



CITY OF CAPE TOWN
ISIXEKO SASEKAPA
STAD KAAPSTAD

Rates and Valuations

FAQs

(Last update: 9 April 2018)

Visit www.capetown.gov.za/budget for related information.

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Disclaimer:

This document is subject to frequent updating and should be regarded as a living document which aims to provide clarity on budget-related matters.

1. What are the proposed changes to rates in the City’s new Draft Budget for 2018/19?

The City is proposing a 7,2% increase in rates. This will mean that:

- Rates (the rate-in-the-rand) for residential properties will increase from 0.006717 cent-in-the-rand to 0.007201 c/R (effective 1 July 2018)
- Rates (the rate-in-the-rand) for commercial properties will increase from 0.013434 c/R to 0.014402 c/R (effective 1 July 2018)

The proposed average rates and tariff increases for 2018/19 are shown the table below.

Table 4: Average tariff increases for the 2018/19 MTREF (Medium Term Revenue and Expenditure Framework)

Category	Base Budget	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Property Rates	5.00%	7.20%	7.70%	8.16%
Electricity Water *	3.34%	8.14%	9.56%	9.96%
Sanitation * Refuse	19.25%	24.71%	27.91%	26.03%
Disposal	19.25%	34.29%	28.74%	13.54%
	6.50%	5.70%	7.90%	8.00%
	8.30%	14.83%	10.87%	14.24%

* Level 6 Water Restrictions

Source – [Draft Budget Document 2018/2019](#).

2. How much money does the City need to get from rates, in the new financial year, in order to provide shared services to the City’s residents?

The City needs just over R10 billion in total rates to ensure that the city operates efficiently and sufficiently.

3. How does the City determine how much income is required from rates?

We do not use the value of an individual property to decide the amount of rates income to be collected by the City. The main deciding factor is the City’s budget and the valuation roll serves as the basis on which we calculate the rate-in-the-rand or the applicable property tax rate. We also calculate what rebates should be made to the most vulnerable in our society and see how we can apply the rates in the most affordable manner for all ratepayers.

4. Does the City make a profit on rates?

No. The City does not make a profit on rates. We determine how much is needed to provide shared services for all those living in Cape Town.

We also do not raise more than what is needed from rates. That is why you will find that the rate-in-the-rand amount can decrease after a new general valuation roll is implemented.

5. Will residents get any relief from the proposed rates increases?

As always, all residential property owners get an automatic residential rebate based on the first R200 000 of their property valuation. This equates to a reduction of R1 440,20 per annum on the total rates bill for all residential properties.

6. What other assistance is on offer for residents?

The [City's Rates Policy](#) outlines a number of rate rebates, reductions and exemptions that are available to residents. In order to qualify, residents will have to meet certain set criteria. You can get more information on this [here](#).

7. What are rates used for?

The monies received from rates are used to provide municipal services that are required for the greater good but generally do not generate an income (or income generated cannot cover the expenditure incurred). Examples of these include; money for community facilities, road maintenance, traffic and street lights, upkeep of parks, libraries and public open spaces as well as supporting fire-fighters.

8. How do you determine rates?

The amount of rates to be paid to the City will be based on the valuation of your property.

9. How does the City value a property?

Property valuations are based on actual property sales that have taken place in the open market around the date of valuation for each particular area. The attributes of different areas are considered when reviewing the market values. Valuations are NOT based on speculation.

10. What is a General Valuation (GV) Roll?

A GV Roll is a document containing the valuations of all the properties in the municipality. All the properties must be valued at market value at the date of valuation. For GV2015, the date of valuation is 1 August 2015.

11. How does the GV Roll work?

The City chooses to conduct a GV Roll every three years. By law, we are required to do so at least every four years but we have chosen a shorter timespan in an effort to reduce any possible shocks to ratepayers. The last general valuation in Cape Town was conducted in 2015 and implemented on 1 July 2016. The new valuation roll will be implemented as from 1 July 2019.

The City's Municipal Valuer is responsible for producing the GV Roll and is assisted by a team of professional staff, who collect and review sales of properties, that have taken place around the date of the valuation. The sales data is used in the Computer-assisted Mass Appraisal (CAMA) system.

The CAMA system is used by valuers to value properties in Cape Town, taking into consideration the various attributes and characteristics of the local neighbourhood within the metro.

To ensure fairness, the GV roll is audited by an independent body. The GV2015 was audited by the International Property Tax Institute.

12. When will the next GV Roll be done?

The process is currently under way. General Valuation 2018 will be aligned to market values as at 2 July 2018. Property owners will have the opportunity to inspect the GV2018 roll from February 2019.