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City of Johannesburg

**REVIEW OF RATES POLICY, RATES BY LAW
2016/17**

- First phase public input into the current Rates Policy
- First phase starts on the 15th of February and end 15th March 2016
- Due date for comments, submission and inputs is 15th March 2016
- Second phase proposed Rates Policy and proposed Tariffs (April 2016)
- Current Rates policy is available on : www.joburg.org.za
- Written comments can be:

Emailed to : RatesComment@joburg.org.za,
pumzaj@joburg.org.za, tandisizwes@joburg.org.za

Fax Number : 086 447 7567

Legislative background

- 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
- 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)
- 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 Council levies different rates for different categories of rateable property based on zoning
- The Council through the Rates Policy gives reductions and rebates on certain categories of properties as promulgated



The Rates Policy review process for 2016/2017 financial year is done under the following background :

- City has implemented the second Valuation roll under the MPRA
- The Rates Policy has been reviewed annually since 2008 to take into account legislative changes and policy direction and public input
- The review was also done to stabilising the policy while ensuring that revenue was maintained
- Aligning the Rates policy with other policies and the strategic direction adopted by the City Tariff Policy provides that Council rates should be affordable, competitive and promote economic development.
- Civic education on the Rates policy, Rates By-law and its impact
- Civic education on the impact of the amended Municipal Property Rates act
- (Final push) Implementation of the strategic direction GDS 2040

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The Rates Policy review process for 2016/2017 financial year is done under the following context:

Current economic conditions (Risks)

- Credit rating of the Country not looking good
- Economic growth of the Country slowed down
- Repo rate increase by the Reserve Bank for second time
- Inflation getting out of the Reserve Bank set targets
- Country experiencing sever drought
- City credit rating is sitting at (AA-.zaf/F1+.zaf stable)
- Electricity increase
- Basket of household goods have increased
- Reduction in disposable income
- More property owner depending on social grants
- Business requesting more relieve

The amendments made after public consultation in 2015/2016 financial year

- 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
- All other provision of Rates Policy retained as they are



Current and future Risk to Rates Revenue

- Property Rates amendment act
- Determination of ratios by Gogta with immediate implementation
- Reduction of Grants
- Business ratio



Category of property	Value	Number of Properties
No category description	R 0	4 961
Agricultural Business	R 2 484 332 000	302
Agricultural Other	R 1 520 427 000	529
Agricultural Residential	R 17 900 010 000	6 075
Business & Commercial	R 228 479 177 000	29 357
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	6 083
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	9 507
Public Service Infrastructure Private	R 203 090 000	1 245
Religious	R 3 133 856 000	1 219
Residential	R 444 049 658 100	528 191
Sectional Title Business	R 17 391 305 590	9 402
Sectional Title Other	R 828 612 200	8 357
Sectional Title Residential	R 134 486 427 300	192 107
State	R 17 223 003 000	1 411
Vacant Land	R 22 321 752 931	38 954
Total	R 919 428 546 891	839 632

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	2.8
19	Public benefit	0.25
20	Education	0.25
21	Religious	0
22	Farming	0.25
23	Illegal use	4



Tariffs 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%

Rebates and reductions 2015/2016

Residential Value Exclusion	
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 pension because of disability whose gross monthly income higher than R7000 but lower that R13, 457 in a property value not more than R2 million	50%



Thank You

