changes done on the policy 2013/2014 financial

- Changes were done on the flow of the policy document and the language used
 - ▶ **Major changes**
- Threshold rebate for residential property was increased from R150 000 to R200 000.
- Sectional title residential rebate was reduced from 20% to 15%
- Reduction of business ratio from 3.5 to 3.0
- Zero rating all municipal owned properties
- Creating a ratio of 0.9 for Agricultural residential property category



- New categories of properties were introduced
 - Agricultural residential
 - Agricultural business
 - Multipurpose residential
 - Multipurpose business
 - Municipal property



CATEGORIES OF OWNERSHIP FOR PURPOSES OF EXEMPTIONS AND REBATES

- Rebates are granted to the following residential categories of owners: (subject to successful application)
- Natural persons who have limited income and who are dependent on a social assistance (Expanded Social Programme). The property concerned should be not more than 400 000 for none pensioners.
- The pensioner rebate has two categories: 60-69 years, 70 years and older .
 - Pensioners dependent on a national security grant may qualify for 100 percent rebate;
 - Pensioners whose gross monthly earnings are less than R7 000 a month may qualify for 100 percent rebate;
 - Pensioners whose gross monthly earnings are higher than R7 000 but less than R12 000 a month may qualify for 50 percent rebate.
- The total value of the property as per the General Valuation Roll, may not exceed R2 000 000.
- The rebate is valid for two years after which the Pensioner must re-confirm his or her status



CATEGORIES OF OWNERSHIP FOR PURPOSES OF EXEMPTIONS AND REBATES

- ❑ 70 Year old pensioners qualify for 100% rebate provided that the property concerned does not exceed R2 million, income is not considered
- ❑ Child Headed Households qualify for a 100% rebate provided that the minors of the household has been investigated by a social worker from the Department of Social Development and declared as such.
- ❑ The child headed homes or the deceased estate of the parent as aforesaid must be the owner of the property
- ❑ The minors must reside on the property
- ❑ Applications must be renewed annually by the Department of social Welfare
- ❑ No retrospective rebates will be granted

Current categories of properties and Ratios

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Property Categories	Ratio 2013/2014	Tariff
Agricultural Business	3	0.017604
Agricultural Residential	0.9	0.005281
Agricultural Other	0.9	0.005281
Business and Commercial	3	0.017604
Consent use	2	0.011736
Education	0.25	0.001467
Farming	0.25	0.001467
Mining	3	0.017604
Multiple purpose Business	3	0.017604
Multi purpose residential	1	0.005868
Private open space	0.25	0.001467
Public Service Infrastructure	0.25	0.001467
Public benefit	0.25	0.001467
Religious	0	0
Residential	1	0.005868
Sectional title business	3	0.017604
Sectional Title Other	1	0.005868
Sectional Title Residential	1	0.005868
State	1.5	0.008802
Vacant	4	0.023472
Unauthorised use	4	0.023472

PROPOSED AMENDMENTS TO THE CITY'S RATES POLICY Administrative proposals

- ❑ Review of Business ratio
- ❑ Reviewing the Agricultural holding ratio
- ❑ Reviewing the Sectional title density rebate
- ❑ Introduction of the discussion around the green tariff
- ❑ Review the two year pensioner renewal period
- ❑ Introduction of a tariff category for new building developments inline with GDS 2040
- ❑ Provide relief to high density areas in order to support the City's vision "Corridors of freedom", in turn stimulate opportunities within the SMMES's and create a world class City.



Thank you

