



Government Digest

Umsebenzi
Keeping you informed

Metrobuild
Promoting infrastructure and development

May 2015 Volume 34 No 9

We're proud to introduce
SILVERBIRCH @ BIRCHWOOD



SILVERBIRCH
@ BIRCHWOOD



Your *finest* business stay

www.silverbirchhotel.co.za



SILVERBIRCH
@ BIRCHWOOD

Your *finest* business stay

Amendments to the Municipal Property Rates Act: Updating valuation rolls for more efficient revenue for municipalities, by Janet Channing, Metgovis MD



The long awaited amendments to the Local Government: Municipal Property Rates Act, 2005 (MPRA) are effective from 1 July 2015. Some of the highlights are listed below:

1. Prescribed categories of properties, including the Public Service Purpose category for properties owned by the State and used for public service purposes (hospitals, prisons, schools, libraries, archives, etc). The deadline for compliance by municipalities to implement the prescribed categories is 1 July 2022.
2. Certain sectors of public service infrastructure (PSI) will become non-rateable. These include road, water and rail infrastructure, airports, and harbours. There is a phasing out period for these starting 1 July 2015 on the basis of a 20% reduction in rates over five successive financial years. The rest of PSI will be subject to the impermissible provision, which is the first 30% of the market value of the property is not rateable.
3. Roll validity has been extended for both local and metro municipalities. Local municipalities now have a five-year validity cycle with a possible two-year extension. Metros have a four-year roll cycle with recourse to an additional one-year extension.
4. Section 78 updating of valuation rolls has changed dramatically. The intention of the legislator is to provide a mechanism for 'real-time' updating of valuation rolls. Municipalities will now be able to bill from the first day of the month following the posting of the review notice.

4	The municipal valuer may consider and adjust the supplementary valuation.
5	The municipal valuer must send a final review decision to the registered owner.
6	The municipal valuer must submit the final supplementary valuations for this period to the municipal manager to upload to billing.
7	The municipal manager must adjust the property rates in billing based on the municipal valuer's final decision notices in terms of Section 78.4.
8	Section 78(4) provides for the annual publication of a consolidated supplementary roll which includes the entire interim supplementary or review decisions. The municipality must comply with the Section 49 requirements.
9	Registered owners and other interested parties have the opportunity to inspect and object against information included in or omitted from the roll. The municipal valuer will review the objections, and after consideration, return an objection decision, in terms of Section 53. Should the objector still be dissatisfied with the outcome, he/she may approach the municipal manager to lodge an application to appeal against the objection review decision.

Step by step processes for updating valuation rolls:

Step	Description of the Section 78 process
1	The municipality must identify the necessary trigger from the Section 78(a-h) schedule and request the municipal valuer to revalue these properties.
2	The municipal valuer must prepare the supplementary valuations and post the review notices to registered owners.
3	The registered owner may address a request for a review of the supplementary valuation in writing to the municipal manager within 30 days of posting date.

The new processes attached to updating valuation rolls must be thoroughly understood, if municipalities are to realise real-time updating and improved cash flow from property rates.

A valuation management system must be in place to track the processes, and ensure that the legislative provisions are being complied with. Skills transfer is critical to enable municipal officials and municipal valuers to master the changes and ensure excellent service to their ratepayers and communities. Please contact Metgovis for comprehensive hands-on training on the MPRA Amendments.

A NEW PERSPECTIVE FOR MUNICIPAL REAL ESTATE FINANCIAL MANAGEMENT

The amendments to the Municipal Property Rates Act are effective from 1st July 2015. Municipalities must react by altering their processes for updating valuation rolls. Speak to MetGovis about how to manage your change processes and to maximise your municipal revenue potential. Our team of committed and experienced professionals have been working with municipalities, valuers and property professionals since 1994. We develop and implement comprehensive and integrated property solutions.

