



Municipal Property Rates Act, no. 6 of 2004

***Key findings with regards to implementation strategies followed
by Municipalities in the Western Cape Province***

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INTRODUCTION

- The Department needed to obtain expert advise in respect of the processes and methodologies followed by Municipal Valuers in determining the market values of properties in Municipalities;
 - The Department sourced the assistance of an external Service Provider; and
 - Appointed the service of “eValuations” Enhanced Property Appraisals (Pty)Ltd to conduct the study of 3 Municipalities in the Province.



SCOPE OF WORK

- **City of Cape Town**
 - The Department needed to determine whether the City of Cape Town in their planning processes/methodologies for the next general valuation roll included actions to-
 - establish the market value of properties, determined in accordance with market conditions which applied as at the date of valuation and any other applicable provisions of the MPRA;
 - whether the properties are valued in accordance with generally recognized valuation practices, methods and standards; and
 - Whether the computerized mass valuation system or techniques are used by the City to include a valuation system.
- **Non – Metro Municipalities**
 - The nature and extent of the services required for Municipality 1 and 2, respectively, related to the review of the market values of the properties undertaken in a random sample selection.



WORK PERFORMED BY eVALUATIONS **PROGRESS TO DATE**

CITY OF CAPE TOWN	Municipality 1	Municipality 2
<p>Introductory meeting was held on 23 June 2011 with the HOD, Municipal Manager & officials of the Department.</p> <p>Scope of work refined.</p> <p>In process of obtaining data and verification, thereof.</p> <p>Make necessary recommendation, if any.</p>	<p>Introductory meetings were held with respective municipalities on 24 March 2011 and 4 April 2011, respectively with the Municipal Manager, Chief Financial Officer and officials of the Department;</p> <p>Scope of work; discussed and agreed upon.</p> <p>Data collection and verification; thereof.</p> <p>Drafted final report on findings and short comings in Municipality for the Departments' consideration.</p>	



KEY FINDINGS: GENERAL VALUATION

- Lack of key documentation, i.e
 - Market reports on key sales per property type;
 - Valuation methodology documents.
- Data quality not available
 - Standard and uniformity of data;
 - Sufficient/correct data collection; and
 - No quality control from side of Municipality.
- Quality Control
 - Start to finalization of the valuation roll requires supervision and sign-off;
 - No sufficient senior attention/involvement;



KEY FINDINGS: APPOINTMENT OF SERVICE PROVIDER

- Lack of skilled and adequate experienced valuers, Nationally;
 - Although valuers might be registered, does not equate relevant experience;
- Lack of reporting requirements in terms of progress i.e.
 - Project managed at low (junior) level;
- Quality control of service provider not up to standard –prior to sign off;
- In terms of Section 85 of the Act –
 - All data belongs to the Municipality- valuers tend to believe different;
 - Municipalities are the custodians of all data.



KEY FINDINGS: SCOPE OF WORK

- Lack of project charter/plan;
- No agreed processes in place;
- Lack of data collection manuals by property type (what to collect); and
- No quality assurance processes.



SUGGESTIONS

- **Systems utilized**
 - Sufficient training of own staff on the system
 - Data assessable to Municipality
 - Ownership of the data belongs to the Municipality
 - Municipality has access to data.
 - Identify and internal custodian for the system.
- **Placement of valuation in the Municipal Structure**
 - Placement to be considered Ideally NOT in finance section. (size and capacity to predict)
- **Categories of properties**
 - Introduce rating of vacant properties;
 - Reduce duplication (school vs School)
- **Introduce GIS** (Geographical Information Systems)
 - Improve business processes associated to the valuation process.



SUGGESTIONS .../cont

- **Actively manage consultants**
 - Agree up front on project roll-out strategy reports and processes to be followed.
 - Assign a project manager at a senior level in the Municipality to manage this project.
- **Define / agree on which data is to be collected : up-front**
 - Agree on quality control measures;
 - Report on various processes in terms of legacy documentation.
- **Training of Staff**



FUTURE PROVINCIAL SUPPORT

- Focus group to assist Municipalities with the implementation of the MPRA
 - Quarterly workshops to be set up by the Province
- Introduction of generic documentation
 - Data collection manuals; and
 - Incorporate process documentation for the various phases i.e. Project planning, valuation review, valuation (and modeling).
- Appointment of Professional Valuer at Provincial Department for review of valuation processes used by 3 more Municipalities in the Province
 - Purpose: To provide guidance to Municipalities to support future processes.



LOCAL
GOVERNMENT

Provincial Government of the Western Cape

The end

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