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PROPERTY RATES POLICY

Policy Title: Kouga Municipality Property Rates Policy
Status: Draft for review

Financial Year: 2023/2024

PROPERTY RATES POLICY

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PREAMBLE

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WHEREAS Section 3 of the Local Government: Municipal Property Rates Act, 6 of 2004 determines that a municipality must adopt a rates policy in accordance with the provisions of the Act.

NOW THEREFORE the Council adopts the following policy on the levying of property rates and taxes:

1. DEFINITIONS

“Act” means the Local Government: Municipal Property Rates Act, 6 of 2004 and includes any regulations, directives and notices proclaimed, made or issued by a competent authority in terms thereof;

“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 purpose” means property which is used exclusively for agricultural and/or farming purposes as bona fide farmers 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 game including small holdings.
In this definition such properties could also be included within the urban edge of a town;

“annually” means once every financial year;

“bona-fide farmers” means a genuine or real farmer whose dominant income is generated from farming activities, on an agricultural property, within the Kouga municipal area, and is taxed by SARS as a bona-fide farmer.

“business and commercial property” means-

- a) property used for the activity of buying, selling or trading in commodities or services and includes any office or other accommodation on the same property, the use of which is incidental to such activity; or
- b) property on which the administration of the business of private or public entities take place.

“category” –

- a) in relation to property, means a category of property determined by the Council in terms of Section 8(2) of the Act;
- b) in relation to owners of property, means a category of owners determined by the Council in terms of Section 15(2) of the Act;

“Date of valuation” means the date determined by the Kouga Local Municipality in terms of

Section 31 (1)

“district management area” means a part of a district municipality, which in terms of section 6 of the Municipal Structures Act has no local municipality and is governed by that municipality alone;

“district municipality” means 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 B municipality;

“exclusion”, in relation to a municipality’s rating power, means a restriction of that power as provided for in Sections 16 and 17 of the Act;

“exemption”, in relation to the calculation of a rate, means an exemption granted by the Council in terms of Section 15(1)(a) of the Act;

“financial year” means the period starting from 1 July in a year to 30 June of the next year;

“household income” means the income accruing to all members of the household permanently residing at the address. It includes income of spouses;

“income tax act” means the Income Tax Act, 1962 (Act 58 of 1962);

“industrial property” means property used for construction, repair, trade or manufacturing, production, assembly or processing of finished or partially finished products from raw materials or fabricated parts on such a large scale that capital and labour are significantly involved, and includes any office or other accommodation on the same property, the use of which is incidental to such activity, including silos ;

“indigent person” means a person whose household income does not exceed the minimum household income as predetermined by the council;

“local community”, in relation to the municipality, means –

- a) that body of persons comprising-
 - i. the residents of the municipality;
 - ii. the ratepayers of the municipality;
 - iii. any civic organisations 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” means 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;

“Mayor” means the Councilor designated as Mayor of the Municipality in terms of Section 57(1) of the Municipal Finance Management Act, No 56 of 2003;

“MEC for Local Government” means the member of the Executive Council of a province who is responsible for local government in that province;

“mining property” means a property used for mining operations as defined in the Mineral and Petroleum Resources Development Act, (Act 28 of 2002);

“multiple purposes”, in relation to a property, means the use of a property for more than one purpose as contemplated by Section 9 of the Act;

“municipal Council” or “Council” means a municipal council referred to in section 18 of the Municipal Structures Act, and in this policy means the municipal Council of Kouga Municipality;

“municipal property” is property registered or vested in the name of Kouga Municipality;

“Municipal Finance Management Act” means the Local Government; Municipal Finance Management Act, 2003 (Act 56 /2003);

“municipality”-

- a) as a corporate entity, means a municipality described in Section 2 of the Municipal Systems Act; and
- b) as a geographical area, means a municipal area demarcated in terms of the Local Government: Municipal Demarcation Act, 1998 (Act No. 27 of 1998);

“municipal manager” means a person appointed as municipal manager of the municipality in terms of Section 82 of the Municipal Structures Act, 1998 and includes any official acting in this position and where, in this policy, reference is made to the “accounting officer” such reference shall be construed as the municipal manager acting in this capacity ;

“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 and, where the text so requires, includes a lessee;

“open space” means land that is used as a park, garden, for passive leisure or maintained in its natural state and that is zoned as open space;

“owner”-

- a) in relation to 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) in relation to public service infrastructure referred to in paragraph (d) of the definition of “property” in the Act, means the organ of state which owns or controls that public service infrastructure as envisaged by the definition in the Act of the term “publicly controlled”, provided that a person mentioned below shall for the purposes of this policy be regarded by the 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 an insolvent estate or in liquidation;
 - iv. a judicial manager, in the case of a property in the estate of a person under judicial management;
 - v. a curator, in the case of a property in the estate of a person under curatorship;
 - vi. an usufructuary or other person in whose name a usufruct or other personal servitude is registered in the case of a property that is subject to a usufruct or other personal servitude;
 - vii. a buyer, in the case of a property that was sold and of which possession was given to the buyer pending registration of ownership in the name of such buyer;

“**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;

“**private open space**” means land that is privately owned and used for practising of sport, play- or leisure facilities without financial gain or used as a botanical garden, cemetery or nature area and which is joined as Private Open Space;

“**Protected area**” means 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**” means the National Environmental Management: Protected Areas Act, 2003.

“**property**” means:

- a) immovable property registered in the name of a person, including, in the case of a Sectional title scheme, a Sectional title unit registered in the name of a person;
- b) a right registered against immovable property in the name of a person, excluding a mortgage bond registered against the property;
- c) a land tenure right registered in the name of a person or granted to a person in terms of legislation; or
- d) public service infrastructure;

“public benefits organisation” means an organisation conducting specified public benefit activities as defined in the act and registered in terms of the Income Tax Act for tax reductions

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because of those activities.

“publicly controlled” means owned by or otherwise under the control of an organ of state including:

- a) a public entity listed in the Public Finance Management Act, Act 1 of 1999 a municipality or
- b) a municipal entity as defined in the Local Government: Municipal Systems Act, No.32 of 2000

“public service infrastructure” means publicly controlled infrastructure-as determined in terms of Chapter 1 of the Local Government: Municipal Property Rates Act, No.6 of 2004

“public service purpose” in relation to the use of a property, means property owned by an organ of state

“Places of public worship” means property registered in the name of and used primarily as a place of worship by a religious community, including an official residence registered in the name of that community which is occupied by an office bearer of the community who officiated at services at the place of worship.

“Rate ratio” means a prescribed ratio to the rate as referred to in section 19(1) of the Municipal Property Rates Act

“rate” means a municipal rate on property envisaged in Section 229(1)(a) of the Constitution;

“rateable property” means property on which a municipality may in terms of Section 2 of the Act levy a rate, excluding property fully excluded from the levying of rates in terms of Section 17 of the Act;

“rebate”, in relation to a rate payable on a property, means a discount granted by the Council on the amount of the rate payable on the property;

“reduction”, in relation to a rate payable on a property, means the lowering of the amount for which the property was valued and the rating of the property by the Council at that lower amount;

“residential property” means a property included in the valuation roll in terms of Section 48 (2)(b) of the Local Government: Municipal Property Rates Act, No.6 of 2004

“Vacant land” means land where no immovable improvements have been erected. Vacant land can be classified as follows:

- a) Residential vacant, means a property included in the valuation roll in terms of section 8(2) of the Act (read with section 8 (3) as residential vacant.
- b) Business vacant means a property included in the valuation roll in terms of section 8(2) of the Act (read with section 8 (3) as business vacant.
- c) Industrial vacant, means a property included in the valuation roll in terms of section 8(2) of the Act (read with section 8 (3) as industrial vacant.

2. PURPOSE OF THE POLICY

The purpose of the policy is:

- 2.1. to comply with the provisions of Section 3 of the Act;
- 2.2. to determine criteria to be applied in respect of:
 - i. the levying of differential rates for different categories of properties;
 - ii. exemptions;
 - iii. reductions and rebates; and
 - iv. rate increases;
- 2.3. to determine or provide criteria for the determination of:
 - i. categories of properties for the purpose of levying different rates; and
 - ii. categories of owners of properties or categories of properties, for the purpose of granting exemptions, rebates and reductions;
- 2.4. to determine how the municipality's powers must be exercised in relation to multi-purpose properties;
- 2.5. to identify and quantify to the municipality in terms of cost and benefit to the community:
 - a) exemptions, rebates and reductions;
 - b) exclusions; and
 - c) rates on properties that must be phased in;
- 2.6. to take into account the effect of rates on the poor;
- 2.7. to take into account the effect of rates on organisations conducting particular public benefit activities;
- 2.8. to take into account the effect of rates on public service infrastructure;
- 2.9. to determine measures to promote local economic and social development; and
- 2.10. to identify all rateable property that is not rated.

3. POLICY PRINCIPLES

- 3.1. The levying of a rate on a property is an exclusive power of the municipality which will be exercised:
 - a) optimally and comprehensively within the municipality;
 - b) with consideration of the total income base of the municipality; and
 - c) with consideration of the fair distribution of the rates requirement over all the properties in the municipal area

- 3.2. The rating of property will be undertaken impartially, fairly, equitably and without prejudice, and these principles also apply to the determination of criteria for exemptions, reductions and rebates contemplated in Section 15 of the Act.
- 3.3. The rating of property will be implemented in a way that:
- a) is developmentally orientated;
 - b) supports sustainable local government by providing a stable and constant revenue source within the discretionary control of the municipality;
 - c) supports local and social economic development; and
 - d) it remains affordable to all.
- 3.4. Property rates will be levied to:
- a) ensure access to community and subsidised services to all residents; and minimise the effect of rates on the poor.
- 3.5. The market value of a property as recorded in the municipal valuation roll serves as basis for the calculation of property rates.
- 3.6. The rates tariff will be based on the value of all rateable properties and the amount required by the municipality to balance its operating budget after taking in account profits generated on trading and economic services and the amounts required to finance exemptions, rebates, reductions and phasing-in of rates as approved by the Council from time to time

- 3.7. Trading and economic services will be financially ring fenced and tariffs and service charges calculated in such a manner that the income generated covers the cost of the services or generate a surplus to meet specific identified service related objectives.
- 3.8. Property rates will be used to finance community and subsidised services.
- 3.9. Budgeted contributions from trade and economic services may be used to subsidise community and subsidised services;
- 3.10. The provision for working capital and bad debts must relate to the requirements for community services and not to those of trading and economic services.
- 3.11. The revenue base of the municipality will be protected by limiting reductions, exemptions and rebates to those that are fair and reasonable.

4. IMPOSITION OF RATES

Rates are levied in accordance with Section 11 of the MPRA and is an amount in the Rand based on the market value and category as recorded in the valuation roll or supplementary valuation rolls and the tariff determined for the category in the budget of the Municipality.

5. CATEGORIES OF PROPERTY

The Council has resolved to levy different rates for different categories of property based on the use of the property concerned. In the event where the use cannot be determined properties will be valued based on the permitted use ie. vacant land

The municipality has identified the following categories of property in accordance with section 8 and 93A of the Act: -

- a) residential properties;
- b) business and commercial properties;
- c) industrial properties;
- d) public service infrastructure;
- ~~e) properties used for public benefit purposes; Properties owned by Public Benefit~~
~~properties Organisations used for any specific public benefit activities~~
- ~~f) agricultural properties;~~
- ~~g) properties owned by an organ of state and used for public service purposes;~~
- ~~h) Multiple use properties subject to section 9 of Municipal Property Rates Act.;~~
- ~~i) Nature Reserves Protected Area~~
- ~~j) Private Open Place/Space~~
- ~~k) vacant land subcategorised into the following:~~
 - residential
 - business

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- ~~private open space / private open place~~
- Industrial
- ~~public service infrastructure~~
-

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6. MULTIPLE PURPOSE PROPERTIES

The municipality shall, for rates purposes, assign a property used for multiple purposes to a category determined by the municipality for properties used for multiple purposes.

A rate levied on a property assigned to a category of properties used for multiple purposes must be determined by apportioning the market value of the property to the different purposes for which the property is used; and applying the rates applicable to the categories determined by the Municipality for properties used for those purposes to the different market value apportionments.

7. CATEGORIES OF OWNERS

The following categories of owners will be recognised in terms of section 15(2) of the Act:

- a) indigent status of the owner of a property
- b) sources of income or/and monthly household income of the owner of a property
- c) owners of property situated within an area affected by-
 - i) a disaster within the meaning of the Disaster Management Act, 20002 (Act no 57 of 2002 ; or
 - ii) any other serious adverse social or economic conditions;
- d) owners of residential properties with a market value below a determined threshold; or
- e) owners of agricultural properties who are *bona fide* farmers.

8. APPLYING DIFFERENT LEVIES FOR DIFFERENT CATEGORIES OF PROPERTY

The rate charged as an amount-in-the-rand for Residential Properties is the base rate and the rates charged in respect of all other categories of properties are reflected as ratios to the residential rate. The different ratios are as follows:

1.1.	Categories of Properties (Residential To Business Ratio 1:2 maximum)	R	Ratio
1.1.1	Residential	Cent in the rand	1:1
(i)	Vacant Land	Cent in the rand	1:1.5
(ii)	Private Open Place/Space	Cent in the rand	1:1
1.1.2	Business and Commercial Properties	Cent in the rand	1:1.25
(i)	Business: Vacant Land	Cent in the rand	1:1.5
1.1.3	Industrial Property	Cent in the rand	1:1.25
(i)	Industrial: Vacant Land	Cent in the rand	1:1.5
1.1.4	Properties Owned By Organ Of State And Used For Public Service Benefit	Cent in the rand	1:1.67
1.1.5	Agricultural	Cent in the rand	1:0.25
1.1.6	Other	Cent in the rand	
(i)	Public Benefit Organisation	Cent in the rand	1:0.25
(ii)	Public Service Infrastructure	Cent in the rand	1:0.25
(iii)	Mining Properties	Cent in the rand	1:1.67

The Municipality will treat farm properties and smallholdings that are used for residential purposes as residential properties and grant them all the rebates and reductions applicable to other residential properties in the municipal area.

Farm properties and smallholdings that are used for industrial, commercial and business purposes will be rated on the same basis as other such properties in the municipal area.

9. EXEMPTIONS

The following property categories are exempt from the payment of property rates:

a) Municipal properties

Municipal properties are exempted from paying property rates.

b) Residential properties

All residential property with a market value of less than the amount as annually determined by the Municipality, are exempted from paying property rates. The impermissible rates levied on the first R15 000 of the market value of all residential properties contemplated in terms of section 17(1)(h) of the Act may be supplemented by

Council based on affordability, ratepayer profile and the Municipality's predetermined level of support to the indigent. Vacant land does not qualify for this rebate.

c) Public Service Infrastructure

~~The first 30% of market value will not be rated in terms of the Act as it is deemed to provide essential services to the community. Properties categorized as Public Service Infrastructure will be 100% exempted from paying property rates as its deemed to provide essential services to the community.~~

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Commented [NM2]: 100% exempt

d) Private Open Space/Place

Properties categorized as Private Open Space/Place will be 100% exempted from paying property rates.

e) Public Benefit Organisations

Public Benefit Organisation Property means property owned by public benefit organisations and used for any specified public benefit 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.

- f) Exemptions in 9(a) to 9(d) will automatically apply and no application is thus required by the owners of such property.
- g) A rate-exemption certificate as issued by the South African Revenue Service (SARS), as contemplated in terms of Part 1 of the Ninth Schedule to the Income Tax Act, 1962 (Act No 58 of 1962), must be submitted together with the application.
- h) The Municipality retains the right to refuse the application for exemption if the details supplied in the application were incomplete, incorrect or false.

10. IMPERMISSIBLE RATES

In terms of section 17(1) of the Property Rates Act, 2004, the Municipality may, inter alia, not levy rates:

- a) on those parts of a special nature reserve, national park or nature reserve within the meaning of the National Environmental Management: Protected Areas Act, 2003 (Act No 57 of 2003), or of a national botanical garden within the meaning of the National Environmental Management Biodiversity Act, 2004 (Act No 10 of 2004), which are not developed or used for commercial, business, residential or agricultural purposes;
- b) on mineral rights within the meaning of paragraph (b) of the definition for "property" in section 1 of the Act;
- c) on the first R15 000 of the market value of all residential properties contemplated in terms of section 17(1)(h) of the Act. Vacant land does not qualify for this rebate.

- d) on a property belonging to a land reform beneficiary or his or her heirs, provided that the exclusion lapses ten years from the date on which such beneficiary's title was registered in the Deeds register; and
- e) on a property registered in the name of and primarily used as a place of public worship, including an official residence registered in the name of the church that is occupied by an office-bearer who acts as officiant of the church.

11. REBATES

Categories of properties

11.1 The Council may grant rebates in a percentage determined by it by resolution to the owners of rateable industrial enterprises that promote local, social and economic development in its area of jurisdiction, based on the Council's Local, Social and Economic Development Policy.

The following criteria will apply in respect of the grant of such rebate:

- a) job creation in the municipal area;
- b) social upliftment of the local community; and
- c) creation of infrastructure for the benefit of the community.

For purposes hereof, an industrial enterprise shall be deemed to be an enterprise which is lawfully conducted from premises situated on land which is zoned for industrial purposes in terms of the municipality's zoning scheme and which ordinarily employs at least 25 or more fulltime employees.

Rebates must be phased out within five years from the date that the rebate was granted for the first time.

Rebates will be granted upon application subject to:

- a) the submission to the municipality of an acceptable business plan issued by the directors of the company indicating how the local, social and economic development objectives of the municipality will be met;
- b) the submission to the municipality of an acceptable continuation plan issued by the directors of the company and certified by the auditors thereof stating that the aforementioned objectives have been met in the first year after the company's establishment and how the company plans to continue to meet the identified objectives;

- c) an assessment by the municipal manager indicating that the company qualifies for the rebate in terms of the Council's requirements; and
- d) a Council resolution.

11.2 The Council may grant rebates in a percentage determined by it by resolution on property tax payable in respect of the under-mentioned properties which have been assigned to the category: Public Benefit Organisation (education and development) upon submission of a valid certificate issued by the SA Revenue Service as proof that the organisation which owns and uses such property for the aforementioned purposes, is registered for tax exemption in terms of the Income Tax Act and provided further that the organisation concerned, on a yearly basis on or before ~~30 September~~ 31 October of each year, applies on a form to be prescribed for this purpose, for a rebate on the tax payable for the ensuing financial year:

- a) the provision of education by a "school" as defined in the South African Schools Act, 1996, (Act No. 84 of 1996);
- b) the provision of "higher education" by a "higher education institution" as defined in terms of the Higher Education Act, 1997, (Act No. 101 of 1997);
- c) "adult basic education and training", as defined in the Adult Basic Education and Training
- d) "further education and training" provided by a "public further education and training institution" as defined in the Further Education and Training Act, 1998, (Act No. 98 of 1998);
- e) training for unemployed persons with the purpose of enabling them to obtain employment;
- f) the training or education of persons with a severe physical or mental disability; the provision of bridging courses to enable educationally disadvantaged persons to enter a higher education institution as envisaged in sub-paragraph (b);
- g) the provision of educare or early childhood development services for pre-school children;
- h) training of persons employed in the national, provincial and local spheres of government, for purposes of capacity building in those spheres of government;
- i) the provision of school buildings or equipment for public schools and educational institutions engaged in public-benefit activities contemplated in sub-paragraphs (a) to (g);

- j) career guidance and counselling services provided to persons for purposes of attending any school or higher education institution as envisaged in sub-paragraphs (a) and (b);
- k) the provision of hostel accommodation to students of a public benefit organisation, institution, board of body;
- l) programmes addressing needs in education provision, learning, teaching, training, curriculum support, governance, whole school development, safety and security at schools, pre-schools or educational institutions as envisaged in sub-paragraphs (a) to (g);
- m) educational enrichment, academic support, supplementary tuition or outreach programmes for the poor and needy.

11.3 The Municipality will treat farm properties and smallholdings that are used for residential purposes as residential properties and grant them all the rebates and reductions applicable to other residential properties in the municipal area.

Farm properties and smallholdings that are used for industrial, commercial and business purposes will be rated on the same basis as other such properties in the municipal area.

12. APPLICATIONS FOR EXEMPTION/REBATES

Where it is required that application made for exemption from tax or the granting of a rebate on tax, such applications must be made on a prescribed form which may be obtained from the accounting officer.

The following particulars must be supplied on such prescribed form:

- personal particulars of the applicant;
- postal address of the applicant;
- erf or lot number of the property in respect of which application is made, as depicted in the municipality's valuation records;
- a description of the purpose for which such property is used, and
- any other particulars which the municipality may from time to time deem necessary.

All applications for exemption of tax or a rebate on tax must be considered by the Municipal Manager or his nominee. ~~Applications must reach the municipality before the end of October preceding the start of the new municipal financial year for which relief is sought. The application must reach the Municipality before end October of the financial year in which relief is sought.~~

The Council Municipal Manager or his nominee may refuse approval of an application for exemption or a rebate on tax if:

- the particulars furnished on the application form are incomplete, incorrect or false; and
- the application form is not received on or before the due date determined for such applications.

13. REDUCTIONS

13.1 Categories of property

a) Reductions as contemplated in section 15 of the Act will be considered on an ad-hoc basis in the event of the following:

- (i) Partial or total destruction of a property; or
- (ii) Disasters as defined in the Disaster Management Act, 2002 (Act 57 of 2002).

13.2 Categories of owners

- a) A reduction in the municipal valuation as contemplated in Section 15(1)(b) of the Act will be granted where the value of a property is affected by fire damage, flood, lightning, storms and/or other artificial or natural disasters.
- b) Any reduction granted in terms of this paragraph shall be authorised by resolution of the Council.
and
- c) If rates were paid in advance prior to granting of a reduction the Municipality will give credit to such an owner as from the date of reduction until the date of lapse of the reduction.

14. RATE ADJUSTMENTS

14.1 The municipality will adjust rates annually during the budget process prescribed in terms of the Municipal Finance Management Act, 2003.

14.2 Rate adjustments will be used to finance operating costs of community services.

14.3 Relating to community services, the following annual adjustments will be made:-

- a) all salary and wage adjustments as agreed upon at the Local Government Bargaining

Council;

- b) an inflation adjustment for general expenditure, repairs and maintenance and contributions to funds; and additional depreciation costs or interest and redemption on loans associated with the assets created during the previous financial year.

14.4 Extraordinary expenditure not foreseen during the previous budget period and approved by the Council during a budget review process, will be financed by an adjustment in property rates.

14.5 All adjustments to property rates will be communicated to the local community as part of the budget consultative processes of the municipality.

15. COSTS OF EXEMPTIONS, REBATES, REDUCTIONS, PHASING-IN OF RATES

15.1 During the budget process, the accounting officer must inform the Council of all the costs associated with the recommended exemptions, rebates, reductions, phasing-in of rates and grants in lieu of rates.

15.2 Provision must be made in the operating budget for:

- a) the full potential income associated with property rates; and
- b) the full costs associated with exemptions, rebates, reductions, phasing-in of rates and grants in lieu of rates.

15.3 All rebates granted in terms of this policy will be inclusive of any phasing-in discount referred to in the Act.

16. PAYMENT ARRANGEMENTS

The following matters pertaining to the payment of property rates are regulated in the municipality's credit control and debt collection policy and related by-laws:

- the date on which rates become due;
- the last date on which rates which are levied annually as well as monthly, must be paid;
- interest on rates in arrear; and
- actions against defaulters.

17. RECOVERY OF ARREAR RATES FROM TENANTS, OCCUPIERS AND ABSENT OWNERS

- 17.1 If the owner of a property is absent, the municipality may recover the amount due for rates on the property in whole or in part from the agent of the owner or other person receiving rent for the property on behalf of the owner.
- 17.2 The amount the municipality will recover from the agent or other person is limited to the amount of the rent received by the agent or that person, less the commission due to that agent or person subject to the Estate Agents Act, 1976 (Act No. 112 of 1976). The amount will only be recovered in this manner after written notice is given to the occupier and if the owner has failed to pay after due notice has been served on such owner.
- 17.3 The agent or other person, must on request by the municipality, furnish it with a written statement specifying all payments received by that agent or person during a period determined by the municipality for rent on the property.
- 17.4 The allocation of payments received, or recovered, from whichever source, will be at the discretion of the municipality.
- 17.5 The supply of basic services may be discontinued, restricted or suspended if rates due become in arrears and the municipality will reinstate such service only if such arrears are paid in full or by the signing of a repayment arrangement.

18. LIABILITY FOR RATES

- 18.1 Residents may apply to pay their rates annually and such a request must be submitted to the Finance Directorate in writing, and must be payable on or before 30 September of each year ~~the next due date of the monthly account in August of each year.~~
- 18.2 Annual rates will be automatically converted to monthly upon default and will not be converted back to annual upon future requests.
- 18.3 Monthly Rates levies must be paid on or before the due date of the monthly accounts.
- 18.4 Interest will be charged on rates that are in arrears at the rate determined by Council from time to time.
- 18.5 The lodging of an objection, a review or an appeal in terms of sections 50, 52 and 54 of the MPRA does not defer liability for the payment of rates.

18.6 The submission of an application for a rebate or exemption does not defer the liability of payment of rates beyond the due date. Any interest raised for non-payment or short payment prior to date of processing the application will be payable irrespective of whether the property/owner qualifies for the rebate/exemption or not.

18.7. In the event that a property has been transferred to a new owner and a Supplementary Valuation took place, the previous owner as well as the new owner will jointly and separately be held responsible for the settling the supplementary rates account.

18.8 A property rate is a debt in respect of taxation in terms of section 11 of the Prescription Act 68 of 1969, and the Kouga Local Municipality can recover rates in arrear for a period of up to 30 years

19. ACCOUNTS TO BE FURNISHED

19.1 A municipality must furnish each person liable for the payment of a rate with a written account specifying:

- a) the annual amount or the amount of the monthly instalment payable;
- b) the date by which the amount is payable;
- c) the basis of calculation of the amount;
- d) the site value or the improved value of the property depending on which value the rate was based;
- e) the particulars of any phasing in of the rate;
- f) in the case of an additional rate the amount and the purpose of the rate

19.2 The fact that a person liable for the payment of a rate has not received an account sent by the municipality to that person's postal address as recorded in the municipality's property register, will not affect that person's liability to pay the amount due nor infringe on the right of the municipality to collect such an amount due.

20. AMOUNT DUE FOR RATES

The rate levied on property will be:

- a) based on the value of the property in accordance with the valuation roll which is currently applicable in the municipality; and
- b) an amount in the rand determined by the municipality on the total value of the property.

21. CORRECT RATING, OMISSIONS OR ERRORS

Where the rates levied on a particular property have been incorrectly determined, whether because of an error or omission on the part of the Municipality or false information provided by the property owner concerned or a contravention of the permitted use applicable to the property concerned, the rates payable shall be appropriately adjusted for the period **12 months preceding the date from which the error or omission is detected, extending from the date on which the error or omission is detected back to the date on which rates were first levied in terms of the current valuation roll.**

In addition, where the error occurred because of false information provided by the property owner or as a result of a contravention of the permitted use of the property concerned interest on the unpaid portion of the adjusted rates payable interest will be calculated at the applicable rate and be payable by the property owner.

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22. CONSULTATION PROCESS

- a) Before Council commands a new valuation in terms of the Act, a consultation process involving all interest groups will be undertaken during which the purpose and method of valuation will be explained.
- b) Before the Municipality accepts the rates policy the municipal manager will follow a process of public participation, as prescribed in chapter 4 of the Municipal Systems Act, and comply with the following requirements:
 - (i) Display the draft property rates policy continuously for a period of thirty (30) days at the Municipality's head office, satellite offices and on the website;
 - (ii) Publish a notice in the media stating that the draft property rates policy was compiled for submission to Council and that such a policy is available at the different municipal offices and on the website for public inspection;
 - (iii) Property owners and interested persons may obtain a copy of the draft policy from the municipal office during office hours at a prescribed cost per copy;
 - (iv) Property owners and interested parties are invited to address written suggestions or representations to the Municipality within the period prescribed in the notice; and
 - (v) Council will consider all suggestions and/or representations received during the finalisation of the property rates policy.

23. SPECIAL RATING AREAS

Part A of this Policy shall apply to Special Rating Areas as envisaged in Section 22 of the Act.

24. FREQUENCY OF VALUATION

The municipality shall prepare a new valuation roll every 4 (four) years and a supplementary valuation roll annually at least once a year.

25. DATE OF VALUATION

For the purposes of a general valuation a municipality must determine a date that may be not more than 12 months before the start of the financial year in which the valuation roll is to be first implemented.

The general valuation must reflect the market values of properties in accordance with market conditions which apply as at the date of the valuation, and in accordance with any other applicable provisions of the present Act.

26. GENERAL BASIS OF VALUATION

The market value of a property is the amount the property would have realised if sold on the date of valuation in the open market by a willing seller to a willing buyer.

27. ENFORCEMENT / IMPLEMENTATION

This policy will be effective upon ~~has been approved~~ by the Municipal Council ~~on 31 March 2022~~.

28. SAVINGS

In the event of conflict between a provision of this policy and a corresponding provision in the Act or any regulation promulgated in terms of the Act, the provisions of the Act and such regulation will prevail.

29. SHORT TITLE

This policy is the Property Rates Policy of the Kouga Municipality.

In order for the rates policy to be legally enforceable, a Rates By-Law must be approved and promulgated in the Provincial Gazette as enabling legislation.

REVIEWED: 22.03.2022
RECOMMENDED BY MAYCOM: 00.00.0000
APPROVED BY COUNCIL: 31.03.2022
ITEM NO: 22/03/F7

PART A:SPECIAL RATING AREAS

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WHEREAS Section 22 of the Act entitles a Municipality to:

- Determine Special Rating Areas as envisaged in Section 22 of the Local Government: Municipal Property Rates Act 6 of 2004; and
- By resolution from time to time determine Special Rating Areas as envisaged in Section 22 of the said Act and levy additional rates on properties in such areas for the purposes of raising funds as contemplated in the said Section.

The following Part A to the Property Rates Policy of the Kouga Municipality shall apply to Special Rating Areas.

1. DEFINITIONS & INTERPRETATION

In this Part, unless the context indicates otherwise:

- 1.1 **"Applicable Legislation"** means, for the purposes of this Part, the Local Government: Municipal Property Rates Act 6 of 2004, the Kouga Local Municipality: Property Rates By-Law and the Companies Act 71 of 2008;
- 1.2 **"Applicable Property Rate"** means the annual rate in Rand value payable in respect of Rateable Property falling within a SRA as determined by the Municipality prior to the determination of the SRA Rate applicable thereto;
- 1.3 **"Applicant"** means any Owner who makes an application for the establishment of a SRA in accordance with the provisions of this Part, or when a Management Body is established in terms hereof, any reference to the "Applicant" means the said Management Body;
- 1.4 **"CFO"** means the Chief Financial Officer of the Municipality;
- 1.5 **"Council"** means the Council of the Municipality;
- 1.6 **"Local Community"** has the meaning ascribed to it in the Rates Act;
- 1.7 **"Management Body"** means the management body of a SRA which shall only be a Non-Profit Company established in terms of the Companies Act 71 of 2008;
- 1.8 **"Municipality"** means the Kouga Local Municipality;
- 1.9 **"Owner"** has the meaning ascribed to it in the Rates Act;
- 1.10 **"Property"** has the meaning ascribed to it in the Rates Act;
- 1.11 **"Rates Act"** means the Local Government: Municipal Property Rates Act 6 of 2004;

1.12 **"Rates By-Law"** means the Kouga Local Municipality: Property Rates By-Law;

1.13 **"Rates Policy"** means the Kouga Local Municipality: Property Rates Policy including this Part A;

1.14 **"Rateable Property"** means property falling within a SRA or envisaged SRA on which the Municipality levies an Applicable Property Rate in terms of the Applicable Legislation;

1.15 **"Services"** means the improvement or upgrading of a SRA to be undertaken by a Management Body in addition to those undertaken by the Municipality in terms of its constitutional obligations;

1.16 **"SRA"** means a geographical area within the area of jurisdiction of the Municipality determined or to be determined by the Council as a Special Rating Area in terms of Section 22 of the Rates Act and this Part;

1.17 **"SRA Business Plan"** means a business plan applicable to a SRA as proposed by an Applicant;

1.18 **"SRA Property"** means each individual Property falling within a SRA or proposed SRA, excluding any property owned by the Municipality or any Municipal Entity of which the Municipality is the parent Municipality;

1.19 **"SRA Rate"** means an additional rate to be imposed and recovered by the Municipality from Owners of SRA Property, subject to such Property being Rateable
Property which shall be a percentage of the Applicable Property Rate expressed in Rands so calculated that the aggregate thereof equals the Applicant's proposed amount in its SRA Business Plan plus VAT;

1.20 **"VAT"** means Value Added Tax as defined in Value-Added Tax Act 89 of 1991;

2. PURPOSE OF THIS PART

2.1 This Part shall not detract from the entitlement of the Municipality to initiate the establishment of a SRA and to levy a SRA Rate on SRA Property for the purposes of raising funds for the improvement or upgrading of the SRA in compliance with the Applicable Legislation.

2.2 Recognizing that the improvement or upgrading of areas can:

2.2.1 Prevent the degeneration of urban areas and consequential urban decay; and

2.2.2 Facilitate the upliftment, economic growth and sustainable development of areas; and

2.2.3 Encourage investment in areas,

the purpose of this Part is to provide a framework and procedure under which Owners of Properties within the jurisdiction of the Municipality can initiate the establishment of a SRA and undertake the improvement or upgrading of the SRA funded by additional rates to be levied on the SRA Properties by the Municipality, subject to an acceptable Agreement being concluded between the Municipality and a Management Body to be established by the Owners of the SRA Properties.

2.3 The further purpose of this Part is, without detracting from the discretion of the Accounting Officer of the Municipality, to recognize that where the Services are to be rendered by a Management Body established by the Owners of the majority of SRA Properties and where the Services will be funded by SRA Rates payable by the Owners of SRA Properties, it would be justifiable for the Accounting Officer of the Municipality to dispense with the official procurement processes established by the Supply Chain Management Policy of the Municipality thereof and to prequalify any invitation to prospective parties to render the Services to the effect that only Non-Profit Companies established in terms of the Companies Act 71 of 2008 having members carrying the support of the majority of Owners of the SRA Properties by number will qualify to render the envisaged Services.

3. ESTABLISHMENT OF A SPECIAL RATING AREA

3.1 Nothing herein contained detracts from the entitlement of the Municipality to initiate the establishment of a SRA in compliance with the Applicable Legislation.

3.2 Any Owner (Applicant) of Rateable Property within the jurisdiction of the Municipality may apply to the Council for the approval of the establishment of a SRA, the proposed area of which includes such Owner's Rateable Property.

3.3 The application process referred to in clause 3.2 above shall be subject to the provisions of clauses 4 to 10, inclusive of this Part.

4. APPLICATION

Any Application for the establishment of a SRA shall be:

4.1 In writing and in such form as the Municipality may from time to time prescribe;

4.2 Submitted to the Municipality not more than 9 (nine) months after the date on which the public meeting referred to in clause 6 is held; and

4.3 Accompanied by:

4.3.1 A SRA Business Plan of at least five (5) years in duration, each year of which shall end on the 30th of June and covering a period ending on the 30th of June of the fifth year after the date proposed for the establishment of the SRA, which Plan must include at least a description of the Services to be provided by the Management Body, a draft budget and the Annual Aggregate SRA Rates which the Applicant desires the Municipality to levy on all SRA Properties which shall be identified on a schedule reflecting the SRA Property descriptions and Owners thereof;

4.3.2 A draft Memorandum of Incorporation of the proposed Management Body to be established in accordance with the provisions of clause 11 hereof;

4.3.3 Proof of compliance with the provisions of clauses 5 and 6 hereof;

4.3.4 Proposed agreements (if any) the Applicant considers necessary for the Management Body referred to in Section 11 and the Municipality to enter into for the SRA Business Plan to be successfully implemented;

4.3.5 Proof to the satisfaction of the Municipality that a majority of Owners of Rateable Property within the proposed SRA have approved the proposed SRA Business Plan and have consented to the establishment of the proposed SRA; and

4.3.6 A motivation report containing:

4.3.6.1 a list of all Rateable Properties and the registered Owners thereof within the proposed SRA, contact details of all Owners and the value of each property as set out in the Municipality's General Valuation, differentiating between categories of properties as provided for in Section 8 of the Rates Act;

4.3.6.2 a diagram clearly indicating the boundaries of the proposed SRA;

4.3.6.3 an executive summary of the improvement or upgrade proposed for the SRA as set out in the SRA Business Plan;

4.3.6.4 an explanation of how the proposed improvement or upgrade is linked to the geographical area of the proposed SRA;

4.3.6.5 an explanation of why the proposed SRA will not reinforce existing inequities in the development of the Municipal area;

4.3.6.7 an explanation of how the SRA, if determined, will be consistent with the Municipality's Integrated Development Plan;

4.3.7 The SRA Business Plan shall, inter alia, address the following:

4.3.7.1 those Services which will improve or upgrade the SRA;

4.3.7.2 how the proposed improvements or upgrades will be implemented;

4.3.7.3 by when the proposed improvements or upgrades will be achieved;

4.3.7.4 an implementation program, which clearly indicates the implementation milestones, dates and responsibilities; and

4.3.7.5 the aggregate SRA Rates that are proposed to be levied by the Municipality.

4.3.8 Payment of any administration fee as the Municipality may from time to time determine.

5. NOTICE OF APPLICATION AND ADVERTISING OF INTENTION TO HOLD A PUBLIC MEETING

5.1 Prior to the public meeting referred to in clause 6, the Applicant must:

5.1.1 Give notice of his or her intention to apply for the approval of the SRA, such notice to be given by:

5.1.1.1 publishing a notice in at least two (2) daily Newspapers circulating in the proposed SRA;

5.1.1.2 placing prominent information posters within the proposed SRA;

5.1.1.3 giving written notice of the application to all Owners of Rateable Property within the proposed SRA, such notice to be given by prepaid registered post, e-mail, facebook, whatsapp or hand delivery or in any other manner approved in writing by the Council.

5.1.2 In the notice referred to in clause 5.1.1:

5.1.2.1 give notice of a public meeting to be held in accordance with the provisions of clause 6, which notice shall state the purpose of such meeting and shall contain details of the place, date and time when such meeting is to be held;

5.1.2.2 state where the documentation specified in clauses 4.3.1, 4.3.2, 4.3.6 and 4.3.7 will be available for inspection;

5.1.2.3 state the municipal offices where, date from which and date by when written objections to the SRA Business Plan may be lodged with the Municipality.

5.2 The public meeting must be held not less than 7 (seven) days and not more than 60 (sixty) days after the date of publication of the last of the notices referred to in 5.1.1.1 above.

6. PUBLIC MEETING

6.1 The public meeting must be held at such place, date and time as advertised in terms of clause 5.

6.2 At the meeting, interested parties shall be:

6.2.1 Furnished with all relevant information relating to the proposed SRA including the draft

SRA Business Plan; and

6.2.2 Given an opportunity to ask questions and express their views.

6.3 The public meeting must be held at a place within the boundaries of or not more than 5 (five) kilometers from the boundaries of the proposed SRA unless the Council approves another venue in writing before the public meeting is held.

6.4 The public meeting must be chaired by a suitably qualified and experienced person, attended by a representative of the Municipality and minutes of such meeting shall be kept, which minutes shall be available for inspection by the Local Community.

7. OBJECTIONS

7.1 Any Owner of Rateable Property within the proposed SRA or members of the Local Community may submit written objections to the establishment of the SRA, which objections must be received by the Municipality not earlier than 7 (seven) days from date of lodgment with the Council of the application in terms of clause 4 and not later than 35 (thirty five) days from such lodgment.

7.2 The Municipality may allow the Applicant and any objector to make oral representations to it, which shall be recorded in writing by an official of the Municipality and signed by the party making the representations.

7.3 The application and all objections must be available for inspection at the offices of the Municipality, for the period referred to in clause 7.1 above.

8. APPROVAL

8.1 After the provisions of clauses 4, 5, 6 and 7 have been complied with, the Council shall endeavour to consider the application within 60 (sixty) days from the last date of the submission of objections in accordance with 7.1 and:

8.1.1 Approve the establishment of a SRA in accordance with the SRA Business Plan; or

8.1.2 Approve the establishment of a SRA and the SRA Business Plan with such amendments or conditions as the Council considers to be in the Municipality's or the public interests; or

8.1.3 Refuse the application, in which event the Council shall within 30 (thirty) days furnish the Applicant with written reasons for not approving the establishment of the SRA or the SRA Business Plan; or

8.1.4 Refer the application back to the Applicant for amendment in such manner as the Council may direct.

8.2 If any application is refused by Council in accordance with the provisions of clause 8.1.3, the Applicant may at any time thereafter reapply to the Municipality for the establishment of the SRA provided that such re-application has been appropriately amended in light of the reasons for refusal by the Council.

8.3 If a SRA Business Plan is at any time before the approval thereof amended in any material respect, the Council may require that the application be re-advertised *mutatis mutandis* in accordance with the provisions of clause 5, that the public meeting envisaged in clause 6 above again be held and shall take cognizance of any objections thereto as envisaged in clause 7.

8.4 In determining whether to approve the establishment of a SRA and SRA Business Plan, the Council may consider, inter alia, the following:

8.4.1 That in terms of Section 22 of the Rates Act, the purpose of a SRA is to allow an additional rate to be levied on SRA Properties to raise funds for improving or upgrading the area;

8.4.2 That SRA's should not be used to reinforce existing inequities in the development of the Municipality's area of jurisdiction;

8.4.3 Whether the determination of the SRA is consistent with the Municipality's integrated development plan;

8.4.4 The views of the Local Community;

8.4.5 Whether the procedure or requirements of Section 22 of the Rates Act has been complied with;

8.4.6 Whether the proposed improvement or upgrade has been clearly and fully defined;

8.4.7 Whether the proposed improvement or upgrade can be clearly and logically linked to a geographical area, the boundaries of which can be clearly determined;

8.4.8 Whether there is evidence that it will be financially viable to use a SRA to raise funds for the proposed improvement or upgrade;

8.4.9 The history of payment and/or non-payment by Owners of Rateable Property situated within the proposed SRA of amounts due to the Municipality.

8.5 Notwithstanding the provisions hereof, it shall be at the Council's sole and absolute discretion whether to approve an SRA or SRA Business Plan.

9. ESTABLISHMENT OF A SRA AND IMPLEMENTATION OF A SRA BUSINESS PLAN

Pursuant to the determination by the Council that a SRA may be established in terms of clause 8, the SRA Business Plan may only be implemented after:

9.1 The establishment of the Management Body in terms of Section 11; and

9.2 From a date to be determined by Council with due reference to the provisions of the Applicable Legislation governing imposition of additional rates and in particular the SRA Rate to be levied on the SRA properties; and

9.3 After the conclusion of an Agreement between the Municipality and the Management Body regulating the implementation of the Management Body's Business Plan and the respective parties' roles and responsibilities.

10. AMENDMENT OF SRA BUSINESS PLANS AND EXTENSIONS OF THE TERM THEREOF

10.1 An amendment of a SRA Business Plan may be approved by Council on written application by the Management Body at any time after the establishment of the SRA.

10.2 An amendment in terms of sub-clause 1 which Council considers not likely to materially affect the rights or interests of any person including the Local Community may be approved forthwith by the Council provided that the Council may require the Management Body to cause notice of the application for such amendment to be published in daily newspapers circulating in the SRA.

10.3 An amendment in terms of sub-clause 1 which the Council considers is likely to materially affect the rights or interests of any person including the Local Community and/or which affects the SRA Rate and/or which changes the boundaries of the SRA may only be approved by Council after the Management Body has complied with clauses 4,5,6 and 7 read in context given the nature of the amendment sought provided that the Council may for good reason and on written application of the Management Body exempt the Management Body from complying with any such provisions or condone any non-compliance with any such provisions and the approval of the amendment shall be subject to the provisions of clause 8 read in context with the amendments sought.

10.4 Not earlier than 90 (ninety) days prior to the expiry of the period of the SRA Business Plan referred to in clause 4.3.1 or the expiry of any extension of the SRA Business Plan under this clause 10.4, the Management Body shall submit to the Council an application for the extension of the term of the SRA Business Plan or any extension thereof for approval by the Council provided that the sub-clause 1, such extension shall not materially affect the rights or interests of any person or member of the Local Community or change the boundaries of the SRA. The Council may, before taking a decision to extend the term of the SRA Business Plan require the Management Body to cause notice of the application for such extension to be published as envisaged in clause 5.1.1 above.

10.5. The provisions of sub-clauses 1 to 3 above shall apply in the same terms to any

amendment of the SRA Business Plan which has been extended in terms of sub-clause 4 above.

10.6. In the event of any Owner of Rateable Property lodging written proof with the Municipality that Owners of Rateable Properties within the boundaries of the SRA who own not less than 50% in number of such properties do not approve the proposed amendment of extension of the SRA Business Plan, the Council shall not extend or amend the SRA Business Plan.

11. ESTABLISHMENT AND COMPOSITION OF MANAGEMENT BODY

- 11.1 The Applicant shall, before the SRA Business Plan is implemented in accordance with the provisions of clause 9, cause to be established a Management Body for the purposes of managing and controlling the implementation of the SRA Business Plan, which Management Body shall be a Non-Profit Company incorporated in accordance with the provisions of the Companies Act 71 of 2008 and whose Memorandum of Incorporation shall provide that only Owners of SRA properties shall qualify for membership.
- 11.2 The Memorandum of Incorporation of the Management Body shall furthermore provide that each Owner of each Rateable Property within the SRA shall have one vote.
- 11.3 The Municipality shall monitor compliance by the Management Body with the Applicable Legislation, this Part, any guidelines or policies adopted by the Municipality in terms of clause 15 and any agreements entered into between the Management Body and the Municipality, by :
- 11.3.1 Receiving and considering the audited financial statements referred to in clause 12.3 and any other arrangement in respect of monthly reporting and annual reports; and
- 11.3.2 If it elects to do so, nominating a political representative to attend and participate, but not vote, at meetings of the Management Body.

12. POWERS AND DUTIES OF MANAGEMENT BODY

12.1 Within two (2) months after receipt of the first payment by the Municipality to the Management Body in terms of this Part, the Management Body must commence to provide the Services in accordance with the SRA Business Plan and Agreement entered into between the Municipality and the Management Body.

12.2 The Management Body must comply with all Applicable Legislation, this Part and the Guidelines and Policies published by the Council from time to time in terms of clause 15.

12.3 The Management Body must provide the Municipality with its audited financial statements and annual reports for the immediately preceding financial year within three (3) months of the end of each financial year.

13. FINANCES

13.1 The financial year end of the Management Body shall coincide with the financial year end of the Municipality, which is the 30th of June.

13.2 Where a SRA has been established, the Municipality shall levy the SRA Rate on each SRA Property in accordance with the Applicable Legislation and more particularly Section 22 of the Rates Act and this Part.

13.3 The SRA Rate shall be a debt due to the Municipality and shall be payable and collected in the same manner as other rates imposed by the Municipality.

13.4 Any payment by the Municipality to the Management Body of a SRA shall be subject to the prior conclusion of an Agreement between the Management Body and the Municipality which Agreement shall regulate, inter alia, the mechanisms and manner of payment and the other terms upon which payment to the Management Body is to be made, VAT invoices to be submitted by the Management Body to the Municipality, the retention of a portion of monies collected to defray bad debt and the payment of such monies retained or portions thereof by the Municipality to the Management Body

once an acceptable amount of retained funds has been reached which will cover any expected or envisaged bad debt.

14. DISSOLUTION

14.1 The Municipality may disestablish a SRA:

14.1.1 Upon written application signed by a majority of Owners of Rateable Properties within the boundaries of the SRA; or

14.1.2 After prior consultation with the Management Body, for any other good cause, whereupon the Management Body shall be wound up.

14.2 Upon the winding up of a Management Body, the assets remaining after satisfaction of all its liabilities shall be:

14.2.1 Transferred to another association or institution having objects similar to the main object of the Management Body; or

14.2.2 Utilised by the Municipality to provide additional Services in accordance with the SRA Business Plan.

15. GUIDELINES AND POLICIES

The Municipality may at any time publish Guidelines or Policies in respect of the establishment of SRA's including but not limited to guidelines or policies in respect of the areas or categories of area within which SRA's may be established and guidelines or policies regarding the Services that may be provided by the Management Body.

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MUNICIPAL MANAGER

Policy Title: Kouga Municipality Property Rates Policy

Status: Draft for review

DATE

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