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Group Finance



**City of Johannesburg
Property Unit Presentation
Draft Rates Policy, Draft Rates by Law and
proposed Rates Tariffs 2015/2016**

- In terms of the property Rates act the City of Johannesburg is suppose to review the Rates Policy and the Rates By-law annual.
 - The review process for Rates Policy and Rates By-law took place from 24th January 015 from to 25 February 2015 year
 - A total of 20 meetings were conducted across the regions
 - The second leg of the public participation starts on the and 11 of April 2015 ends on the 25th of April 2015
 - Closing date for submission of comments and submission is the 25 of April 2015
- The review was based on the prevailing Rates Policy and By law
- The context
 - General Valuation Roll which was implemented from 1st of July 2013
 - Increase on the basket of Goods
 - The prevailing economic conditions
 - Growth and Development Strategy 2040

- In putting together the draft Rates Policy and draft Rates by-law the City has considered the following.
- Tariff Policy provides that Council rates should be affordable, competitive and promote economic development. This rationale has guided Council in the formulation of Draft Rates Policy, Draft Rates By-law and proposed Tariffs for 2015/016

In recommending the proposed changes to the Rates Policy, Rates By law and the proposed tariffs the following factor were considered

- Market values in GV2013
- The prevailing ratios as determined by Council
- Budgetary requirements
- Compliance with the Municipal Property Rates Act (MPRA)
- Prevailing rebates and exemptions
- Compliance with the City's Tariff Policy
- Submission, comments and inputs received from all the stakeholders during the first leg of public participation

Proposed changes to the Rates Policy

- The amendments made have taken into account the court decisions
 - Business ratio maintained
 - Sectional title rebate reduction
 - Pensioner rebate maintained
 - Pensioner income levels increased by inflation
 - Illegal used tariff increased by inflation
 - Tariffs across the board increased by inflation

Current and future Risk to Rates Revenue

- Property Rates amendment act
- Connaught case
- Determination of ratios by Gogta with immediate implementation
- Possible revenue loss with the implementation of the Public service purpose category
- Reduction of Grants
- Business ratio

Property information used in tariff modelling

Category of property	Value	Number of Properties
No category description	R 0	4961
Agricultural Business	R 2 484 332 000	302
Agricultural Other	R 1 520 427 000	529
Agricultural Residential	R 17 900 010 000	6075
Business & Commercial	R 228 479 177 000	29357
Consent Use	R 87 520 000	29
Education	R 10 234 375 000	912
Mining	R 537 771 000	75
Multiple Purpose	R 187 784 000	28
Municipal	R 9 438 522 770	6083
Private Open Space	R 1 259 879 000	886
Public Benefit Organisations	R 29 000 000	2
Public Service Infrastructure	R 7 632 044 000	9507
Public Service Infrastructure Private	R 203 090 000	1245
Religious	R 3 133 856 000	1219
Residential	R 444 049 658 100	528191
Sectional Title Business	R 17 391 305 590	9402
Sectional Title Other	R 828 612 200	8357
Sectional Title Residential	R 134 486 427 300	192107
State	R 17 223 003 000	1411
Vacant Land	R 22 321 752 931	38954
Total	R 919 428 546 891	839 632

Property Categories and the proposed Ratios

No	Category	Ratio's
1	Agricultural Residential	0.9
2	Agricultural Business	2.8
3	Agricultural other	0.9
4	Residential	1
5	Consent use	2
6	Business and Commercial	2.8
7	Sectional title business	2.8
8	Sectional title residential	1
9	Sectional title other	1
10	Municipal property	0
11	State	1.5
12	Mining land	2.8
13	Vacant land	4
14	PSI	0.25
15	PSI privately owned	0.25
16	Private open spaces	0.25
17	Multipurpose Residential	1
18	Multipurpose business	2.7
19	Public benefit	0.25
20	Education	0.25
21	Religious	0
22	Farming	0.25
23	Illegal use	4

Proposed rates increase for 2015/2016

No	Category	Ratio 2014/ 2015	Rates for 2014/2015 (Cents in the Rand)	Ratio 2015/2016	Rates for 2015/2016 (Cents in the Rand)	% Increase For 2015/2016
1	Agricultural Residential	0.9	0.005545	0.9	0.005878	6%
2	Agricultural Business	3.0	0.017252	2.8	0.018287	6%
3	Agricultural other	0.9	0.005545	0.9	0.005878	6%
4	Residential	1	0.006161	1	0.006531	6%
5	Consent use	1.2	0.012322	1.2	0.013061	6%
6	Business and Commercial	3.0	0.017252	2.8	0.018287	6%
7	Sectional title business	3.0	0.017252	2.8	0.018287	6%
8	Sectional title residential	1	0.006161	1	0.006531	6%
9	Sectional title other	1	0.006161	1	0.006531	6%
10	Municipal property	0	0	0	0	6%
11	Farming	0.25	0.001540	0.25	0.001632	6%
12	Mining land	3.0	0.017252	2.8	0.018287	6%
13	Vacant land	4	0.024646	4	0.026124	6%
14	PSI	0.25	0.001540	0.25	0.001632	6%
15	PSI privately owned	0.25	0.001540	0.25	0.001632	6%
16	Private open spaces	0.25	0.001540	0.25	0.001632	6%
17	State	1.5	0.009242	1.5	0.009796	6%
18	Public benefit	0.25	0.001540	0.25	0.001632	6%
19	Education	0.25	0.001540	0.25	0.001632	6%
20	Religious	0	0	0	0	6%
21	Multipurpose Residential	1	0.006161	1	0.006531	6%
22	Multipurpose Business	3.0	0.017252	2.8	0.018287	6%
23	Illegal use	4	0.024646	4	0.026124	6%

Proposed Rebates and Reductions

Residential Value Exclusion	First R200 000 of value of all residential property to be excluded from rating
Other rebates :	
Pensioner owners whose gross monthly household income is lower than R 7 850 Property value not more than R2 million	100%
Pensioner owners whose gross monthly income higher than R7 851 but lower that R13,457 in a property value not more than R2 million	50%
Pensioners owners who are seventy and above irrespective of income in a property value not more than R2 million	100%
Sectional Title Residential	10%
Extended social Package pensioners who leave in a property not more than R2 000 000	100%
People who are on Extended social package who are not pensioners who's property value does not exceed R450 000	100%
Heritage Sites	20%
Organizations with purpose of Animal Protection	100%
Property Owned by Organizations in terms of the Housing Development Schemes For Retired Persons Act	50%
Vacant Land subject to conditions	50%
Private Sports Clubs	40%
Child headed family with a property value not exceeding R2 million	100%
Residential Value Exclusion	First R200 000 of value of all residential property to be excluded from rating
People who are on pension because of disability whose gross monthly household income which is lower than R7, 850. Property value not more than R2 million	100%
People who are on pensioners because of disability whose gross monthly income higher than R7,850 but lower that R13, 457 in a property value not more than R2 million	50%



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Thank you