



a world class African city



City of Johannesburg

REVIEW OF RATES POLICY, RATES BY LAW
Councillor Briefing
2017/18

- 1. Legislative background**
- 2. Rates Policy review process**
- 3. The context for the review of the Rates Policy**
 - Risks**
- 4. Proposed changes in draft Rates Policy**
- 5. Property categories, Ratios and Rates for 2016/2017**
- 6. Rates Base used to calculate rates for 2016/2017**
- 7. GV 2018**
- 8. Questions and discussion**



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
- Council levies different rates for different categories of rateable property based on zoning
- Council through the Rates Policy gives reductions and rebates on certain categories of properties as promulgated
- Council must review Rates Policy annually
- Council must conduct public participation on the draft Rates Policy in accordance with Chapter 4 of the Systems Act

- First phase public input into the Draft Rates Policy 2017/2018
- First phase starts on the 21st of January and end 21th February 2017
- Due date for comments, submission and inputs is 21February 2017
- Second phase proposed Rates Policy and proposed Tariffs (April 2017)
- Draft 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

The Rates Policy review process for 2017/2018 financial year is done under the following background :

- City is currently on its second Valuation roll under the MPRA as amended
- The Rates Policy has been reviewed annually since 2008 to take into account legislative changes and City policy direction and public input
- The review was also done enhance policy while ensuring that the required revenue is realized.
- The review of the Rates Policy considers the pro-poor policy of the City
- it is important to ensure that there is alignment between the Rates policy and other policies as well as 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
- Implementation of the Mayoral ten point plan strategic direction for the City.

Risks that could impact rates revenue

- Credit rating of the Country is not looking good
- Economic growth of the Country has slowed down
- CPI target set by the Reserve Bank (December 6.8%)
- 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 relief
- Determination of ratios by CoGTA with immediate implementation
- Reduction of Grants
- Reduction of Business ratio to 1:2

Proposed change in the draft Rates Policy for 2017/2018

- Aligning the structure of the Rates Policy to CoGTA Gauteng requirement
- Rewording the sections of the Rates Policy to read correctly.
- Replacing outdated legislation with current legislation
- Aligning the Rates Policy with other City Policies
- Adding new definitions in line with Property Rates amendment act
- Alignment of categories of properties and categories of ownership to remove the confusion that currently exists
- Amending the requirements for sectional title properties to qualify for the appropriate rebates.



No	Category	Ratio	Rates for 2016/17 (Cents in the Rand)
1	Agricultural Residential	1:0.9	0.006225
2	Agricultural Business	1:2.6	0.017982
3	Agricultural other	1:0.9	0.006225
4	Residential	1:1	0.006916
5	Consent use	1:1.2	0.013833
6	Business and Commercial	1:2.6	0.017982
7	Sectional title business	1:2.6	0.017982
8	Sectional title residential	1:1	0.006916
9	Sectional title other	1;1	0.006916
10	Municipal property	0	0
11	Farming	1:0.25	0.001729
12	Mining land	1;2.6	0.017982
13	Vacant land	1:4	0.027665
14	PSI	1;0.25	0.001729
15	PSI privately owned	1:0.25	0.001729
16	Private open spaces	1;0.25	0.001729
17	State	1:1.5	0.010374
18	Public benefit	1:0.25	0.001729
19	Education	1:0.25	0.001729
20	Religious	0	0
21	Multipurpose Residential	1:1	0.0069161
22	Multipurpose Business	1;2.6	0.018674
1	Penalty tariff : Illegal use	1:4	0.027665



Categories , Ratios and Rates

Category	Normal/ AD2 / RESI	Nr Properties	Gross Value
	AD2	32	R 0
	NORMAL	4,166	R 0
Agricultural Business	AD2	11	R 112 130 000
Agricultural Business	NORMAL	271	R 2 253 622 000
Agricultural Other	AD2	45	R 68 320 000
Agricultural Other	NORMAL	467	R 1 045 289 000
Agricultural Residential	AD2	96	R 387 280 000
Agricultural Residential	NORMAL	5,966	R 17 398 167 000
Business & Commercial	AD2	1,618	R 9 717 846 000
Business & Commercial	NORMAL	26,871	R 215 733 551 000
Business & Commercial	RESI	477	R 4 328 781 000
Consent Use	NORMAL	32	R 96 602 000
Education	AD2	33	R 133 810 000
Education	NORMAL	917	R 10 402 925 000
Farming	NORMAL	17	R 38 110 000
Mining	AD2	3	R 0
Mining	NORMAL	71	R 537 631 000
Multiple Purpose	NORMAL	79	R 426 057 000
Multiple Purpose	RESI	5	R 109 540 000
Municipal	AD2	5,896	R 8 900 575 770
Municipal	NORMAL	365	R 587 638 000
Private Open Space	AD2	150	R 129 412 000
Private Open Space	NORMAL	739	R 942 420 000
Public Benefit Organisations	NORMAL	2	R 29 000 000
Public Service Infrastructure	AD2	3,052	R 1 577 700 000
Public Service Infrastructure	NORMAL	6,474	R 5 815 901 000
Public Service Infrastructure Private	AD2	123	R 24 889 000
Public Service Infrastructure Private	NORMAL	1,184	R 181 331 000
Religious	AD2	37	R 41 170 000
Religious	NORMAL	1,320	R 347 5813 000



Category	Normal/ AD2 / RESI	Nr Properties	Gross Value
Residential	AD2	8,034	R 3 351 154 000
Residential	NORMAL	521,405	R 440 129 734 800
Sectional Title Business	AD2	29	R 33 180 000
Sectional Title Business	NORMAL	8,696	R 17 554 345 592
Sectional Title Business	RESI	5,486	R 3 751 031 000
Sectional Title Other	NORMAL	8,303	R 792 953 200
Sectional Title Residential	AD2	1,162	R 493 733 000
Sectional Title Residential	NORMAL	191,520	R 134 362 205 032
State	AD2	422	R 1 678 482 000
State	NORMAL	977	R 15 697 787 000
Vacant Land	AD2	6,178	R 2 834 326 000
Vacant Land	NORMAL	35,329	R 23 595 306 530
Total		848,060	R 928 769 748 925



City of Johannesburg General Valuation 2018



**Email your comments to:
ratescomments@joburg.org.za**

Questions and Discussion

Thank you

