

24.1

City of Johannesburg Council 2021-03-24/25

COJ : MAYORAL COMMITTEE 2021-03-19

GROUP FINANCE

24 DRAFT 2021/2022 PROPERTY RATES POLICY AND RATES BY-LAW

1 STRATEGIC THRUST

Financial Sustainability.

2 OBJECTIVE

The objective of this report is to:

- Report to Council on the submissions and inputs received during the virtual Rates Policy Review public participation meetings.
- Request Council to approve the tabling of the 2021/22 Draft Rates Policy and Rates By-law for further public participation.
- Request Council's approval to engage the residents on the tabled 2021/22 Draft Rates Policy and Rates By-law in conjunction with the IDP

3 SUMMARY

The City of Johannesburg is governed by the Local Government: Municipal Property Rates Act 6 of 2004 (Act) (MPRA) as amended, implemented the Policy on 1st July 2008. The Policy guides the property rating process within the City of Johannesburg.

MPRA requires the City to annually review its Rates Policy. The Rates Policy has been reviewed annually since its inception in 2008. The City is once more reviewing its Policy as required in terms of the Act. Due to the level three Covid-19 regulations that prevented mass gatherings, Council approved that all Rates Policy review public meetings be held virtually.

(1) Public Participation

The virtual public consultation process will be divided into two phases. The first phase of virtual public meetings started on the 5th February 2021 with Councillor briefing followed by community meetings which started on the 8th February and ended on 2nd of March, the last meeting with the Business Forum. During the first phase, property owners and all stakeholders were invited to comment and make proposals on the current 2020/21 Policy, to enable the City to consider their inputs when compiling the Draft Policy.

City scheduled 21 virtual community meetings in all the regions. Business breakfast was also hosted to give business community the opportunity to make inputs and submission to the Rates Policy.

24.2

City of Johannesburg Council 2021-03-24/25

COJ : MAYORAL COMMITTEE 2021-03-19

GROUP FINANCE

The table below indicates all the virtual public participation meetings organised, per region, suburb and times:

Region	Venue	Date	Times
	Councillors briefing	5 th February 2021 Friday	10h00-12h00
	Business Forum meeting	2 nd March 2021 Tuesday	09h00-11h00
B	Emmarentia and surrounding areas	8 th February 2021 Monday	18h00-20h00
B	Ferndale and surrounding areas	9 th February 2021 Tuesday	18h00-20h00
B	Claremont and surrounding areas	10 th February 2021 Wednesday	10h00-12H00
A	Rabie Ridge surrounding areas	11 th February 2021 Thursday	18h00-20h00
A	Rivonia and surrounding areas	12 th February 2021 Friday	18h00-20h00
E	Sandton and surrounding areas	13 th February 2021 Saturday	10h00-12H00
E	Sandringham and surrounding areas	13 th February 2021 Saturday	10h00-12H00
A	Midrand and surrounding areas	15 TH February 2021 Monday	18h00-20h00
F	Mondeor and surrounding areas	16 th February 2021 Tuesday	19h00-21h00
F	Wemmerpan, Springfield and surrounding areas	17 th February 2021 Wednesday	18h00-20h00
G	Ennerdale and surrounding areas	18 th February 2021 Thursday	18h00-20h00
G	Eldorado Park and the surrounding areas	19 th February 2021 Friday	18h00-20:00
G	Lenasia Ext 1 and the surrounding areas	22 nd February 2021 Monday	18h00-20h00
D	Dhlamini and the surrounding areas	23 rd February 2021 Tuesday	10h00-12h00
D	Jabulani and the surrounding areas	20 th February 2021 Saturday	18h00-20h00
D	Diepkloof and surrounding areas	24 th February 2021 Wednesday	18h00-20h00
C	Roodepoort, Florida Park, and surrounding areas	25 th February 2021 Thursday	18h00-20h00
C	Cosmo City and the surrounding areas	26 th February 2021 Friday	18h00-20h00

24.3

City of Johannesburg Council 2021-03-24/25

COJ : MAYORAL COMMITTEE 2021-03-19

GROUP FINANCE

Region	Venue	Date	Times
E	Marlboro and the surrounding areas	23 rd February 2021 Tuesday	18h00-20h00
E	Norscot and Fourways and the surrounding areas	24 th February 2021 Wednesday	18h00-20h00
E	Athlone Avenue, Sandringham and the surrounding areas	25 th February 2021 Thursday	18h00-20h00

Phase two is estimated to commence after the 25th of March following Council's approval of the reports which would be part of public consultation in the second phase. The 2021/22 Rates Policy will be a component of the public consultation process together with the Budget, IDP and the proposed tariff increases for rates and other services.

Residents and other stakeholders will be given an opportunity to make inputs and submissions on the draft Rates Policy, Budget, IDP and proposed tariff increases for 2021/2022 financial year. The whole process of public participation will be managed from the office of the Speaker of Council.

(2) Communication for public meeting

Due to level three Covid-19 regulation preventing mass gatherings, all the Rates Policy meetings were held virtually. The communication strategy was designed in such a way that information on the Rates Policy and Rates By-law was circulated in as many platforms as possible, to ensure accessibility of information.

Communication of information on Rates Policy review virtual meetings, dates, regions, suburbs, and times was done through several Media channels. Municipal statements sent to clients contained a message on the Rates Policy review process and the link of the virtual meetings. The information on the review process was also placed on the City's website.

Social media platforms were also used to circulate the information about the meetings. The information was also shared with Councillors, this enabled them to inform residents. Sms's were sent to individual clients inviting them to the virtual Rates Policy review meetings in their area. The smses also had the link to the page where the residents could make their electronic submission to the City.

24.4

City of Johannesburg Council 2021-03-24/25

COJ : MAYORAL COMMITTEE 2021-03-19

GROUP FINANCE

(3) Virtual meetings

The logging into virtual meetings in different Regions was relatively good. Most of the residents were able to join the meetings and make meaningful contributions to the Rates Policy review process. Residents who could not raise their questions due to technical problems, were given an opportunity to use the chat box.

The communication team monitored the chat box and other social media platforms, that process allowed the Property Branch team to respond to all the issues raised while ensuring that all other issues raised on other platforms were also deliberated on. Residents were encouraged to write their inputs by linking through the input page and submitting their input electronically to the Property Branch.

(4) Changes to Rates Policy

The two major proposed changes to the Rates Policy is the inclusion of rating the right in land (long term leases) and multipurpose (multiple categories carrying split values on the same stand account) properties. The other changes made were corrections of some wording in the policy so that it can read correctly. Attached hereto is the Draft Rates Policy for 2021/22 as Annexure A as well as the Draft Rates by-law as Annexure B

(5) Submission and inputs

Submissions and inputs were received from different stakeholders and are attached to this report as annexure D. This report also contains the summary inputs, comments and queries received during the virtual public consultation meetings in different regions as Annexure C of this report.

(6) Categories of comments

The chairpersons of all the virtual meetings requested the residents and other stakeholders who were part of the virtual meetings to confine themselves to all issues related to the Rates Policy. Submissions and inputs were received from various attendees representing different sectors of society including pensioners, individual property owners, residents in general and the business community. Residents in all the meetings took the opportunity to raise queries on other matters affecting different entities within the City.

Below is a summary of issues that were raised regarding the Rates Policy:

- Residents complained about the quality of services provided by the City, there was the view that the rates payment was not linked to service delivery.

24.5

City of Johannesburg Council 2021-03-24/25

COJ : MAYORAL COMMITTEE 2021-03-19

GROUP FINANCE

- Property owners complained about the City's property valuation process. Some residents disputed market values recorded in the City's general valuation roll. Residents also complained about the number of outstanding appeals and reviews.

The City urged residents to make use of Section 78 form to query the market values as recorded in the City's general valuation roll. The City also advised that virtual appeal sittings started in Jan 2021 to speed up the appeal process.

- Sectional title owners complained that they were billed business as opposed to residential.

The City explained that rating is based on category & the zoning informs the category, so if a property categorised as business, it will be rated as such. However, the City explained that property owners could apply to have the rating changed from business to residential and that the rebate would only be effective from date of application.

The following issues related to service delivery were noted:

- Poor services delivery such as maintenance of infrastructure, street lights, potholes, paving
- The attitude of front-line staff was raised as a concern.
- Meter reading estimations was another concern that was raised. Residents complained that the estimation had a negative impact on individuals and the business community as their bills were too high, as a result some residents asked the City to provide them with prepaid metres.
- It was mentioned that termination of services was sometimes carried out without notice as legislated.
- City's communication aptitude was raised as a concern, residents requested that the City strengthen its communication strategies in relation to rebates, ESP, ombudsman, valuations etc.
- Residents stated that they struggle to get their refunds.
- Residents requested another debt write-off.

The above service delivery issues could not be responded to in the meetings because they require some level of expertise from the entities' concerned to provide a detailed response. This input and queries have been compiled and will be forwarded to the respective departments and entities.

24.6

City of Johannesburg Council 2021-03-24/25

COJ : MAYORAL COMMITTEE 2021-03-19

GROUP FINANCE

The following Rates Policy suggestions/ comments were noted:

Suggestions/Comments	City's response
The City to continue to provide the Disaster rebate during this economic downturn caused by the pandemic.	The City is unable to extend the disaster rebate currently and the rebate tabled to council was for the period as granted.
A Zero tariff increase was proposed for the 2021/22 financial year.	City noted the proposal and indicated that tariff modelling will be done to ascertain affordability.
Property owners suggested that the maximum pensioner threshold on income and the property value be reviewed in consideration of the economic downturn.	City note the proposal and indicated that tariff modelling will be done to ascertain affordability.
It was suggested that pensioner property threshold be set at R2.5 million for all pensioners, and those whose value exceeds the R2,5 threshold would then pay rates on the remainder of the value.	This suggestion was noted and the necessary considerations will be taken.
It was suggested that the business ratio be reduced from 1:2.5 to 1:2.	The City noted the comment and indicated that tariff modelling will be done to ascertain the affordability or the coming financial year
It was suggested that the penalty tariff be increased to 1:10 as opposed to 1:6. It was also suggested that a hotline number be created to allow residents to report illegal sage.	The City will look into the suggestion and engage Development Planning on this matter.
It was suggested that student accommodation and Social Housing category be classified as a separate category	In terms of Section 8. of the MPRA the City is would need to apply to CoGTA and National Treasury to be able to accommodate this request.
Residents complained about double dipping, in that in the year that the valuation roll is implemented the tariffs are increased thus the dipping.	In the year of implementation there are different scenarios that occur like reduction of values for areas that are dilapidated, some areas remain constant and some increase in value
It was suggested that the city create a rebate for the events and entertainment industry as the industry is struggling due to lockdown.	The City noted the input
It was suggested that Rates Policy section have a separate meeting from the IDP during the second phase, the residents stated that it becomes difficult to engage the Draft Policy during IDP sessions.	The City noted the request.

24.7

City of Johannesburg Council 2021-03-24/25

COJ : MAYORAL COMMITTEE 2021-03-19

GROUP FINANCE

Below is a summary of issues that were raised regarding service delivery:

- It was suggested that the sewer billing be based on usage as opposed to the market value or erf size
- The City was requested to deal with hijacked sectional title buildings which are currently not being billed in the inner City.
- The City was requested to deal with crime especially in the Inner City.

Submissions and inputs were received from different stakeholders and are attached to this report as Annexure D. This report also contains the summary inputs, comments and queries received during the virtual public consultation meetings in different regions as Annexure C of this report.

4 POLICY IMPLICATIONS

The proposed changes are aimed to enhance the Policy.

5 LEGAL AND CONSTITUTIONAL IMPLICATIONS

This report has been finalised in conjunction with Group Legal and Contracts to ensure compliance with all relevant Legislation. The Policy review process is governed by the Act, Chapter Four of the Systems Act and Municipal Finance Management Act. Section 5 (1) of the MPRA states that a municipal council must annually review, and if necessary, amend its Policy. Any amendments to a Policy must accompany the municipality's annual budget when it is tabled in the council in terms of section 16 (2) of the Municipal Finance Management Act.

Section 2 of MPRA goes further to say community participation is required when the City amends its Policy, and this process should be done through the municipality's annual budget process in terms of sections 22 and 23 of the Municipal Finance Management Act.

6 FINANCIAL IMPLICATIONS

It is proposed that all tariffs will increase by the CPI which is 2%

7 ECONOMIC IMPLICATION

(1) Economic development initiatives/projects

None.

(2) Job creation

None.

24.8

City of Johannesburg Council 2021-03-24/25

COJ : MAYORAL COMMITTEE 2021-03-19

GROUP FINANCE

(3) Skills development

None.

8 COMMUNICATIONS IMPLICATIONS

Draft Rates Policy and Rates by-laws will be communicated as per the City communication policy in line with the relevant legislation.

9 OTHER DEPARTMENTS/BODIES CONSULTED

Budget Office
Communications
Valuation Services
Legal and Compliance

10 KEY PERFORMANCE INDICATOR

Implementation of revised annual rates tariffs in alignment with Rates Policy and the Bylaw.

IT IS RECOMMENDED

- 1 That Council approve the tabling of the 2021/22 Draft Rates Policy and Rates By-law for further public participation.**
- 2 That Council approve to engage the residents on the tabled 2021/22 Draft Rates Policy and Rates By-law in conjunction with the IDP**
- 3 That Council take note of the submissions and inputs received during the virtual Rates Policy Review public participation meetings attached as Annexure C and D.**

(GROUP FINANCE)
(Veli Hlophe)
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THE NEXT ITEM FOLLOWS THE ANNEXURES TO THIS ITEM