

# Rates Policy Public Participation Process

(Proposed Changes)

## 2023/24



## **Proposed amendments to the Rates Policy**

The following amendments are proposed on the 2023/24 Draft Rates Policy:

- The residential threshold is reduced from R350 000 to R300 000. The City will not levy rates on the first value up to R300 000 on the market value as per the valuation roll of residential property.
- Pensioners Rebate: The rebate is still categorised into two:

### **Pensioners age 60-69 years**

The property threshold for pensioners age 60-69 years is reduced from R2.5 million to R1.5 million. The lower income levels for pensioners will be increased from R11305 to R11904 and the higher income levels will be increased from R19377 to R20404. This amounts to an increase of 5.3%. Pensioners who are not on National Security Grant, but whose gross monthly income falls below R11 904 qualify for a 100% rebate.

Pensioners in this category, qualify for a 100% rebate up to market value of R1.5 million, if they meet the income criteria stipulated above. Rates will be levied on the market value more than R1.5 million.

Pensioners whose gross monthly income is above R11 904 but less than R20404 qualify for a 50% rebate on successful application. Pensioners whose gross monthly income is above R20404 will not qualify for a pensioner's rebate. This means that pensioners will be exempted from paying rates on the first R1.5 million provided that they meet the income criteria.

Rates will be levied on the market value more than R1.5 million. If a pensioner owns a residential property of R2 million and meet the income criteria as proposed, she/he will pay rates on R500 000. If a pensioner owns a residential property of R3 million and meet the income criteria as proposed, she/he will pay rates on R1 million.

### **Pensioners age 70 years and above**

The property threshold is reduced from R2.5 million to R2 million. Pensioners age 70 and above qualify for a 100 percent rebate irrespective of the income. The pensioners qualify for a 100% rebate up to a market value of R 2 million. Rates will be levied on the market value more than R2million

- Public schools, colleges, and universities under the category of Public Service Purpose (PSP) qualifies for a 50% rebate.
- Privately owned schools, colleges and universities categorised under business and commercial qualifies for a 30% rebate on application.
- The proposed 2023/24 property rates tariffs will increase by 5.3%.

## 2023-24 RATES POLICY REVIEW



### CHALLENGES

The Rates Policy review process for 2023/2024 financial year is taking place under challenging conditions:

- Private educational institutions **court cases** / legal challenges - {judgement (2022/2023)};
- Poor/ no **service delivery** as raised by community submissions over the years;
- Stagnant **economy**;
- Continuous petrol & oil **price increases**;
- Inflation & interest **rate hikes**;
- The impact of **loadshedding**;
- Increase in the number of property owners **depending on social grants** ;
- Proposed **electricity increase** of 18.65% by Nersa for 2023/2024.

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## 2023-24 RATES POLICY REVIEW



### PROPOSED CHANGES

- **Tariffs:**
  - Base rate increase of 5.3%, the residential rate in the Rand will increase from R0,008619 to **R0.009076** for 2023/2024 financial year.
  - **Business rate** will increase from R0,021547 to **R0.022689**. This increase is based on retaining the **business ratio at 1:2.5**
- **Rebates:**
  - **Residential** threshold **R300 000.00**
  - **Private/independent educational institutions 30%** (upon application) on **Business & Commercial** category
  - Public Service Purpose (**Public schools**) (**PSP**) **50%**
  - **Pensioners**
    - ..threshold for **60-69 years R1 500 000.00.**
    - income levels <R11904(100% rebate)/ R11904-R20404(50% rebate)/ >R20404(0%)**
    - ..threshold for **70 years & above R2 000 000.00**
    - Child headed household rebate R1 500 000.00**

**Rates will be levied for property market value in excess of thresholds**

**The 2023/2024 Draft Rates Policy will be open for public inspection / comments from the 01 April 2023 to 06 May 2023**

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## 2023-24 RATES POLICY CATEGORIES, RATIOS & TARIFFS



No	Category	Ratio 2023/2024	Rates tariffs for 2023/2024	% Increase
1	Business and commercial	1:2.5	0.022689	5.3%
2	Farming	1:0.25	0.002269	5.3%
3	Industrial	1:2.5	0.022689	5.3%
4	Mining land	1:2.5	0.022689	5.3%
5	Multipurpose*1			
6	Municipal property	0	0	0%
7	Private open space	1:0.25	0.002269	5.3%
8	Public benefit organisation	1:0.25	0.002269	5.3%
9	Public open space	1:0.25	0.002269	5.3%
10	Public service infrastructure	0	0	0%

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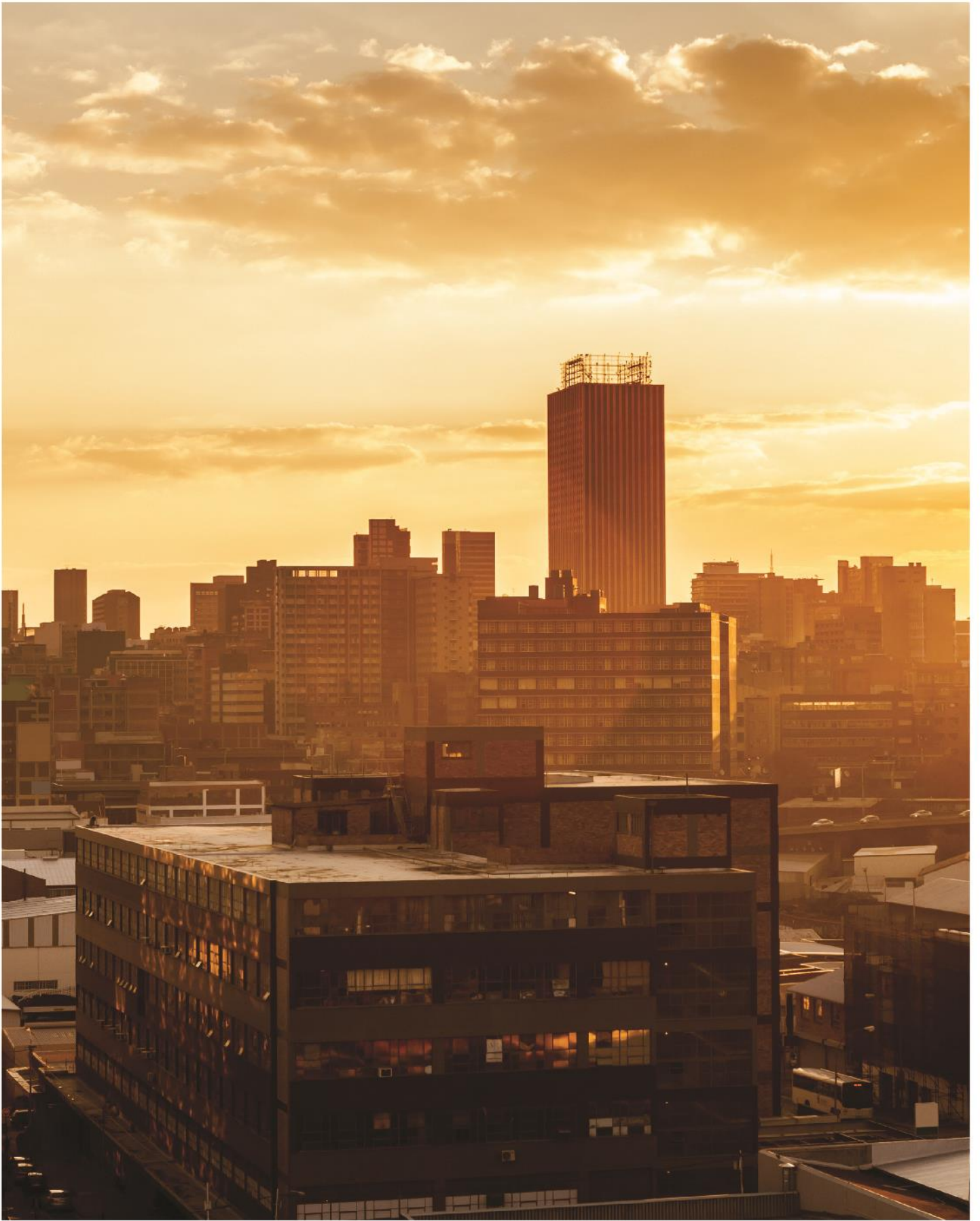


No	Category	Ratio 2023/2024	Rates tariffs for 2023/2024	% Increase
11	Public service infrastructure - private	1:0.25	0.002269	5.3%
12	Public service purpose	1:1.5	0.013613	5.3%
13	Religious	0	0	0%
14	Residential	1:1	0.009076	5.3%
15	Residential Consent use	1:2	0.018151	5.3%
16	Township Development	1:2.5	0.022689	5.3%
17	Vacant land	1:4	0.036302	5.3%
1	Unauthorised use	1:6	0.054454	5.3%

The 2023/24 Draft Rates Policy and the Rates Policy By-laws are available to view for public inspection/comments

online at: [www.joburg.org.za](http://www.joburg.org.za)

Submissions may be sent to [ratescomments@joburg.org.za](mailto:ratescomments@joburg.org.za) from 01 April to 06 May 2023.



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