



Western Cape
Government

Local Government

Overview of the

Municipal Property Rates Act (MPRA) Guideline

CFO Forum: Stellenbosch Council Chambers

11 June 2012

Content of Presentation

- The reason for a MPRA Guideline
- The objectives of the MPRA Guideline
- Contents of the MPRA Guideline
- Target group
- Implementation of the MPRA Guideline

The Reason for a MPRA Guideline

Brought about by the following challenges-

- High turnover of staff working with the MPRA;
- Property valuations being consultant driven;
- Capacity to manage and monitor property valuations;
- Numerous compliance stipulations and timeframes; and
- Ratepayers increasingly challenging/questioning MPRA processes.

The Objectives of the MPRA Guideline

- To support improved efficiency and effectiveness of the implementation of the MPRA by promoting best practices and by building capacity; and
- To provide a systematic approach to MPRA implementation covering the full cycle from drafting rates policies, rates by laws, compilation of valuation rolls through to valuation appeal board hearings.

Contents of the MPRA guideline

Comprises of 11 Chapters

- Overview of the transformation of the property valuation and rates legislation;
- Purpose of the MPRA Guideline;
- Summary of the MPRA;
- Legal framework;
- Responsibilities of key role players;
- Rates policy;
- Levying of rates;
- Special rating areas;
- Community participation;
- Step by step guidelines; and
- Conclusion.

Overview of the Transformation of the Property Valuation and Rates Legislation (Page 6 of Guideline)

Transition from Cape Provincial Ordinances to the MPRA.

Purpose of the MPRA Guideline (Page 7 of Guideline)

To assist/guide officials in an easily comprehensible form to implement the MPRA

Summary of the MPRA (Pages 8 – 10 of Guideline)

Providing uniform national rules regarding-

- Rates base
- Rating issues
- Community participation
- Valuation method; and
- Objections and appeals process

Legal Framework (Page 11 of Guideline)

- The Constitution
- MPRA and its Regulations
- MSA
- MFMA

Responsibilities of Key Role Players (Pages 12 – 14 of Guideline)

National Minister of Cooperative Governance and Traditional Affairs

Mandatory responsibility

- If a rate on a specific category of property is materially and unreasonably prejudicing national economic policies, economic activities across its boundaries or the national mobility of goods, services, capital or labour the Minister must give notice that the rate must be limited to an amount specified in the notice.

Discretionary powers

- The Minister may prescribe a ratio whereby the rate on the categories on non-residential property may not exceed the ratio to the rate on residential properties.
- The Minister may set an upper limit on the percentage by which rates on property categories or a rate on a specific category of properties may be increased; or
- The total revenue derived from rates on all property categories or a rate on a specific category of properties may be increased.
- The Minister may monitor and investigate and issue a public report on the effectiveness, consistency, uniformity and application of municipal valuations for rates purposes.
- The Minister may make regulations concerning any matter prescribed in terms of the MPRA.

Responsibilities of Key Role Players (Page 14 - 15 of Guideline)

MEC for Local Government

Mandatory responsibility

- MEC must establish valuation appeal boards and appoint its members.
- MEC must monitor whether municipalities complies with the provisions of the MPRA.

Discretionary powers

- MEC may condone any non-compliance with a provision of the MPRA requiring or permitting any act to be done within a specified period in accordance with the prescribed framework.
- Where a Municipality fails to comply with the MPRA, MEC may take appropriate steps to ensure compliance.

Responsibilities of Key Role Players (Page 15 – 17 of Guideline)

Municipality

- Must adopt a rates policy before levying rates;
- Must adopt rates by-laws to give effect to the implementation of the rates policy;
- Must annually review the rates policy;
- Must annually pass a resolution to levy rates and promulgate the resolution;
- Must follow an objection process;
- Must follow an appeals process

Responsibilities of Key Role Players (Page 17 – 18 of Guideline)

Municipal Valuer

- Valuation of all properties in the Municipality;
- Preparation of a valuation roll of all properties in the Municipality;
- Signing and certification of the valuation roll;
- Submission of valuation roll to the Municipal manager;
- Consider and decide objections to a valuation roll;
- Attend every meeting of a Valuation Appeal Board hearing;
- Preparation of supplementary valuation rolls;
- Assist the Municipality in collection of postal addresses of owners; and
- Generally provides the Municipality with administrative support incidental to the valuation roll.

Responsibilities of Key Role Players (Page 18 of Guideline)

Valuation Appeal Board

- To hear and decide on appeals against decisions of a Municipal Valuer concerning objections to a valuation roll; and
- Review decisions of a Municipal Valuer where the valuation of a property is adjusted by more than 10% upwards or downwards.

Rates Policy

(Pages 19 – 25 of Guideline)

A Rates policy must-

- Treat persons liable for rates equitably;
- Determine criteria for differential rates, exemptions, rebates, reductions and increases in rates;
- Determine criteria for categories of property when levying different rates;
- Determine criteria for categories of owners of properties, or categories of properties, when granting exemptions, rebates and reductions;
- Determine criteria for multi purpose properties;
- Identify and provide reasons for exemptions, rebates and reductions;
- Take into account the effect of rates on the poor and include appropriate measures to alleviate the rates burden;
- Take into account the effect of rates on the PBOs;
- Take into account the effect of rates on PSI;
- Allow the municipality to promote local social and economic development; and
- Identify all rateable properties that are not rated.

Levying of Rates

(Pages 26 – 28 of Guideline)

- Rates are the Cent amount in the Rand levied on the market value of rateable property.
- The Cent amount in the Rand is decided by the Municipal Council.
- MPRA Regulations prescribe that the rates ratio in relation to Agricultural, PSI and PBO properties in relation to residential properties 1:0.25
- Municipalities are prohibited from levying rates on-
 - The first R 15 000 of the market value of residential property;
 - The first 30% of market value of PSI;
 - Properties used as places of worship;
 - Parts of special nature reserve, national park, nature reserve or national botanical garden not developed or used for commercial, business, agricultural or residential purposes; and
 - Property belonging to a land reform beneficiary or his/her heirs. This exclusion lapses 10 years from date on which title was registered.

Date of implementation of general valuation (GV) and payment of rates

General Valuation	Date effective
Date of valuation	12 Months before date of implementation e.g. <u>1 July 2012</u> if date of implementation is 1 July 2013.
Date of implementation of GV Roll	1 st Day of financial year e.g. <u>1 July 2013.</u>
Rates payable with effect from	1 st Day of financial year e.g. <u>1 July 2013.</u>

Date of implementation of supplementary valuations and payment of rates

Supplementary Valuations	Date of valuation	Date when rates becomes payable
Property- <ul style="list-style-type: none"> • Incorrectly omitted from the valuation roll; • Substantially incorrectly valued during the last GV; • That must be revalued for any exceptional reason. 	First day of the month following the completion of the public inspection period.	Effective date of supplementary valuation roll.
Property included in a municipality after the last GV.		Date when property was <u>included</u> in municipality.
Property subdivided or consolidated after the last GV.		Date when subdivision/consolidation was <u>registered</u> in the Deeds Office.
Property of which the value has substantially increased/decreased after the last GV.		Date when the <u>event</u> occurred
Property of which the category has changed.		Date when <u>change</u> of category occurred.

Special Rating Areas (Page 29 of Guideline)

Levying of additional rates

- Municipality must consult local community on-
 - Proposed boundaries of the area; and
 - Proposed improvement/upgrading of the area.
- Municipality when determining a special rating area must-
 - Determine the boundaries of the area;
 - Indicate how the area is to be improved/upgraded with the additional rates; and
 - Have separate accounting and record-keeping system of the revenue generated by the additional rate and the improvement/upgrading of the area.

Community Participation (Pages 30 – 32 of Guideline)

Instances where community participation in terms of Chapter 4 of the MSA needs to be complied with:

- Before adoption of rates policy;
- Amendments to the rates policy (reviewed policy);
- Considering or voting on draft rates by-law; and
- Notice informing the public that valuation roll is open for public inspection and invitation for lodging of objections.

Step by Step Guidelines (Pages 33 -63 of Guideline)

Guidelines

- Appointment of Valuation Appeal Board members;
- Annual review of the rates policy;
- Drafting of Rates by-laws;
- Preparation of a General Valuation;
- Preparation of a Supplementary Valuation;
- Valuation Appeal Board hearing;
- Q and A; and
- MPRA Project Plan template

Key matters to note

- MPRA Focus Group – next meeting 3 August 2012;
- MPRA Amendment Bill – December 2012;
- Promulgation to levy rates – section 14(2) of MPRA; and
- Valuation Appeal Board members

Contact Details

The Property Valuation and Rates Team
Department of Local Government
Western Cape

Mogamat Abrahams

021 483 4509

Mogamat.Abrahams@pgwc.gov.za

Desiree Nolan

021 483 6478

Desiree.Nolan@pgwc.gov.za



Thank you