



SOUTH AFRICAN STANDARD

MUNICIPAL VALUATIONS  
FOR PROPERTY RATING

“sMVPR”

30 November 2021

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## **Acknowledgments (South Africa)**

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The version is published and known as the SOUTH AFRICAN STANDARD: MUNICIPAL VALUATIONS FOR PROPERTY RATING (sMVPR).

This Standard version 9.1 dated 1<sup>st</sup> June 2021 with associated templates, monitoring framework and guidelines is endorsed by SACPVP for use in the implementation of the Local Government Municipal Property Rates Act, Act No 6 of 2004 (as amended) and will form part of an annual review and change process through a technical task team established by SACPVP.

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## TABLE OF CONTENTS

<b>1</b>	<b>INTRODUCTION</b>	<b>8</b>
<b>2</b>	<b>DOCUMENT REVIEW AND CHANGE CONTROL POLICY</b>	<b>10</b>
<b>3</b>	<b>OBJECTIVE</b>	<b>11</b>
<b>4</b>	<b>SCOPE</b>	<b>11</b>
4.1	<i>General – Municipal valuations for property rating</i>	11
0.01	<i>General standard: Compliance and Competency</i>	11
4.1.1	Generally accepted competencies and knowledge areas	12
<b>5</b>	<b>CHAPTER 1: MPRA INTERPRETATION (s 1)</b>	<b>13</b>
5.1	<i>[1.] Definitions</i>	13
<b>6</b>	<b>CHAPTER 2: RATING (ss 2-23)</b>	<b>18</b>
6.1	<i>[7.] Rates to be levied on all rateable property</i>	18
6.2	<i>[8.] Differential rates</i>	18
0.02	<i>Standard s8-1: Rates Policy review</i>	19
0.03	<i>Standard s8-2: Category of property and use determination</i>	19
6.2.1	Guidance note: Category of property	19
6.3	<i>[9.] Properties used for multiple purposes</i>	20
0.04	<i>Standard s9-1: Property used for more than one purpose</i>	20
6.3.1	Guidance note: Interpretation multiple purposes category	20
<b>7</b>	<b>CHAPTER 2 (Part 5) MUNICIPAL REGISTER OF PROPERTIES</b>	<b>22</b>
7.1	<i>[23.] Register of properties</i>	22
0.05	<i>Standard s23-1: Definition of “Property Register” (PR)</i>	22
0.06	<i>Standard s23-2: Property register creation and maintenance</i>	23
7.1.1	Guidance note: Property register preparation	23
0.07	<i>Standard s23-3: Unique property identifier (UPI)</i>	23
7.1.2	Implementation Specification Standard s23-3: Unique property identifier (UPI)	23
7.1.3	<i>Guidance note: Unique location identifier (GPS Coordinate)</i>	33
0.08	<i>Standard s23-4: Consolidated Valuation Roll to GIS Cadastral layer synchronisation</i>	33
7.1.4	Guidance note: Valuation Roll GIS Cadastral Layer	33
0.09	<i>Standard s23-5: Property register for sectional title parent property</i>	33
0.10	<i>Standard s23-6: Property register land / sectional title extent</i>	33
0.11	<i>Standard s23-7: Property register completeness and coverage audit</i>	34
7.1.5	Guidance note: Property register (roll) completeness and coverage audit	34
0.12	<i>Standard s23-8: Property register data extracts</i>	34
0.13	<i>Standard s23-9: Administrative support and data extracts</i>	34
<b>8</b>	<b>CHAPTER 4: GENERAL VALUATION OF RATEABLE PROPERTY</b>	<b>35</b>
8.1	<i>[30.] General valuation and preparation of valuation rolls</i>	35
0.14	<i>Standard s30-1: General Valuation and preparation of valuation rolls</i>	35
8.1.1	Guidance note: Roll delivery time frames	35

<b>8.2</b>	<b>[31.] Date of valuation</b>	<b>35</b>
0.15	Standard s31-1: Date of valuation	36
0.16	Standard s31-2: Market conditions at the date of valuation	36
<b>8.3</b>	<b>[33.] Designation of municipal valuers</b>	<b>36</b>
0.17	Standard s33-1: Confirmation of municipal valuer designation	36
<b>8.4</b>	<b>[34.] Functions of municipal valuers</b>	<b>37</b>
<b>9</b>	<b>CHAPTER 5: VALUATION CRITERIA</b>	<b>38</b>
<b>9.1</b>	<b>[s45.] Valuation</b>	<b>38</b>
<b>9.2</b>	<b>Introduction Municipal Mass Valuations</b>	<b>38</b>
0.18	Standard s45-1: Valuation	40
0.19	Standard s45-2: Manual or individual Valuation	40
0.20	Standard s45-3: Valuation Standards	40
9.2.1	Guidance note: Valuation roll resources	40
9.2.2	Guidance note: Time frames for undertaking a general valuation	40
<b>9.3</b>	<b>Introduction Data Collection</b>	<b>40</b>
9.3.1	Overview property data format and content	41
0.21	Standard s45-4: Property data structure, format and content	41
0.22	Standard s45-5: Data collection manual	41
0.23	Standard s45-6: Property data collection forms	42
0.24	Standard s45-7: Data collector training	42
9.3.2	Overview property data collection	42
0.25	Standard s45-8: Property data collection accuracy	42
0.26	Standard s45-9: Property data capture accuracy	42
<b>9.4</b>	<b>Introduction property inspections</b>	<b>43</b>
0.27	Standard s45-10: Physical Inspection	43
<b>9.5</b>	<b>Guidance: Alternative to Periodic On-site Inspection</b>	<b>43</b>
0.28	Standard s45-11: No physical inspection	44
<b>9.6</b>	<b>Guidance: Data measurement and accuracy</b>	<b>44</b>
<b>9.7</b>	<b>Guidance: Updating property data</b>	<b>45</b>
0.29	Standard s45-12: Updating property data	45
0.30	Standard s45-13: Data collection and capture quality assurance	45
<b>9.8</b>	<b>[s46] General basis of valuation</b>	<b>46</b>
<b>9.9</b>	<b>Introduction to market value (MPRA reference)</b>	<b>47</b>
<b>9.10</b>	<b>Overview: Market data and reporting</b>	<b>47</b>
9.10.1	Market Data	48
9.10.1.1	Sales Data (Direct Sales Comparison Approach)	48
9.10.1.2	Income Data (Income Approach)	49
9.10.1.3	Cost Data (Cost Approach)	49
9.10.2	Request for information	49
0.31	Standard s46-1: Sales (proxy sales) review and analysis	50
0.32	Standard s46-2: Market area determination	50
0.33	Standard s46-3: Market reports	50

0.34	<b>Standard s46-4: Market report and supporting data and information</b>	50
0.35	<b>Standard s46-5: Sales File Structure, Format and Content</b>	52
<b>9.11</b>	<b>Overview: Computer Assisted Mass Appraisal (CAMA) models</b>	<b>52</b>
9.11.1	Valuation Models	52
9.11.2	The Sales Comparison Approach	53
9.11.3	The Income Approach	53
9.11.4	The Cost Approach	53
0.36	<b>Standard s46-6: CAMA modelling (mass valuations)</b>	54
0.37	<b>Standard s46-7: CAMA models and calculations</b>	54
<b>9.12</b>	<b>Overview: CAMA model quality assurance</b>	<b>55</b>
9.12.1	Model Diagnostics	55
9.12.2	Ratio Studies (Analyses)	55
9.12.3	Model testing and quality assurance	55
9.12.4	Value Review	56
0.38	<b>Standard s46-8: Roll and value review</b>	57
<b>9.13</b>	<b>[s47.] Valuation of property in sectional title schemes</b>	<b>58</b>
<b>10</b>	<b>CHAPTER 6: VALUATION ROLLS</b>	<b>59</b>
<b>10.1</b>	<b>[48.] Contents of valuation rolls</b>	<b>59</b>
<b>10.2</b>	<b>Overview: Valuation Roll Management System (VRMS)</b>	<b>59</b>
0.39	<b>Standard s48-1: Valuation Roll Management System (VRMS) functionality</b>	60
<b>10.3</b>	<b>Guidance: Contents and display publication valuation rolls</b>	<b>61</b>
<b>10.4</b>	<b>Guidance: Hardware</b>	<b>62</b>
<b>10.5</b>	<b>Guidance: Software</b>	<b>62</b>
<b>10.6</b>	<b>[49.] Public notice of valuation rolls</b>	<b>63</b>
<b>10.7</b>	<b>Overview: Transparency and Public Relations</b>	<b>63</b>
0.40	<b>Standard s49-1: Roll submission</b>	63
10.7.1	Guidance: Roll numbering	63
10.7.2	Guidance: Preparation of s49 notices and administrative support	63
10.7.3	Guidance: Preparation of s49 notices	64
<b>10.8</b>	<b>[51.] Processing of objections</b>	<b>64</b>
0.41	<b>Standard: 51-1: Objection decision adjustments</b>	64
10.8.1	Guidance note: Objection receipt procedure	64
10.8.2	Guidance note: Objection lodging procedure public communication	64
10.8.3	Guidance note: Objection decision record keeping	64
10.8.4	Guidance note: Objection-Non-Valuation Matter	64
<b>10.9</b>	<b>[52.] Compulsory review of decisions of municipal valuer</b>	<b>64</b>
0.42	<b>Section 52-1: Provision of written compulsory review decisions</b>	65
10.9.1	Guidance note: Objection reviews and written reasons	65
10.9.2	Guidance note: Access to Municipal Valuer records by an appeal board	65
<b>10.10</b>	<b>[53.] Notification of outcome of objections and furnishing of reasons</b>	<b>66</b>
10.10.1	Guidance note: Objection decisions municipal valuer written reasons	66

10.11	<b>[54.] Right of appeal</b>	66
10.11.1	Overview: Objection and appeals	67
11	<b>CHAPTER 7 VALUATION APPEAL BOARDS</b>	69
11.1	<b>[69.] Decisions affecting valuation rolls</b>	69
0.43	Standard 69-1: Decisions affecting valuation rolls	69
11.1.1	Guidance note: Updating of values based on appeal board decision	69
12	<b>CHAPTER 8: UPDATING OF VALUATION ROLLS</b>	70
12.1	<b>[78.] Supplementary valuations</b>	70
0.44	Standard s78-1: Updating valuation rolls	71
0.45	Standard s78-2: Supplementary valuation inspections of property	72
12.1.1	Procedures in terms of section 78 (5) of the MPRA	72
13	<b>CHAPTER 9 MISCELLANEOUS MATTERS</b>	73
13.1	<b>[81.] Provincial monitoring and reporting</b>	73
0.46	Standard s81-1: Provincial monitoring and reporting	74
13.2	<b>[82.] National monitoring and reporting</b>	74
0.47	Standard s82-1: Sales ratio studies and statistical measures for valuation accuracy	74
13.2.1	Guidance note: Monitoring and reporting valuation accuracy	75
13.3	<b>[85.] Copyright of valuation rolls and other data</b>	75
0.48	Standard s85-1: Data management and copyright	75
0.49	Standard s85-2: Third party VRMS - Data management and copyright	75
0.50	Standard s85-3: Typical reports, documents, and information to be handed over	75
0.51	Standard s85-4: Data to be handed over (structure, format, and content)	76

<b>ANNEXURES</b>	<b>77</b>
<b>A. ACRONYMS</b>	<b>77</b>
<b>B. GLOSSARY: MUNICIPAL VALUATIONS FOR PROPERTY RATING</b>	<b>78</b>
<b>C. REFERENCES</b>	<b>87</b>
<b>D. SUGGESTED READING</b>	<b>88</b>
<b>E. STANDARDISED DATA TEMPLATES</b>	<b>91</b>
<i>a. Data Template “A-1” : Valuation Roll</i>	<i>91</i>
<i>b. Data Template “A-2” : Summary Valuation Roll</i>	<i>93</i>
<i>c. Data Template “B”: Valuation Roll GIS Cadastral Layer</i>	<i>94</i>
<i>d. Data Template “C”: Property Data</i>	<i>96</i>
<i>e. Data Template “D”: Sales Data File</i>	<i>102</i>
<b>F. MPRA - GUIDELINE GENERAL VALUATION IMPLEMENTATION TIME FRAMES</b>	<b>104</b>
<b>G. GUIDELINE VALUE UNITS OF COMPARISON</b>	<b>105</b>
<b>H. GUIDELINE GENERAL VALUATION AERIAL PHOTOGRAPHY SPECIFICATION</b>	<b>107</b>
<b>I. GUIDELINE VALUATION ROLL GIS CADASTRAL LAYER SPECIFICATION</b>	<b>108</b>
<b>J. GUIDELINE AGRICULTURAL PROPERTY VALUATION</b>	<b>112</b>

# 1 INTRODUCTION

Municipal rating of property in South Africa, is primarily governed by the Local Government Municipal Property Rates Act, Act No 6 of 2004 (as amended), referred to as the Act of the MPRA. The rating of a property is based principally on the market value of a property.

The **Local Government: Municipal Property Rates Act, N0.6 of 2004** has been amended since its promulgation as follows –

**Local Government Laws Amendment Act, No. 19 of 2008**

**Local Government: Municipal Property Rates Amendment Act, N0. 19 of 2009.**

**Local Government: Municipal Property Rates Amendment Act, no. 29 of 2014**

## PREAMBLE

AND WHEREAS the Constitution entitles municipalities to impose rates on property in their areas, subject to regulation in terms of national legislation and enjoins local government to be developmental in nature, in addressing the service delivery priorities of the country and promoting the economic and financial viability of municipalities;

WHEREAS members of the property valuation profession are registered, regulated and monitored through the South African Council for the Property Valuers Profession (SACPVP) established in terms of the Property Valuers Profession Act, Act No. 47 of 2000;

AND WHEREAS members of the property valuation profession perform municipal valuations and compile valuations rolls on behalf of municipalities for the levying of rates in terms of the Local Government: Municipal Property Rates Act, Act No 6 of 2004, subject to regulation in terms of national legislation;

AND WHEREAS valuation rolls prepared and certified by the valuation profession through a designated municipal valuer is a critical component in the income revenue from rates to municipalities, and that a level of uniformity, consistency and accuracy is required to ensure equity and fairness in property rating;

AND WHEREAS it is acknowledged that one of the outputs intended by the standards, is performance monitoring of valuation rolls and values by applying recognised and accepted methodology, measures and procedures to support national, provincial and municipal oversight and monitoring;



This standard is applicable to all municipalities intending to levy rates on property and the designated municipal valuer of a municipality performing general valuations and updating valuation rolls.

As the MPRA provides a sound legislative platform for the compliance and actions required from the property valuation profession (municipal valuers) and from municipalities, the MPRA is seen to be the primary reference point to support the development of these standards.

The relevant MPRA sections which relate to the municipal valuer function, responsibilities and obligations, have been included together with the applicable corresponding “standard” relevant to the MPRA section and any practice note. The MPRA section is identified by for example [1.] Definitions, [2] Objective etc and each “standard” is identified by sequential numbering starting at “0.01”. Reference to the term “Guidance Note” is intended as to provide guidance in achieving best practice and to provide an opinion of interpretation, recommendations, and the application of a “standard”. This standard includes all sections, annexures, guidelines, and templates referenced in this document and is to be read in conjunction with the technical standards and guideline documents of the International Association of Assessing Officers updated from time to time.

The MPRA definitions and the glossary: common concepts of municipal rating cited in this document, are not intended as an exhaustive list. Only those that have a direct bearing to the “standards” are cited and are subject to updating as the profession and technology advances. The same applies to provisions or sections of the MPRA.

## **2 DOCUMENT REVIEW AND CHANGE CONTROL POLICY**

The sMVPR shall be reviewed on an annual basis and comments received from stakeholders and implementers of the standard will be considered.

SACPVP shall set up a technical task team to annually review comments received and to provide recommendations of changes and updates to the sMVPR for consideration by the SACPVP executive.

Changes and updates to the sMVPR will be published on the SACPVP web site for comment.

A final version of the sMVPR will then be submitted to SACPVP (full council) for consideration.

The adopted sMVPR will be published on the SACPVP web site and communication thereof will be sent to all SACPVP registered persons for implementation of the revisions by the valuer profession.

The SACPVP will continue to expand the body of knowledge on the MPRA standards by initiating research and development for the promotion of standardisation and guidance on –

- DATA COLLECTION FORMS
- DATA COLLECTION MANUAL
- MARKET REPORT DOCUMENT
- SPECIALISED PROPERTY VALUATION METHODOLOGY AND PRACTICES – eg Mining property

### 3 OBJECTIVE

The objective of this standard is to promote standardisation, efficiency, uniformity and consistency through rules and benchmarks in the preparation and maintenance of valuation rolls (municipal rating), to improve quality and standards for equitable municipal rating. The document includes setting limits, rules and benchmarks for monitoring and applying the standard and provides for practice notes, guidelines, and technical guidance to support implementation, interpretation and understanding of the standard. Due to the evolving nature of mass valuations and technological advancements in this field, the standard has a bias towards data and management of data which forms the basis of modern mass valuation principles and the application of computer assisted mass appraisal techniques.

### 4 SCOPE

The MPRA provides for specific legislative requirements in the valuation of property and the compilation and updating of valuation rolls for the levying of property rates. In addition to the MPRA legislation within these standards, the municipal valuer must take cognisance of all relevant case law relating to valuations and rating of property where applicable. These standards are recognised as minimum standards whilst adhering to the International Valuation Standards and it is therefore acknowledged that additional or higher specifications may be imposed by a client depending on the scope of work.

#### 4.1 General – Municipal valuations for property rating

##### 0.01 General standard: Compliance and Competency

***(a) A municipal valuer and all assistant municipal valuer/s must be registered with the South African Council for the Property Valuers Profession (SACPVP) and comply with the qualifications and registration requirements.***

***(b) A municipal valuer and assistant municipal valuer/s must comply with the SACPVP code of conduct.***

***(c) A municipal valuer must comply with legislative requirements, regulations and definitions contained in the MPRA and these standards.***

***(d) A municipal valuer must be able to demonstrate and provide evidence of the broad competencies, knowledge and experience required in these standards.***

***(e) A designated municipal valuer and any associated service providers, agents and sub-contractors appointed by a municipality to perform the functions of a municipal valuer and prepare a general valuation or supplementary valuation roll, are not permitted to perform any valuation or property rates oversight, monitoring, and reporting in that municipality, as contemplated in sections 81 and 82 of the MPRA.***

#### **4.1.1** Generally accepted competencies and knowledge areas

Generally accepted competencies, knowledge areas and expertise that is deemed appropriate to support the functions of the municipal valuer in implementing the MPRA and these standards are –

- (a) individual valuation of property,
- (b) mass valuation of property,
- (c) computer assisted mass appraisal techniques and practices,
- (d) accessing and applying information from the deeds registry office, the office of the surveyor general and associated information,
- (e) property register development and maintenance,
- (f) geographical information systems (GIS),
- (g) valuation roll and property data collection,
- (h) valuation roll data capture, management and security,
- (i) determination of a category of property for rating,
- (j) property market research and sales analysis,
- (k) communication and reporting,
- (l) quality assurance and performance monitoring,
- (m) objections and appeals processing and defence,
- (n) hardware and software: valuation roll management systems,
- (o) project management.
- (p) Knowledge of relevant case law.

## MPRA

### 5 CHAPTER 1: MPRA INTERPRETATION (s 1)

#### 5.1 [1.] Definitions

**“agricultural property”** means a property that is used primarily for agricultural purposes but, without derogating from section 9, excludes any portion thereof that is used commercially for the hospitality of guests, and excludes the use of the property for the purpose of ecotourism or for the trading in or hunting of game *(Amended by s1 of Act 29 of 2014)*;

**“appeal board”** means a valuation appeal board established in terms of section 56;

**“assistant municipal valuer”** means a person designated as an assistant municipal valuer in terms of section 35(1) or (2);

**“category”** (a) in relation to property, means a category of properties determined in terms of section 8: and (b) in relation to owners of properties, means a category of owners determined in section 15(2);

**“data-collector”** means a person designated as a data-collector in terms of section 36;

**“date of valuation”** means the date determined by a municipality in terms of section 31 (1);

**IVS 101 states as follows, Valuation date:** The Valuation date must be stated. If the valuation date is different from the date on which the valuation report is issued or the date on which investigations are to be undertaken or completed then where appropriate, these dates should be clearly distinguished.

**“day”** means when any number of days are prescribed for the performance of any act, those days must be reckoned by excluding the first and including the last day, unless the last day falls on a Saturday, Sunday or any public holiday, in which case the number of days must be reckoned by excluding the first day and also any such Saturday, Sunday or public holiday; *(Amended by s1 of Act 29 of 2014)*;

**“effective date”** (a) in relation to a valuation roll, means the date on which the valuation roll takes effect in terms of section 32(1); or (b) in relation to a supplementary valuation roll, means the date on which a supplementary valuation roll takes effect in terms of section 78(2)(b);

**“market value”**, in relation to a property, means the value of the property determined in accordance with section 46;

**IVS defines Market Value as:** Market value is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion. The South African legislated MPRA definition of market value takes precedence.

**“mining property”** means a property used for mining operations as defined in the Mineral and Petroleum Resources Development Act, 2002 (Act No. 28 of 2002); *(Amended by s1 of Act 29 of 2014)*;

**“multiple purposes”**, in relation to a property, means the use of a property for more than one purpose, subject to section 9; *(Amended by s1 of Act 29 of 2014)*;

**“municipal valuer”** or **“valuer of a municipality”** means a person designated as a municipal valuer in terms of section 33(1);

**“newly rateable property”** means any rateable property on which property rates were not levied before the end of the financial year preceding the date on which this Act took effect, excluding- (a) a property which was incorrectly omitted from a valuation roll and for that reason was not rated before that date; and (b) a property identified by the Minister by notice in the Gazette where phasing-in of a rate is not justified;

**“occupier”**, in relation to a property, means a person in actual occupation of a property, whether or not that person has a right to occupy the property;

**“office bearer”**, in relation to places of public worship, means the primary person who officiates at services at that place of worship; *(Added by s1 of Act 29 of 2014)*;

**“official residence”**, in relation to places of public worship, means-

(a) a portion of the property used for residential purposes: or

(b) one residential property, if the residential property is not located on the same property as the place of public worship, registered in the name of a religious community or registered in the name of a trust established for the sole benefit of a religious community and used as a place of residence for an office bearer;". *(Added by s1 of Act 29 of 2014)*

**“owner”-**

(a) in relation to a **property** referred to in paragraph (a) of the definition of “property”, means a person in whose name ownership of the **property is registered**;

(b) in relation to a **right** referred to in paragraph (b) of the definition of “property”, means a person in whose name the **right is registered**;

(bA) in relation to a **time sharing interest** contemplated in the Property Time-sharing Control Act, 1983 (Act No. 75 of 1983), means the management association contemplated in the regulations made in terms of section 12 of the Property Time-sharing Control Act, 1983, and published in Government Notice R327 of 24 February 1984; *(Added by s1 of Act 29 of 2014)*

(bB) in relation to a **share block company**, the share block company as defined in the Share Block Control Act, 1980 (Act No. 59 of 1980); *(Added by s1 of Act 29 of 2014)*

(bC) in relation to **buildings, other immovable structures** and infrastructure referred to in section 17(1)(f), means the holder of the **mining right or the mining permit**; and *(Added by s1 of Act 29 of 2014)* ;

(c) in relation to a **land tenure right** referred to in paragraph (c) of the definition of “property”, means a person in whose name the right is registered or to whom it was granted in terms of legislation; or

(d) in relation to **public service infrastructure** referred to in paragraph (d) of the definition of “property”, means the organ of state which owns or controls that public service infrastructure as envisaged in the definition of “publicly controlled”,

provided that a person mentioned below may for the purposes of this Act be regarded by a municipality as the owner of a property in the following cases:

- (i) A trustee, in the case of a property in a trust excluding state trust land;
- (ii) an executor or administrator, in the case of a property in a deceased estate;
- (iii) a trustee or liquidator, in the case of a property in an insolvent estate or in liquidation;
- (iv) a judicial manager, in the case of a property in the estate of a person under judicial management;
- (v) a curator, in the case of a property in the estate of a person under curatorship;
- (vi) a person in whose name a usufruct or other personal servitude is registered, in the case of a property that is subject to a usufruct or other personal servitude;
- (vii) a lessee, in the case of a property that is registered in the name of a municipality and is leased by it; or
- (viiA) a lessee, in the case of property to which a land tenure right applies and which is leased by the holder of such right; ***(Added by s1 of Act 29 of 2014)*** or;
- (viii) a buyer, in the case of a property that was sold by a municipality and of which possession was given to the buyer pending registration of ownership in the name of the buyer;

**“place of public worship”** means property used primarily for the purposes of congregation, excluding a structure that is primarily used for educational instruction in which secular or religious education is the primary instructive medium: Provided that the property is- (a) registered in the name of a religious community; (b) registered in the name of a trust established for the sole benefit of a religious community; or (c) subject to a land tenure right; ***(Added by s1 of Act 29 of 2014)***

**“property”** means-

- (a) immovable property registered in the name of a person, including, in the case of a sectional title scheme, a sectional title unit registered in the name of a person;
- (b) a right registered against immovable property in the name of a person, excluding a mortgage bond registered against the property;
- (c) a land tenure right registered in the name of a person or granted to a person in terms of legislation; or
- (d) public service infrastructure;

**“property register”** means a register of properties referred to in section 23;

**“public service infrastructure”** means publicly controlled infrastructure of the following kinds:

- (a) national, provincial or other public roads on which goods, services or labour move across a municipal boundary ***(Note- New non-rateable wef 1 July 2015, existing subject to 5 yr phase out);***

(b) water or sewer pipes, ducts or other conduits, dams, water supply reservoirs, water treatment plants or water pumps forming part of a water or sewer scheme serving the public; (*Note- New non-rateable wef 1 July 2015, existing subject to 5 yr phase out*);

(c) power stations, power substations or power lines forming part of an electricity scheme serving the public;

(d) gas or liquid fuel plants or refineries or pipelines for gas or liquid fuels, forming part of a scheme for transporting such fuels;

(e) railway lines forming part of a national railway system (*Note- New non-rateable wef 1 July 2015, existing subject to 5 yr phase out*);

(f) communication towers, masts, exchanges or lines forming part of a communications system serving the public;

(g) runways or aprons and the air traffic control unit at national or provincial airports, including the vacant land known as the obstacle free zone surrounding these, which must be vacant for the air navigation purposes; (*Amended by s1 of Act 29 of 2014*) (*Note- New non-rateable wef 1 July 2015, existing subject to 5 yr phase out*);

(h) breakwaters, sea walls, channels, basins, quay walls, jetties, roads, railway or infrastructure used for the provision of water, lights, power, sewerage or similar services of ports, or navigational aids comprising lighthouses, radio navigational aids, buoys, beacons or any other device or system used to assist the safe and efficient navigation of vessels; communications system serving the public (*Note- Non-rateable wef 1 July 2015*).

(i) any other publicly controlled infrastructure as may be prescribed; or

(j) a right registered against immovable property (*Added and deleted by s24 of Act 19 of 2008*) in connection with infrastructure mentioned in paragraphs (a) to (i);

**“public service purposes”**, in relation to the use of a property, means property owned and used by an organ of state as-

(a) Hospitals and clinics;

(b) schools, pre-schools, early childhood development centres or further education and training colleges;

(c) national and provincial libraries and archives;

(d) police stations;

(e) correctional facilities; or

(f) courts of law, but excludes property contemplated in the definition of "public service infrastructure"; (*Added by s1 of Act 29 of 2014*)

**“rate”** means a municipal rate on property envisaged in section 229(1) (a) of the Constitution;

**“rateable property”** means property on which a municipality may in terms of section 2 levy a rate, excluding property fully excluded from the levying of rates in terms of section 17;



**"ratio"**, in relation to section 19, means the relationship between the cent amount in the Rand applicable to residential properties and different categories of non-residential properties: Provided that the two relevant cent amounts in the Rand are inclusive of any relief measures that amount to rebates of a general application to all properties within a property category;

*(Added by s1(m) of Act 29 of 2014)*

**"register"**-

(a) means to record in a register in terms of-

(i) the Deeds Registries Act, 1937 (Act No. 47 of 1937); or

(ii) the Mining Titles Registration Act, 1967 (Act No. 16 of 1967); and

(b) includes any other formal act in terms of any other legislation to record-

(i) a right to use land for or in connection with mining purposes; or

(ii) a land tenure right;

**"residential property"** means a property included in a valuation roll in terms of section 48(2)(b) in respect of which the primary use or permitted use is for residential purposes without derogating from section 9;

*(Amended by s1 of Act 29 of 2014)*

**"Sectional Titles Act"** means the Sectional Titles Act, 1986 (Act No. 95 of 1986);

**"sectional title scheme"** means a scheme defined in section 1 of the Sectional Titles Act; **"sectional title unit"** means a unit defined in section 1 of the Sectional Titles Act;

**"specified public benefit activity"** means an activity listed in item 1 (welfare and humanitarian), item 2 (health care) and item 4 (education and development) of part 1 of the Ninth Schedule to the Income Tax Act;

**"state trust land"** means land owned by the state-

(a) in trust for persons communally inhabiting the land in terms of a traditional

(b) over which land tenure rights were registered or granted; or

(c) which is earmarked for disposal in terms of the Restitution of Land Rights Act, 1994 (Act 22 of 1994);

**"this Act"** includes regulations made in terms of section 83

## **6 CHAPTER 2: RATING (ss 2-23)**

### **Part 2: Levying of rates**

#### **6.1 [7.] Rates to be levied on all rateable property**

(1) When levying rates, a municipality must, subject to subsection (2), levy rates on all rateable property in its area. *(Amended by s5 of Act 29 of 2014)*

(2) Subsection (1) does not-

(a) oblige a municipality to levy rates on-

(i) properties of which that municipality is the owner;

(ii) public service infrastructure;

(iii) properties referred to in paragraph (b) of the definition of “property” in section 1; or

(iv) properties in respect of which it is impossible or unreasonably difficult to establish a market value because of legally insecure tenure resulting from past racially discriminatory laws or practices; or

(b) prevent a municipality from granting in terms of section 15 exemptions from, rebates on or reductions in rates levied in terms of subsection (1).

#### **6.2 [8.] Differential rates**

(1) Subject to section 19, a municipality may, in terms of the criteria set out in its rates policy, levy different rates for different categories of rateable property, determined in subsection (2) and (3), which must be determined according to the-

(a) use of the property;

(b) permitted use of the property; or

(c) a combination of (a) and (b). *(Amended by s6 of Act 29 of 2014)*

(2) A municipality must determine the following categories of rateable property in terms of subsection (1): Provided such property category exists within the municipal jurisdiction:

(a) Residential properties;

(b) industrial properties;

(c) business and commercial properties;

(d) agricultural properties;

(e) mining properties;

(f) properties owned by an organ of state and used for public service purposes;

- (g) public service infrastructure properties;
- (h) properties owned by public benefit organisations and used for specified public benefit activities;
- (i) properties used for multiple purposes, subject to section 9: or
- (j) any other category of property as may be determined by the Minister, with the concurrence of the Minister of Finance, by Notice in the Gazette. **(Amended by s6 of Act 29 of 2014)**

(3) In addition to the categories of property determined in terms of subsection (2), a municipality may determine additional categories of rateable property, including vacant land: Provided that, with the exception of vacant land, the determination of such property categories does not circumvent the categories of rateable property that must be determined in terms of subsection (2). **(Amended by s6 of Act 29 of 2014)**

(4) (a) Where a municipality can, on good cause, show that there is a need to sub-categorise the property categories listed in subsection (2), a municipality must apply to the Minister in writing for authorisation to create one or more such sub-categories.

(b) Such application must-

- (i) be accompanied by a motivation for such sub-categorisation;
- (ii) demonstrate that such sub-categorisation is not in contravention of section 19; and
- (iii) reach the Minister at least 15 months before the start of the municipal financial year in which the municipality envisages levying a rate on such sub-categorised property. **(Amended by s6 of Act 29 of 2014).**

## 0.02 **Standard s8-1: Rates Policy review**

***A municipal valuer is obliged to contribute and provide comments where applicable, in support of the municipality's annual review of its rates policy and implement the adopted rates policy, in the performance of general valuations or supplementary valuations and compiling of valuation rolls.***

## 0.03 **Standard s8-2: Category of property and use determination**

***The municipal valuer must –***

- a. determine the appropriate category of property in terms of the MPRA and the adopted rates policy of the municipality.***
- b. determine the associated actual use and/or the permitted use of the property by considering consent applications, town planning zoning, demolitions, occupancy certificates and related documents to ensure correct categorisation.***

### **6.2.1** Guidance note: Category of property

A municipal valuer should avoid creating a category of property based on ownership. A municipality must be guided to apply rates relief on ownership through category of owner of property.

### **6.3 [9.] Properties used for multiple purposes**

(1) A property used for multiple purposes must, for rates purposes, be assigned to a category determined by the municipality for properties used for-

- (a) a purpose corresponding with the permitted use of the property; *(Amended by s27 of Act 129 of 2008)*
- (b) a purpose corresponding with the dominant use of the property; or
- (c) multiple purposes in terms of section 8 (2) (i). *(Amended by s7 of Act 29 of 2014)*

(2) A rate levied on a property assigned in terms of subsection (1) (c) to a category of properties used for multiple purposes must be determined by-

- (a) apportioning the market value of the property, in a manner as may be prescribed, to the different purposes for which the property is used; and
- (b) applying the rates applicable to the categories determined by the municipality for properties used for those purposes to the different market value apportionments.

#### **0.04 Standard s9-1: Property used for more than one purpose**

***The municipal valuer must comply with and implement the municipality's adopted rates policy and where s9 (1) (c) applies, apportion the market value of the property as contemplated in terms of s9 (2). (Read with Guidance note 6.3.1)***

#### **6.3.1** Guidance note: Interpretation multiple purposes category

A municipality, with reference to section 9 of the MPRA, may elect to adopt s9 (1) (b) dominant use or s9 (1) (c) Multiple purpose category read with 8 (2) (i) and these two approaches are implemented with differing purposes and outcomes.

**a. Dominant use means** – a property used for more than one purpose subject to section 9 (1) (b) of the Act and refers to the primary use of the property when viewed overall. This means that the category of property for rating will be based on the predominant use with a single value, a single category of property and a single “rate” applied for rating. Due to the complexities of certain property types and their configuration, for example Ingonyama Trust Property and other large tracts of land, the dominant approach may be inequitable or impractical to apply.

The alternative therefore is to apply the multiple purpose use (s9 (1) (c) and apportion the values for rating based on the individual category of property.

**b. Multiple purpose use means** – a property used for more than one purpose and subject to sections 9 (1) (c), and 9 (2) which requires the apportionment of value in terms the Act. The value is apportioned based on the different purposes for which the property is being used and rates applied to the individual category of property over the apportioned use purposes. This approach is appropriate to apply to property outside the area of a town planning scheme and used for more than one purpose, urban property within the area of a town planning scheme used for more than one purpose and where there is a large surplus land holding, and for property which has both rateable and non-rateable portions.

The municipal valuer will determine the categories of property and the applicable apportioned values of each different use for the levying of rates.

Property used for more than one purpose (Multiple Purposes Category) which falls into the ambit of section 9 (2) (c) of the MPRA must be dealt with in accordance with the guidance and precedent set in *The City of Johannesburg Metropolitan Municipality v The Chairman of the Valuation Appeal Board for the City of Johannesburg* (282/2013) [2014] ZASCA 5.

With reference to s9, Leach said at [30] *“This clearly makes s9 applicable, at least in part, to the compilation of the valuation roll. The obvious intention is that where a property is used for multiple purposes, those categories of use – in respect of which different rates are to be applied under s 9(2)(c) – should be determined and recorded, as should the values be apportioned to each such category. This is all to be done by the municipal valuer who is, after all, the person possessed with the necessary skill. Moreover, although s48 (2) does not specifically state that the market value apportioned between categories of use should be recorded in instances of multiple use properties, the provision in s 48(2)(g) that the valuation roll is to include “any other prescribed particulars” in addition to those specifically mentioned, reinforces my conclusion that the Act, properly interpreted, requires it to be done.”*

The judgement did not deal with the method of apportionment. The Valuation Appeal Board of Johannesburg apportioned the value based on the areas used for the different purposes. The apportionment should not be based on each individual value of the different uses but rather that the total property is valued and value apportioned based on the category of property determined.

In terms of guidance, a separate roll record for each apportioned value and category must be created and reflected in the roll when applying s9 (2) (c). The original registered (parent) property must also be retained and included in the roll to identify and reconcile to the deeds information. A property which is subject to a partial exemption over a registered property must fall under the multiple purpose category. The apportionment of value therefore must apply for each separate partial exemption and created in the valuation roll as a rateable and non-rateable apportionment. Similarly, with large tracts of land used for more than one purpose, for example communal property, residential, commercial, churches and agricultural, the multiple use approach must apply and the values apportioned with separate records created for each recognised apportioned value.

The municipal valuer should consider the use and configuration of the property and its uses and decide on whether the property is suited to the dominant use or multiple purpose for rating. The decision of valuation and roll entry should also be made by considering the property type under the definition of property, for example whether a portion of the parent is a separate registered right or land tenure right for rating which would therefore be excluded from multiple purpose approach.

## Part 5:

### 7 CHAPTER 2 (Part 5) MUNICIPAL REGISTER OF PROPERTIES

#### 7.1 [23.] Register of properties

(1) A municipality must draw up and maintain a register in respect of properties situated within that municipality, consisting of a Part A and a Part B.

(2) Part A of the register consists of the current valuation roll of the municipality, including any supplementary valuation rolls of the municipality prepared in terms of section 78.

(3) Part B of the register must specify which properties on the valuation roll or any supplementary valuation rolls are subject to-

- (a) an exemption from the rate in terms of section 15;
- (b) a rebate on or a reduction in the rate in terms of section 15;
- (c) a phasing-in of the rate in terms of section 21; or
- (d) an exclusion referred to in section 17(1) (a), (e), (g), (h) and (i).

(4) The register must be open for inspection by the public during office hours. If the municipality has an official website or another website available to it, the register must be displayed on that website.

(5) A municipality must at regular intervals, but at least annually, update Part B of the register. Part A of the register must be updated in accordance with the provisions of this Act relating to the updating and supplementing of valuation rolls.

#### 0.05 **Standard S23-1: Definition of “Property Register” (PR)**

**Property Register** —means a consolidated valuation roll which comprises, with reference to Section 23 of the MPRA, Part (A) of the “register of properties” the valuation roll, with all properties required to be listed under Section 30 (3), and encompassing;

- (i) **supplementary valuations and roll updates in terms of sections 78 and 79 of the MPRA;**
- (ii) **objection and appeal decision roll adjustments;**
- (iii) **the corresponding valuation roll property valuation database of all property data, and;**
- (iv) **the corresponding Valuation Roll GIS cadastral layer (registered and unregistered property),**

**ALL of which must be aligned to the “definition of property” namely (a) registered deeds office records (full title and sectional title), (b) registered rights against immoveable property, (c) land tenure rights, (d) public service infrastructure (PSI) records and all other rateable property by way of apportionment in terms of section 9 of the MPRA.**

## **0.06 Standard s23-2: Property register creation and maintenance**

- a. The municipal valuer must draw up and maintain a property register as defined in this standard in respect of all properties situated within the municipality, which includes the valuation roll GIS cadastral layer, and which must be in accordance with the MPRA and this standard, taking account of the adopted rates policy of the municipality. The GIS cadastral guideline specifications contained in these standards under annexure "I" are applicable.***
- b. The municipal valuer must in drawing up and maintaining a property register correctly record the content of rolls and include the required content and information specified in terms of the MPRA data templates "A", "B" and "C" of these standards.***
- c. The municipal valuer must in drawing up and maintaining a property register correctly record the latest deeds office transfers and ensure updated ownership data is sourced and applied.***
- d. In compiling a property register the municipal valuer must obtain, consider, update and apply various data and information to ensure accuracy is maintained for a credible valuation roll.***
- e. The municipal valuer is obliged where feasible and identifiable, to indicate which properties on the valuation roll are subject to rates relief through exemptions, rebates, reductions, phasing in or exclusions taking account of the adopted rates policy of the municipality.***

### **7.1.1 Guidance note: Property register preparation**

The name "property register" in the context of these standards has an extended meaning which augments the MPRA to ensure the roll and related data and information as defined is collated, maintained, and managed. The property register, with various components collectively created and maintained ensures that the MPRA valuation roll is implemented in a professional manner.

## **0.07 Standard s23-3: Unique property identifier (UPI)**

***The municipal valuer must create, allocate, and accurately maintain a unique property identifier (UPI) for each MPRA defined property listed on the "property register" (valuation roll), in terms of the implementation specification standard, which is a common primary unique link code to enable matching and reconciliation between the valuation roll management system (VRMS) database, the finance management system (FMS) database, Roll GIS cadastral layer, and other related MPRA databases and templates. The UPI must remain for the life of an MPRA defined property, and in the case of a new general valuation roll, the municipal valuer of the municipality must after verification, migrate and apply the verified existing UPI from the current consolidated valuation roll defined property to any new general valuation roll defined property and the financial management system for reconciliation and data matching purposes. Where the existing UPI is not created in terms of the implementation specification standard then a new UPI must be created for those records and applied to the valuation roll and financial management system.***

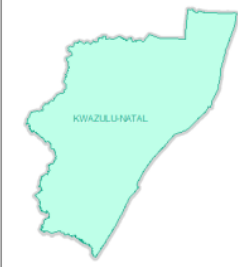

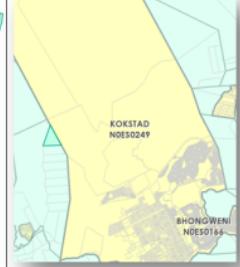
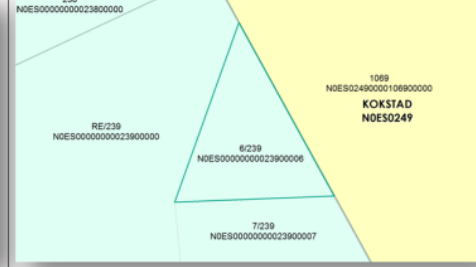
### **7.1.2 Implementation Specification Standard s23-3: Unique property identifier (UPI)**

The municipal valuer must create and capture a unique property identifier for each MPRA defined property listed on the property register which must be derived from the property description and aligned to the surveyor general (SG) office codes issued and naming coding practice.

The municipal valuer must keep abreast of the SG code and structure issued by the Surveyor General office together with UPI standards amended and adopted from time to time and update the valuation roll and VRMS databases and report such changes to the municipality rates revenue departments for billing system updates.

- a) The UPI includes the surveyor general code (SG Code) for deeds registered property (Full Title - FT) consists of a set number of digits alpha / numeric code assigned by the SG Office.
- b) For other defined MPRA property, the municipal valuer must create a UPI which is an extended SG Code, known as an SG Code Plus.
- c) The SG Code (SG21 Code) and SG Code Plus code (SG21\_26 Code) must reside on all databases created and maintained by the municipal valuer and be included in all electronic reports and extracts. The field naming convention is contained in the standard Templates.
- d) In cases where more than one property is to be held and valued together for municipal rating purposes the municipal valuer may decide to determine a combined value for affected properties, place the combined value on one of the properties and assign zero values to the remaining properties. The municipal valuer should in these cases capture the parent SG Code against which the affected properties are held in a new field called an SG Holding code for identifying associated records linked and held together. This concept is also known as “Unity of Use” and the properties would need to be contiguous, have the same registered owner and the same category of property for rating.
- e) The intention and purpose of the SG code is to provide a common key for logical linking and matching of databases such as the property register (valuation roll), the Valuation Roll GIS cadastral layer and the financial management system of a municipality. Changes to the SG code approved and adopted by the Surveyor General Office must be applied and updated to the property register and databases.

#### Illustration and example of the Surveyor General Office SG Code / PIN

N	OES	0000	00000239	00006
SURVEYOR GENERAL'S OFFICE	MAJOR REGION	MINOR REGION	ERF / FARM NUMBER	PORTION NUMBER
N = SGO PIETERMARITZBURG	In KwaZulu-Natal this is the Registration Division  (Some Provinces use Administrative Districts)	A region code has been allocated to each town  The region code for a farm is 0000		
				

The above is an example of a Farm property which has a minor region code “0000” and in the case of a town each town is allocated with a minor region number which is unique for that town allocated by the surveyor general’s office. The **Surveyor General Office** provides additional explanation of the SG21 Digit Code at the link below explained:

<http://csg.drdlr.gov.za/21charac.htm>



**Adopted Standard 0.07 - s23-3: Unique property identifier (UPI) Implementation Specification**  
**MPRA Defined Property Roll / Billing Data Unique Property Identifier (UPI)**

Surveyor General (SG) Code (21 Digits) and Municipal Valuer Code (5 Digits) – Templates SG21\_26 Code

**Implementation of the adopted Standard for MPRA Defined Property in the preparation and updating of Valuation Rolls - Unique Property Identifier (UPI) - 0.07 Standard s23-3: Unique property identifier (UPI)**

The below schedule explains the implementation and creation of the Adopted Standard MPRA Valuation Roll Unique Property Identifier (UPI) by using the Surveyor General (SG) Code (21 Digits) plus the Municipal Valuer Code (5 Digits suffixed) which equals 26 Digits. The adopted MPRA Templates provide for the field names SG21\_26 Code and Tenure Type (TT) which must be created for all MPRA Defined Property as described, **which must be implemented and maintained by the designated municipal valuer in accordance with this standard guidance**. The standardisation of the SG21\_26 Code applied to each property on the valuation roll ensures that the data of the separate MPRA databases (Roll / Billing) can be compared, reconciled, and analysed on demand for revenue generation, valuation roll compliance, and value performance monitoring and assessments. The adopted Standard UPI must be populated to the adopted MPRA Data templates contained in the Standard: Municipal Valuations for Property Rating (sMVPR) to promote billing completeness.

The UPI must remain for the life of an MPRA defined property, and the municipal valuer of the municipality must migrate and apply the verified UPI from the current consolidated valuation roll defined property to any new general valuation roll defined property for reconciliation and data matching purposes.

National and Provincial Treasury conduct monitoring of billing completeness and reconciliations for revenue enhancement of the municipal revenue base in terms of the Municipal Finance Management Act (MFMA). As the MPRA is a rating (Finance) Act for generating revenue from rates, the valuation profession in compiling valuation rolls (in terms of Section 23 - Part A of the Property Register), must be aware of and implement adopted specifications and standards to achieve a common objective of revenue sustainability and enhancement with improved revenue collection.

**Maximising the revenue generation of the municipal revenue base**

Reference is made to National Treasury MFMA Circulars No.122 Paragraph 5.1, No. 93, paragraph 3.1 and No. 98, paragraph 4.1. The emphasis is on municipalities to comply with Section 18 of the MFMA and ensure that they fund their MTREF budgets from realistically anticipated revenues to be collected. Municipalities are cautioned against assuming collection rates that are unrealistic and unattainable as this is a fundamental reason for municipalities not attaining their desired collection rates. The below is an extract of the National Treasury MFMA Circular No.122 issued on 21 December 2022 to assist in understanding the requirement of an adopted Standard UPI.

“National Treasury issue MFMA Circulars from time to time to ensure that municipalities are using their entire revenue base as the basis for the revenue budget. It is essential that municipalities reconcile their most recent consolidated valuation roll data to that of the current billing system data to ensure that revenue anticipated from property rates is realistic. Municipalities should implement a data management strategy and develop internal capacity to perform the reconciliations and investigations to improve completeness of billing.

**Adopted Standard 0.07 - s23-3: Unique property identifier (UPI) Implementation Specification**  
**MPRA Defined Property Roll / Billing Data Unique Property Identifier (UPI)**

Surveyor General (SG) Code (21 Digits) and Municipal Valuer Code (5 Digits) – Templates SG21\_26 Code

One of the aims of the reconciliation process is to identify exceptions, i.e. records on the roll and not on the billing system and records on the billing system and not on the roll. In addition, the reconciliation must identify duplicated records, missing data, and data errors. These exceptions should then be investigated, and remedial action strategies developed for data cleansing and other corrective actions.

The Debtors Ageing data should also form part of the reconciliation process so that “debtors” can be tracked and assessed at a property record level and prioritised for verification of rates liability measured against a MPRA property and owner.

To facilitate reconciliation of the separate databases (Roll and Billing), a unique property identifier (common primary unique link code) must be created and populated for each rateable property on the roll system and on the rates billing system.

This property identifier must be unique, without duplicates, and remain constant for the life of the property. The standards adopted by the South African Council for the Property Valuers Profession (SACPVP), namely South African Standard: Municipal Valuations for Property Rating, specifies that the Surveyor General Code SG 21-digit Code, derived, and created from the property description, be applied for all registered full title property defined in terms of part (a) of the definition of property.

For all other MPRA defined property, Part (a) Sectional Title, Part (b) Registered Rights, Part (c) Land Tenure Rights and Part (d) PSI, and apportioned multiple use property in terms of sections 8(2)(i) and 9(2), an added suffixed 5 digits to the SG 21-digit code must be assigned by the designated municipal valuer, thereby creating a unique 26-digit code.

The municipality must ensure that the SG21 digit code and 26-digit coding system is applied in their valuation roll management system and billing system (Financial Management System) and engage with their designated municipal valuer and systems service providers to implement the unique property identifier.

Further, it is important that municipalities who are performing a general valuation (GV) to implement a new valuation roll on 1 July of that year, must also as best practice compare the current consolidated roll to the new valuation roll. This can identify any anomalies and errors of category of property and market values for review and investigation and the option of lodging an objection by the municipality, where applicable.

This process should also identify outliers and shifts in market values by category and area so that tariffs on the new roll can be modelled and determined in an equitable manner to avoid rates shocks. Municipalities should undertake this exercise as a routine practice during the budget process so that supplementary adjustments to the valuation roll are kept up to date.

In order to ensure that the most updated information is used for the reconciliations, municipalities are reminded to adhere and comply with s23(1) and (2) of the MPRA and therefore use the Part A register (Valuation Roll) as the basis for performing the reconciliations going forward. Furthermore, municipalities are also advised and expected to comply with s8 (1) of the MPRA in terms of the billing methodology that needs to be specified within their policies to ensure that the correct categories (based on the selection made by the municipality) are used in the reconciliation process.

**Adopted Standard 0.07 - s23-3: Unique property identifier (UPI) Implementation Specification**  
**MPRA Defined Property Roll / Billing Data Unique Property Identifier (UPI)**

Surveyor General (SG) Code (21 Digits) and Municipal Valuer Code (5 Digits) – Templates SG21\_26 Code

The list of exceptions derived from this reconciliation will indicate where the municipality may be compromising its revenue generation in respect of property rates or whether the municipality is overstating its revenue budget.

A further test would be to reconcile this information with the Deeds Office registry. In accordance with the MFMA Circular No. 93, municipalities are required to submit their reconciliation of the Valuation roll/Part A of the register to the billing system to the National Treasury on a quarterly basis. A detailed action plan must accompany the reconciliation where variances are noted.

Refer to below schedule which explains the implementation of the Adopted Standard MPRA Valuation Roll Unique Property Identifier (UPI) by using the Surveyor General (SG) Code (21 Digits) and Municipal Valuer Code (5 Digits) which equals 26 Digits.

**Adopted Standard 0.07 - s23-3: Unique property identifier (UPI) Implementation Specification**

**MPRA Defined Property Roll / Billing Data Unique Property Identifier (UPI)**

Surveyor General (SG) Code (21 Digits) and Municipal Valuer Code (5 Digits) – Templates SG21\_26 Code

MPRA #	MPRA Defined Property Description	Tenure Type	Tenure Type (TT) Code	Unique Property Identifier (SG Code and SG Plus Code). Field Name SG21_26 Code	SG Coding explained / comment	Extent	Market Value (Y / N)	COP
<b>FULL TITLE (FT) REGISTERED PROPERTY TYPE (DEEDS OFFICE REGISTRY)</b>								
(a)	<b>Immovable property registered in the name of a person</b> , including, in the case of a sectional title scheme, a sectional title unit registered in the name of a person;	Full Title	FT	N0FS00000000689300000	Full Title (FT) Registered Property will use the standard SG 21 Digit Code as assigned by the SG office for the underlying registered full title (FT) property. If no rights or multiple purpose apportionments apply, then the FT property will be valued otherwise the values will be placed on the individual roll records and the main registered property will not be valued but will be retained for cadastral matching and audit purposes.	Legal FT Registered Extent Land	Y	Rates Policy
<b>SECTIONAL TITLE (ST) REGISTERED PROPERTY TYPE (DEEDS OFFICE REGISTRY)</b>								
(a)	<b>Immovable property</b> registered in the name of a person, including, <b>in the case of a sectional title scheme, a sectional title unit registered in the name of a person</b> ;	Full Title Sectional Title	FTST	N0FS00000000689300000	This is the Full Title Property upon which the Sectional Title Scheme is developed. The standard SG 21 Digit Code as assigned by the SG office is to be used. The Tenure Type will be FTST (Full Title Sectional Title)	Legal FT Registered Extent Land	N	Registered Property
(a)	<b>Immovable property</b> registered in the name of a person, including, <b>in the case of a sectional title scheme, a sectional title unit registered in the name of a person</b> ;	Sectional Title	ST	N0FS00000000689300000 <b>00001</b>	This represents each individual registered sectional title unit. The SG Plus 26 Digit Code (5 Digits suffixed to the SG 21 Code) is to be used where the deeds office assigned unique Sectional Title Unit Number is included in the 5 digits. A sectional title unit within a Sectional Title scheme used for multiple purposes will be categorised and rated on the dominant use of the property in terms of section 9 (1) (b) of the MPRA	Legal Registered Extent Sect Title	Y	Rates Policy

**Adopted Standard 0.07 - s23-3: Unique property identifier (UPI) Implementation Specification**

**MPRA Defined Property Roll / Billing Data Unique Property Identifier (UPI)**

Surveyor General (SG) Code (21 Digits) and Municipal Valuer Code (5 Digits) – Templates SG21\_26 Code

MPRA #	MPRA Defined Property Description	Tenure Type	Tenure Type (TT) Code	Unique Property Identifier (SG Code and SG Plus Code). Field Name SG21_26 Code	SG Coding explained / comment	Extent	Market Value (Y / N)	COP
<b>REGISTERED RIGHTS (RR) PROPERTY TYPE</b>								
(a)	<b>Immovable property registered in the name of a person</b> , including, in the case of a sectional title scheme, a sectional title unit registered in the name of a person;	Full Title	FT*	N0FS00000000689300000	Full Title (FT) Registered Property and will use the standard SG 21 Digit Code as assigned by the SG office for the underlying registered full title (FT) property. If no rights or multiple purpose apportionments apply then the FT property will be valued otherwise the values will be placed on the individual roll records and the main registered property will not be valued but will be retained for cadastral matching and audit purposes.	Legal FT Registered Extent Land	N	Registered Property
(a)	<b>Immovable property registered in the name of a person</b> , including, in the case of a sectional title scheme, a sectional title unit registered in the name of a person; <b>As a parent remainder (PR)</b>	Full Title Parent Remainder	FTPR	N0FS00000000689300000 <b>00000</b>	A Parent Remainder Property must be created as the parent remainder (PR) if there are Registered Rights OR Land Tenure Rights over the same registered property. The applicable land extents must be determined and reconciled to the legal registered extent. The Parent Remainder must have a value determined and will be reflected as a 26 digit Code with the 5 digits suffixed being all Zeros	Legal FT Parent Remainder Extent Land	Y	Rates Policy
(b)	A <b>right registered</b> against immovable property in the name of a person, excluding a mortgage bond registered against the property;	Registered Right	RR	N0FS00000000689300000 <b>RR001</b>	SG Plus 26 Digit Code (5 Digits suffixed to the SG 21 Code). The Registered Right Text "RR" plus the assigned unique sequential number issued by the valuer is included in the 5 digits. The Registered Right "Owner" for rates liability must be as defined in the MPRA	Legal Registered Right Extent Land	Y	Rates Policy

**Adopted Standard 0.07 - s23-3: Unique property identifier (UPI) Implementation Specification**

**MPRA Defined Property Roll / Billing Data Unique Property Identifier (UPI)**

Surveyor General (SG) Code (21 Digits) and Municipal Valuer Code (5 Digits) – Templates SG21\_26 Code

MPRA #	MPRA Defined Property Description	Tenure Type	Tenure Type (TT) Code	Unique Property Identifier (SG Code and SG Plus Code). Field Name SG21_26 Code	SG Coding explained / comment	Extent	Market Value (Y / N)	COP
<b>LAND TENURE RIGHTS (LTR) PROPERTY TYPE</b>								
(a)	<b>Immovable property registered in the name of a person</b> , including, in the case of a sectional title scheme, a sectional title unit registered in the name of a person;	Full Title	FT*	N0FS00000000689300000	Full Title (FT) Registered Property and will use the standard SG 21 Digit Code as assigned by the SG office for the underlying registered full title (FT) property. If no rights or multiple purpose apportionments apply, then the FT property will be valued otherwise the values will be placed on the individual roll records and the main registered property will not be valued but will be retained for cadastral matching and audit purposes.	Legal FT Registered Extent Land	N	Registered Property
(a)	<b>Immovable property registered in the name of a person</b> , including, in the case of a sectional title scheme, a sectional title unit registered in the name of a person; <b>As a parent remainder (PR)</b>	Full Title Parent Remainder	FTPR	N0FS00000000689300000 <b>00000</b>	A Parent Remainder Property must be created as the parent remainder (PR) if there are Registered Rights OR Land Tenure Rights over the same registered property. The applicable land extents must be determined and reconciled to the legal registered extent. The Parent Remainder must have a value determined and will be reflected as a 26 digit Code with the 5 digits suffixed being all Zeros	Legal FT Parent Remainder Extent Land	Y	Rates Policy
(c)	A <b>land tenure right</b> registered in the name of a person or granted to a person in terms of legislation;	Land Tenure Right	LTR	N0FS00000000689300000 <b>00001</b>	SG Plus 26 Digit Code (5 Digits suffixed to the SG 21 Code). The Land Tenure Right (LTR) to be assigned a unique sequential number issued by the valuer and is included in the 5 digits. The Land Tenure Right "Owner" for rates liability must be as defined in the MPRA	Land Tenure Right Extent Land	Y	Rates Policy

**Adopted Standard 0.07 - s23-3: Unique property identifier (UPI) Implementation Specification**

**MPRA Defined Property Roll / Billing Data Unique Property Identifier (UPI)**

Surveyor General (SG) Code (21 Digits) and Municipal Valuer Code (5 Digits) – Templates SG21\_26 Code

MPRA #	MPRA Defined Property Description	Tenure Type	Tenure Type (TT) Code	Unique Property Identifier (SG Code and SG Plus Code). Field Name SG21_26 Code	SG Coding explained / comment	Extent	Market Value (Y / N)	COP
<b>MULTIPLE PURPOSE PROPERTY (MP) – APPORTIONED PROPERTY TYPE</b>								
(a)	<b>Immovable property registered in the name of a person</b> , including, in the case of a sectional title scheme, a sectional title unit registered in the name of a person;	Full Title	FT*	N0FS00000000689300000	SG 21 Digit Code as assigned by the SG office for the underlying registered property. If no rights or multiple purpose apportionments apply, then the FT property will be valued otherwise the values will be placed on the individual roll records and the main registered property will not be valued but will be retained for cadastral matching and audit purposes.	Legal FT Registered Extent Land	N	Multiple Purpose Section 8 (2) (i)
(a)	<b>Immovable property registered in the name of a person</b> , including, in the case of a sectional title scheme, a sectional title unit registered in the name of a person; <b>As a parent remainder (PR)</b>	Full Title Parent Remainder	FTPR	N0FS00000000689300000 <b>00000</b>	It is feasible to have land tenure rights, registered rights, and multiple purpose use on a single registered property therefore the requirement to create and allow for the Full Title Parent Remainder as the reconciling balance. The applicable land extents must be determined and reconciled to the legal registered extent. The Parent Remainder must have a value determined and will be reflected as a 26-digit Code with the 5 digits suffixed being all Zeros.	Legal FT Parent Remainder Extent Land	Y	Rates Policy
Multiple Purposes	In relation to a property, means the use of a property for more than one purpose, subject to section 9	Multiple Purposes	MP	N0FS00000000689300000 <b>00001</b>	To use the SG Plus 26 Digit Code (5 Digits suffixed to the SG 21 Code). The Multiple Purpose Use Property (property used for more than one purpose in terms of section 9 (1) (c) and 9 (2)) must be created and assigned a unique sequential number issued by the valuer which is included in the suffixed 5 digits. The market value of the property is apportioned to the different purposes for which the property is used. The owner of each MP property will be the registered owner	Multiple Purpose Use Extent Land	Y	Rates Policy

**Adopted Standard 0.07 - s23-3: Unique property identifier (UPI) Implementation Specification**

**MPRA Defined Property Roll / Billing Data Unique Property Identifier (UPI)**

Surveyor General (SG) Code (21 Digits) and Municipal Valuer Code (5 Digits) – Templates SG21\_26 Code

MPRA #	MPRA Defined Property Description	Tenure Type	Tenure Type (TT) Code	Unique Property Identifier (SG Code and SG Plus Code). Field Name SG21_26 Code	SG Coding explained / comment	Extent	Market Value (Y / N)	COP
<b>PUBLIC SERVICE INFRASTRUCTURE (PSI) PROPERTY TYPE</b>								
(d)	Public service infrastructure	Public Service Infrastructure	PSI	N0FS00000000689300000	SG 21 Digit Code as assigned by the SG office for the underlying registered property. If the PSI is further split over the same registered property an SG Plus 26 Digit Code (5 Digits suffixed to the SG 21 Code) can be used. The PSI assigned unique sequential number issued by the valuer is included in the 5 digits. The Tenure Type PSI must be recorded against each PSI roll record	PSI Land Extent	Y	Rates Policy

# For all Government owned property, the municipal valuer must where possible source, capture and maintain the Government allocated asset number against each valuation roll property for accurate identification to support completeness of billing. This is with particular reference to the MPRA definition of property and the creation of the UPI.



### **7.1.3**      *Guidance note: Unique location identifier (GPS Coordinate)*

In cases where it is difficult to locate a property, the (Global Positioning System - GPS) Latitude and Longitude (coordinates) of the property location must be collected and captured in the valuation roll management system against the property recorded in the valuation roll.

### **0.08**      ***Standard s23-4: Consolidated Valuation Roll to GIS Cadastral layer synchronisation***

***The Consolidated Valuation Roll must have a one-to-one record match to the Valuation Roll GIS Cadastral Layer except for, sectional title units within a sectional title scheme and any property which is unreasonably difficult to create and display spatially on the GIS.***

### **7.1.4**      *Guidance note: Valuation Roll GIS Cadastral Layer*

To ensure that all properties (parcels and occupancy units) are accounted for, valuers must maintain or have access to accurate, up-to-date cadastral maps that cover the entire jurisdiction and that include a unique property identifier (SG Coding system) for each parcel or property.

Cadastral maps (GIS) are especially useful in mass valuation when they constitute part of a geographic information system (GIS). A GIS permits graphic displays of sale prices, assessed values, inspection dates, zoning, land uses, and much more. In addition, a GIS permits high-level analysis of nearby sales, neighbourhoods, and market trends.

The municipal valuer must therefore aim for a GIS spatial representation of all defined rateable property in a municipality (registered and unregistered property), excluding registered sections of sectional title scheme, essentially leading to a one-to-one match of the property register (valuation roll) records to the valuation roll GIS cadastral layer records. The valuation roll GIS cadastral layer must be updated as and when the configuration of land and ownership changes in terms of subdivisions and consolidations. This section to be read with section 77, 78 and 79 of the MPRA.

*(IAAO acknowledgement 2014)*

### **0.09**      ***Standard s23-5: Property register for sectional title parent property***

***The parent property of a registered sectional title scheme must be reflected on the property register with the corresponding valuation roll GIS cadastral record together with the sectional title scheme name, the sectional title number and sectional title year. The Tenure Type is Full Title Sectional Title – FTST and the SG 21 Digit code applicable.***

### **0.10**      ***Standard s23-6: Property register land / sectional title extent***

***(a) The municipal valuer must correctly determine, verify and reflect the extent of rateable property in the property register, using available data sources such as the deeds registry office data, other source registers, approved survey diagrams etc.***

***(b) The determined extent must be converted and depicted in square metres (m<sup>2</sup>).***

***(c) The determined extent for the property register must be compared to the calculated GIS extent and Deeds extent for each property to identify major anomalies for investigation, correction and inclusion into the final property register.***

#### ***0.11 Standard s23-7: Property register completeness and coverage audit***

***The municipal valuer is to perform a match between the dataset records of the property register components and in addition match the property register records to the financial management system rates billing records. An exception report of the mismatches must be produced for investigation and corrective action.***

#### **7.1.5** Guidance note: Property register (roll) completeness and coverage audit

The standards require mismatches identified to be thoroughly investigated and resolved to improve full coverage of the valuation roll platform to maximise and enhance revenue from rates. The municipal valuer is obliged to liaise with the relevant municipal officials on the exception report outcomes to assign responsible persons for the investigation and updating process.

#### ***0.12 Standard s23-8: Property register data extracts***

***In terms of the MPRA s85 Copyright of valuation rolls and other data, the municipal valuer must supply and make available to the municipality, all data pertaining to the property register and valuation roll in electronic format in accordance with the MPRA and the data templates “A”, “B”, “C” and “D” specified in these standards.***

#### ***0.13 Standard s23-9: Administrative support and data extracts***

***The municipal valuer must in terms of the MPRA s34 (i) provide the municipality with appropriate administrative support incidental to the valuation roll, and the matching and reconciling of property register records to the rates billing account system data with corrective measures forming part of this support.***

## 8 CHAPTER 4: GENERAL VALUATION OF RATEABLE PROPERTY

### Part 1: General

#### 8.1 [30.] General valuation and preparation of valuation rolls

(1) A municipality intending to levy a rate on property must in accordance with this Act cause-

(a) a general valuation to be made of all properties in the municipality determined in terms of subsection (2); and

(b) a valuation roll to be prepared of all properties determined in terms of subsection (3).

(2) All rateable properties in the municipality must be valued during a general valuation, including those properties partially excluded from rates in terms of section 17(1) (a) (*PSI 30%*) and (h) (*Mandatory first R15,000 MV off Residential COP*): Provided that-

(a) properties referred to in section 7 (2) (a) (*ie Property owned by the municipality, PSI, Para (b) definition of property and property with legally insecure tenure*) must be valued only to the extent that the municipality intends to levy a rate on those properties.; and

(b) the Minister may fully or partially exempt a municipality from the obligation to value properties excluded from rates in terms of section 17 (1) (e), (g) and (i) if the municipality can demonstrate that the valuation of those properties: is too onerous for it, given its financial and administrative capacity.

(3) All properties valued in terms of subsection (2) must be included in the valuation roll: Provided that properties referred to in sections 7 (2) (a) (i) (*Property owned by the municipality*) and (ii) (*PSI*) and section 17(1) (e) (*Special nature reserves / parks*) , (g) (*Land reform beneficiary*) and (i) (*Place of worship*) must be included in the valuation roll whether they have been valued or not. (*Amended by s18 of Act29 of 2014*).

#### 0.14 Standard s30-1: General Valuation and preparation of valuation rolls

***A municipal valuer performing a general valuation must, in a professional, competent and accurate manner, value and prepare a valuation roll of all rateable property in the municipality and include those properties that may be partially excluded from rates and those fully or partially exempted from being valued.***

##### 8.1.1 Guidance note: Roll delivery time frames

A Professional Valuer or a Professional Associated Valuer intending to accept a nomination as a Municipal Valuer to perform a General Valuation (GV) for a municipality should, before accepting the nomination, assess the risks, time frames available and the feasibility of being able to perform the General Valuation (GV) in a professional manner. Time frames for undertaking a General Valuation may be influenced by the number of properties, the property type, complexity of valuation and availability and confidence in data and information.

Guidance on GV implementation times frames is provided in the annexures of this standard.

#### 8.2 [31.] Date of valuation

(1) For the purposes of a general valuation, a municipality must determine a date that may not be more than 12 months before the start of the financial year in which the valuation roll is to be first implemented.

(2) The general valuation must reflect the market value of properties determined in accordance with-

- (a) market conditions which applied as at the date of valuation; and
- (b) any other applicable provisions of this Act.

**0.15    *Standard s31-1: Date of valuation***

***A municipal valuer must confirm the date of valuation and date of implementation which must be in terms of an adopted Council resolution.***

**0.16    *Standard s31-2: Market conditions at the date of valuation***

***A municipal valuer must ensure that the general valuation reflects the market value of properties determined in accordance with market conditions which applied as at the date of valuation.***

**8.3    *[33.] Designation of municipal valuers***

(1) A municipality must, before the date of valuation, designate a person as municipal valuer. A municipality may designate either one of its officials or a person in private practice as its municipal valuer.

(2) If a municipality decides to secure the services of a person in private practice as its municipal valuer, it must-

- (a) follow an open, competitive and transparent process in accordance with Chapter 11 of the Municipal Finance Management Act; and
- (b) designate the successful bidder as its municipal valuer by way of a written contract setting out the terms and conditions of the designation.

(3) A municipality must issue to the person designated as its municipal valuer an identity card in the prescribed format containing a photograph of that person.

(4) A municipality may withdraw the designation of a person as its municipal valuer but only on the grounds of-

- (a) misconduct, incapacity or incompetence;
- (b) non-compliance with a provision of this Act;
- (c) under-performance; or
- (d) breach of contract, in the case of a person referred to in subsection (2).

**0.17    *Standard s33-1: Confirmation of municipal valuer designation***

***The municipal valuer must before the date of valuation, obtain an official designation appointment letter from the municipality before carrying out the functions of the municipal valuer. A designation of a municipal valuer forms part of the Council resolution.***

#### **8.4 [34.] Functions of municipal valuers**

The valuer of a municipality must in accordance with this Act-

- (a) value all properties in the municipality determined in terms of section 30(2);
  - (aA) subject to section 81(1B), as part of the process towards submitting a valuation roll contemplated in paragraph (b), after appointment and until submission of the certified valuation roll, submit a monthly progress report to the municipal manager on the valuation of properties, regardless of whether properties are valued in terms of section 45(2) (a) or in terms of a combination of section 45(2) (a) and (b); **(Added by s20 of Act29 of 2014)**
- (b) prepare a valuation roll of all properties in the municipality determined in terms of section 30 (3);
- (c) sign and certify the valuation roll;
- (d) submit the valuation roll to the municipal manager within a prescribed period;
- (e) consider and decide on objections to the valuation roll;
- (f) attend every meeting of an appeal board when that appeal board-
  - (i) hears an appeal against a decision of that valuer; or
  - (ii) reviews a decision of that valuer;
- (g) prepare a supplementary valuation roll whenever this becomes necessary;
- (h) assist the municipality in the collection of postal addresses of owners where such addresses are reasonably determinable by the valuer when valuing properties; and
- (i) generally, provide the municipality with appropriate administrative support incidental to the valuation roll.

## 9 CHAPTER 5: VALUATION CRITERIA

### 9.1 [s45.] Valuation

(1) Property must be valued in accordance with generally recognised valuation practices, methods and standards, and the provisions of this Act.

(2) For the purposes of subsection (1)-

(a) physical inspection of the property to be valued is optional; and

(b) comparative, analytical and other systems or techniques may be used, including aerial photography and computer-assisted mass appraisal systems or techniques, taking into account changes in technology and valuation systems and techniques.

(3) (a) If the available market-related data of any category of rateable property is not sufficient for the proper application of subsections (1) and (2), such property may be valued in accordance with any mass valuation system or technique approved by the municipality concerned, after having considered any recommendations of its municipal valuer and as may be appropriate in the circumstances.

(b) A mass valuation system or technique that may be approved by a municipality in terms of paragraph (a) includes a valuation system or technique based on predetermined bands of property values and the designation of properties to one of those bands on the basis of minimal market-related data.

### 9.2 Introduction Municipal Mass Valuations

Mass valuation analysis begins with assigning properties to use classes or strata based on highest and best use, which normally equates to current use. Zoning and other land use controls normally dictate highest and best use of vacant land. In the absence of such restrictions, the valuer should determine the highest and best use of the land by analysing the principles of highest and best use considering legally permissible, physically possible, appropriately supported, and financially feasible thereby resulting in the highest value. Special attention may be required for properties in transition, interim or nonconforming uses, multiple uses, and excess land.

The accuracy of values depends first and foremost on the completeness and accuracy of property data and market data. Valuers should ensure that their valuation roll management systems (VRMS) or also known as CAMA systems provide for the collection and maintenance of relevant land, improvement, and location features. These data must also be accurately and consistently collected. The VRMS system must also provide for the storage and processing of relevant sales, cost, and income and expense data.

In mass valuation a model is used, that is, a representation of the relationship between value and variables representing factors of supply and demand. Mass valuation models attempt to represent the market for a specific type of property in a specified area. The first step is to develop a model specification and identify the supply and demand factors and property features that influence value. Then, one should calibrate the model, that is, determine the adjustments or coefficients that best represent the value contribution of the variables chosen.

Careful and extensive market analysis is required for both specification and calibration of a model that estimates values accurately. Mass valuation models apply to all three approaches to value: the cost approach, the sales comparison approach, and the income approach. Valuation models are developed for defined property groups. For residential properties, geographic stratification is appropriate when the value of property attributes varies significantly among areas and each area is large enough to provide adequate sales.

It is particularly effective when housing types and styles are relatively uniform within areas. Separate models are developed for each market area (also known as economic or model areas). Subareas or neighbourhoods can serve as variables in the models and can also be used in land value tables and selection of comparable sales. (see Mass Appraisal of Real Property [Gloudemans 1999, 118–120] or Fundamentals of Mass Appraisal [Gloudemans and Almy 2011, 139–143] for guidelines on stratification.) Smaller jurisdictions may find it sufficient to develop a single residential model.

Commercial and income-producing properties should be stratified by property type. In general, separate models should be developed for apartment, warehouse/industrial, office, and retail properties. Large jurisdictions may be able to stratify apartment properties further by type or area or to develop multiple models for other income properties with adequate data. Data is necessary to support the valuation process and data may be formulated for collection, capture, analysis and reporting by qualitative (subjective) and quantitative (objective) data variables. The object of mass appraisal is to produce equitable valuations at low costs.

In summary mass valuation is the process of valuing a group of properties as of a given date using common data, standardised methods, and statistical testing (IAAO 1990, chapter 5, Gloudemans 1999, chapter 5, and Gloudemans; and Almy 2011, chapter 5).

Computers are generally used for these processes hence the term computer assisted mass appraisal hence the acronym CAMA and is defined as system of valuing (appraising) property, usually only certain types of real property, that incorporates computer-supported statistical analyses, such as multiple regression analysis and adaptive estimation procedure, to assist the valuer (appraiser) in estimating value.

It is however stressed that certain properties due to their type, specialisation, uniqueness or location may not be able to be suitably modelled using mass valuation or CAMA techniques. The valuer must through the model value generation and review process, identify which properties are not suitable for valuing using mass valuation techniques (CAMA) and these properties must be valued manually. Properties that are valued manually may also be referred to as NON-CAMA or Individual valuations.

The valuer in preparing a general valuation must refer to international professional technical standards in mass valuation methods and practices such as the International Association of Assessing Officers and take account the advancement in technologies to improve efficiencies and valuation performance.

*(IAAO acknowledgement 2014).*

#### **0.18 Standard s45-1: Valuation**

*The municipal valuer must in valuing each property –*

- (a) determine and indicate the valuation method applied.*
- (b) apply the correct property data, market data, income data, vacancy data, expense data and cost data aligned to the market reports and templates A, B, C and D in terms of these standards.*
- (c) determine and indicate which property is NOT suitable for valuing by means of mass valuation techniques (CAMA) and each of these properties must then be valued manually.*
- (d) indicate against each property whether the value determined is manual, override or modelled.*

#### **0.19 Standard s45-2: Manual or individual Valuation**

*The municipal valuer may decide to value a property manually (individually) where a mass valuation is NOT suitable and in such cases, the municipal valuer must for each property, develop and supply a populated valuation template to the municipality which includes the roll / property information, the valuation method/s applied, the value calculation and the value conclusions.*

#### **0.20 Standard s45-3: Valuation Standards**

*The municipal valuer must apply the Standard: Municipal Valuations for Property Rating (sMVPR) and the International Valuation Standard (IVS) in the valuation of property for municipal rating.*

##### **9.2.1** Guidance note: Valuation roll resources

Sufficient resources must be assigned and dedicated to support a general valuation and the updating of valuation rolls in the performance of section 34 of the MPRA and applicable standards.

##### **9.2.2** Guidance note: Time frames for undertaking a general valuation

To undertake a general valuation and prepare a valuation roll, a minimum period of 12 months is recommended from the date of appointment of the municipal valuer to the date of submission of the certified valuation roll to the municipal manager.

#### **9.3 Introduction Data Collection**

The uniform and accurate valuation of property requires correct, complete, and up-to-date property characteristics data. The municipal valuer should collect and maintain sufficient property characteristics data for classification, valuation, and other purposes. Determining what data on property characteristics to collect and maintain is a crucial decision with long-term consequences. Marginal benefits and costs of collecting and maintaining each property characteristic must be weighed against what must be collected. Often specific data is collected as a nice to have. The level of data collection will depend on the requirements of the valuation methods that will be employed.



The quantity and quality of existing data should be reviewed. If the data are sparse and unreliable, a major data collection program is likely required. Data collection manuals with standard data collection forms must be developed and made part of the data collection practice to ensure consistency and quality. Data collectors must be trained and there must be a quality control system to detect errors and poor quality and there should be ongoing training and review of data to continually improve on poor workmanship. A Data Collector is referenced in the Act and designations and delegations must be managed and controlled by the Municipal Valuer in terms of legislation.

*(IAAO acknowledgement 2014)*

### **9.3.1 Overview property data format and content**

Property data is necessary to support the valuation process and data must be structured and formulated for collection, capture, analysis and reporting by qualitative (subjective) and quantitative (objective) data variables. Data should be collected in a prescribed format designed to facilitate both the collection of data in the field and entry of the data into the computer system.

The coding of data should be as objective as possible, with measurements, counts, and check-off items used in preference to items requiring subjective evaluations (such as “number of plumbing fixtures” versus “adequacy of plumbing: poor, average, good”). With respect to check-off items, the available codes should be exhaustive and mutually exclusive, so that exactly one code logically pertains to each observable variation of a building feature (such as type of room). The data collection format should promote consistency among data collectors, be clear and easy to use, and be adaptable to virtually all types of construction.

Specialised data collection formats may be necessary to collect information on agricultural property, timberland, commercial and industrial properties, and other property types.

*(IAAO acknowledgement 2014)*

### **0.21 Standard s45-4: Property data structure, format and content**

***All property data that are collected for a general valuation, supplementary valuations and valuation rolls must adhere to the prescribed minimum format and minimum content in terms of the data templates extracts referenced in these standards and listed below –***

- (a) Template “A1” and “A2” - valuation roll (Part A of the property register),***
- (b) Template “B” - valuation roll GIS cadastral layer***
- (c) Template “C” - property data, and***
- (d) Template “D” - Sales data***

### **0.22 Standard s45-5: Data collection manual**

- (a) The municipal valuer must prepare a data collection manual for each general valuation which must be periodically reviewed and maintained to support the valuation of each property.***
- (b) The data collection manual must contain the main property types and the minimum property data to be collected as contemplated in templates A, B, C and D of the standards which must be illustrated and explained with reference to a data collection form.***

***(c) The data collection manual must be prepared in such a way as to support the training of data collectors and ease of reference for valuation appeal boards.***

**0.23 Standard s45-6: Property data collection forms**

***The municipal valuer must design and create a property data collection form for each property type which must comply with the minimum data templates A, B, C and D specified in these standards.***

**0.24 Standard s45-7: Data collector training**

***A data collector must, before being designated as a data collector by the municipal valuer in concurrence with the municipal manager, undergo training in data collection and pass a proficiency test, to be eligible for designation as a data collector in terms of section 36 (2) of the MPRA. The municipal valuer is responsible for the training of data collectors, the delegation of data collectors and the management of data collector's.***

**9.3.2 Overview property data collection**

A physical inspection is the best way to obtain initial property characteristics data and, at a minimum, should include a comprehensive exterior inspection. In cases where there is an existing data source that has been collected and maintained since the last general valuation, the data should be reviewed by desktop unless there is a strong indication of low confidence. Data should therefore only be collected by inspection for new properties and new buildings where in the opinion of the valuer the value is likely to increase or decrease substantially.

Notwithstanding the above, there are several other data collection options referred to below which may be used independently to complement each other.

- a) Use of previously captured data (data conversion)
- b) Targeted inspections properties with building plans (building Completions), sold properties, properties under objection/appeal.
- c) Imagery (e.g., aerial, oblique, and street level photography)
- d) Returns submitted by property owners / ratepayers supported by s42 of the MPRA "Access to Information".

*(IAAO acknowledgement 2014)*

**0.25 Standard s45-8: Property data collection accuracy**

***The municipal valuer must collect, verify and maintain property data for each property required to be valued in a uniform and accurate manner.***

**0.26 Standard s45-9: Property data capture accuracy**

***The municipal valuer must ensure that all property data collected and verified is captured accurately in a valuation roll management system (VRMS) which contains the required data fields in accordance the data templates A, B, C and D referenced in these standards, to support data access, extracts and exports on request by a municipality.***

## **9.4 Introduction property inspections**

In terms of section 45(2)(a) physical inspections of property are optional. However professionally this provision only applies to the extent that relevant value forming attributes have been collected (and captured). At some point in time, physical inspections need to be undertaken and this should be programmed on a six to eight year cycle.

Section 45(2)(b) allows for the use of aerial photography and applicable standards for the use of aerial photography and oblique imagery should be developed and prescribed to promote consistency and uniformity of data. The use of aerial photography must not be the only source of data but should be used as a tool for the valuer to complement existing data collection efforts. A record of aerial photography can also be used to verify specific data at points in time and there are more sophisticated programs and tools available which use “change detection” to identify potential building changes between dates of aerial photography. This can assist the valuer in planning the next general valuation or for supplementary updates to valuation rolls.

Section 45(2)(b) also allows for systems and techniques and computer assisted mass appraisal systems, i.e., each property does not have to be manually valued by the valuer. The application of section 45 (2) and (3) of the MPRA should only be used if the municipal valuer is of the opinion, that credible and equitable valuations of property can be determined for municipal property rating.

### **0.27 Standard s45-10: Physical Inspection**

***Notwithstanding s45 (2) (a) of the MPRA which provides that inspection of a property is optional, the municipal valuer must consider the availability and sufficiency of property data in association with its value, and then decide on the merits to physically inspect a property or a group of properties to verify or collect property data.***

## **9.5 Guidance: Alternative to Periodic On-site Inspection**

Provided that an initial physical inspection has been completed—and the requirements of a well-maintained data collection and quality-management program have been achieved—jurisdictions may employ a set of digital imaging technology tools to supplement field inspections with a computer-assisted office review. Note the term supplement field inspections.

The digital imaging tools referred to above may include the following -

- Current high-resolution street-view images that enable quality grade and physical condition to be verified.
- Orthophoto images (Aerial Photography) updated at least every 2 years in rapid-growth areas, or at least every 5 years in slow-growth areas to identify new buildings or alterations. The pixel size deemed effective is 25 X 25 cm. Aerial photography specifications form part of the guidance in the standards.
- Oblique aerial photographic images capable of being used for measurement verification, updated at least every 2 years in rapid-growth areas or 5 years in slow-growth areas. For larger economically sustainable municipalities with rapid growth, annual aerial updates are recommended.

A well-designed ratepayer declaration, may greatly reduce the need to send inspectors into the field. Effective tool sets validate property data and incorporate change detection techniques that compare building dimension data (GIS building footprints) in the VRMS / CAMA system to georeferenced imagery or remote sensing data and identify potential VRMS / CAMA sketch discrepancies for further investigation.

*(IAAO acknowledgement 2014)*

## 0.28 **Standard s45-11: No physical inspection**

***In cases where a physical inspection of a property has not been carried out, the municipal valuer must use appropriate alternative means to acquire and collect property data and the sources of information may include: approved building plans, aerial imagery, orthophoto / oblique imagery, street view information, historic records and any other recognised method, practice and technology.***

***Notes from IVS: The contents of IVS 102 para 20.3 which states as follows:***

***Limits may be agreed on the extent of the valuer's investigations. Any such limits must be noted in the scope of work. However, IVS 105 Valuation Approaches and Methods, para 10.7 requires valuers to perform sufficient analysis to evaluate all inputs and assumptions and their appropriateness for the valuation purpose. If limitations on investigations are so substantial that the valuer cannot sufficiently evaluate the inputs and assumptions, the valuation engagement must not state that it has been performed in compliance with IVS.***

## 9.6 **Guidance: Data measurement and accuracy**

The measurement of data collection accuracy for properties recorded in the valuation roll and valued should be in terms of the guidance below –

- a. Area measurement data, such as building size, to be accurate within 10 percent of the total area. The method of area measurement collection should be recorded for quality control and review purposes.
- b. For each objective, categorical, or binary data field to be collected or verified, at least 90 percent of the coded entries should be accurate. Objective, categorical, or binary data characteristics include such attributes as condition, quality and sea view.

As an example, if a data collector collects 10 objective, categorical, or binary data items for 100 properties, at least 900 of the 1,000 total entries should be correct.

- c. For each subjective categorical data field collected or verified, data should be coded correctly at least 90 percent of the time. Subjective categorical data characteristics include data items such as quality grade, physical condition, and architectural style.
- d. A quality control program is necessary to ensure that data accuracy standards are achieved and maintained. Independent quality control inspections should occur immediately after the data collection phase begins. The inspections should review samples of work for completeness and accuracy and keep tabulations of items coded correctly or incorrectly, so that statistical tests can be used to determine whether accuracy standards have been achieved. Stratification by geographic area, property type, or individual data collector can help detect patterns of data error. Data that fails to meet quality control standards should be re-collected.
- e. The accuracy of subjective data should be judged primarily by conformity with written specifications and examples in the data collection manual. Subjective data judgment calls should be substantiated by field notes. Data captured onto the valuation roll management system should be reviewed for completeness and correctness by applying the same data accuracy standards as data collection.

*(IAAO acknowledgement 2014)*

## **9.7 Guidance: Updating property data**

Data collection does not stop when all the properties in the municipality have been visited and valued initially. Periodic physical review is essential to maintain an accurate and current inventory of property attribute data. Building plans may not identify all changes in property characteristics, especially those related to property condition. Many internal renovations are done without plans and result in substantial value increases although internal inspections are often not possible. In areas that do not have effective building plans control systems or a building inspectorate to support building development approvals, up to date aerial photographs are another way to identify new construction. Comparison of property records against aerial photographs can identify unreported improvements, albeit external only.

As noted, some computerised oblique aerial photography applications can compare images of the same locality or property at different times and highlight new improvements, for example, a new garage or pool. It may also be feasible to determine type of structure and approximate building areas from the aerial photographs. Aerial photographs are particularly effective in rural areas where improvements are difficult to access on site.

Effective tool sets validate CAMA data and incorporate change detection techniques that compare building dimension data (footprints) in the CAMA system to georeferenced imagery or remote sensing data and identify potential CAMA sketch discrepancies for further investigation.

Apart for the ongoing supplementary and objection data review processing, inspections for updating rolls should also be planned when a property is sold and for the periodic 6 to 8 year best practice routine revisits to all property. This will also ensure that valuers are kept up to date to observe changes in neighbourhood condition, trends, and property characteristics.

Building plan completion or occupation certificates issued and authorised by the municipality should be regularly monitored if there are systems in the municipality, and where in the opinion of the valuer the value is likely to be substantially increased or decreased the property should be inspected to update the valuation roll by supplementary valuation.

*(IAAO acknowledgement 2014)*

### **0.29 Standard s45-12: Updating property data**

***The municipal valuer must apply sections 77, 78, and 79 of the MPRA, and collect, update and capture property data into the VMRS.***

### **0.30 Standard s45-13: Data collection and capture quality assurance**

***The municipal valuer must conduct quality assurance on data collected and captured to ensure data uniformity, consistency and accuracy is maintained in accordance with recognised methods and practices.***

## **9.8 [s46] General basis of valuation**

(1) Subject to any other applicable provisions of this Act, the market value of a property is the amount the property would have realised if sold on the date of valuation in the open market by a willing seller to a willing buyer.

(2) In determining the market value of a property, the following must be considered for purposes of valuing the property:

(a) The value of any licence, permission or other privilege granted in terms of legislation in relation to the property;

(b) the value of any immovable improvement on the property that was erected or is being used for a purpose which is inconsistent with or in contravention of the permitted use of the property, as if the improvement was erected or is being used for a lawful purpose; and

(c) the value of the use of the property for a purpose which is inconsistent with or in contravention of the permitted use of the property, as if the property is being used for a lawful purpose.

(3) In determining the market value of a property, the following must be disregarded for purposes of valuing the property:

(a) Any *(Amended by s32 of Act 19 of 2008)* building or other immovable structure under the surface of the property which is the subject matter of any mining authorisation or mining right defined in the Mineral and Petroleum Resources Development Act, 2002 (Act No. 28 of 2002); *(Added and deleted by s32 of Act 19 of 2008)*

(b) any equipment or machinery which, in relation to the property concerned, is immovable property, excluding-

(i) a lift;

(ii) an escalator;

(iii) an air-conditioning plant;

(iv) fire extinguishing apparatus;

(iv) a water pump installation for a swimming pool or for irrigation or domestic purposes; and

(vi) any other equipment or machinery that may be prescribed; and

(c) any unregistered lease in respect of the property.

(4) In determining the market value of a property used for agricultural purposes, the value of any annual crops or growing timber on the property that have not yet been harvested as at the date of valuation must be disregarded for purposes of valuing the property.

## **9.9 Introduction to market value (MPRA reference)**

Section 46(1) provides that the basis of valuation is market value of a property as at the date of valuation. The Act however has specifically legislated that certain components of market value be disregarded when determining market value. Therefore, market value determined in terms of the MPRA could be different from the market value determined for expropriation purposes or the market value when a property is sold due to the exclusions and special requirements.

These are defined in sections 46(3) and 46(4):

Section 46(3)(b) provides that the valuer must disregard any immovable equipment and machinery. Equipment provides for a wide classification of objects. Equipment means all machinery, fixtures, containers, vessels, tools, implements and apparatus used in and about an establishment and may represent essential components attached to a property and used in a manufacturing process and associated with a particular purpose or activity.

The most common type of machinery/equipment that must be disregarded is the apparatus that creates cold air in a cold storage plant (note this is not deemed to be air-conditioning equipment - see below). Once the valuer disregards the equipment and machinery the structure effectively becomes a normal warehouse.

The Act however provides for specific exclusions such as lifts, escalators, air-conditioning plant, fire extinguishing apparatus, and a water pump used for irrigation or a domestic swimming pool. The first three items effectively allow the valuer to apply standard rentals to buildings, i.e., it would be difficult to try and assess what rentals are for multi storey buildings without lifts.

Section 46 (3)(c) stipulates that the valuer must disregard any unregistered leases. The impact is mainly on income generating / investment properties (income from lease rentals) and valued on the income method. Most commercial and industrial leases are between 3 to 5 years and are unregistered and to disregard a lease has been interpreted as disregarding the lease conditions and lease rentals which could be either be at market, below or above market rentals at the date of valuation. Rental income from leases has an impact on value as an investment property. Therefore, the practice followed by valuers in implementing this section of the MPRA is to apply a researched "open market rental" to the property being valued if it is an investment property using the income method.

## **9.10 Overview: Market data and reporting**

Valuation procedures and models should be documented. Cost manuals should be current and contain the rates and adjustments used to value improvements by the cost approach. Similarly, land values should be supported by tables of rates and adjustments for features such as water frontage, traffic, and other relevant influences. Multiple Regression Analysis (MRA) models and other sales comparison algorithms should document final equations and should be reproducible, so that rerunning the model will produce the same value if data remains unchanged. Schedules of rental rates, vacancy rates, expense ratios, income multipliers, and capitalization rates should document how values based on the income approach were derived.

A market report, which is a requirement and outlined in these standards, must be prepared for each major property type that provides a narrative summary of the valuation approach and methodology and contains the more common units of comparison, adjustments, statistical quality measures and mass valuation modelling.



The market reports serve as a resource for current staff and for training new staff or explaining the valuation process to other interested parties. Once prepared, the documents should be updated when valuation schedules change or methods and calculation procedures are revised.

### **9.10.1 Market Data**

In a market value-based property valuation system, sufficient market data (income, rents, vacancies, expenses, capitalisation rates, sale prices, etc) is necessary to determine credible values.

#### **9.10.1.1 Sales Data (Direct Sales Comparison Approach)**

Property transfers (sales) should be maintained in a VRMS and part of a general valuation activity to undertake sales analysis to identify valid sales and market data to support the market report. Sale data are required in all applications of the sales comparison approach, in the development of market-based depreciation schedules in the cost approach, and in the derivation of capitalisation rates or discount rates in the income approach.

**IVS reference:** IVS 105 Section 130 Market approach methods

#### ***Residential property market report data***

In the context of residential valuations, sales data need to be reviewed to establish the veracity of the sales as well as what was purchased (the value forming attribute data) and when the sale was concluded. This is in essence no different from the approach taken in a manual comparable sales approach. A full schedule (database) of all property sales extracted and considered (deeds office / rates clearance applications) must be created and maintained to support subsequent quality assurance, ratepayer queries and the objection and appeal decision process by appeal boards. It is necessary to record the validity of each sale (valid or invalid) after the research and analysis.

The first step in the market data process is to establish a sales database of all sales that have taken place in the municipal area. Depending on the sufficiency of sales the record of sales should extend over a minimum period of two years prior to the date of valuation, however the period may need to be extended where limited sales are available to support the determination of market value. Sales data can also be extracted from the “rates clearance” process and complemented with deeds office transfers. The sales record must be maintained between general valuations. In cases where dated sales are included in the market data sales analysis due to the paucity of up-to-date sales around the date of valuation, then the dated sales need to be time adjusted to the date of valuation based on generally accepted time adjustment practices. Ultimately, the accuracy of reported sales prices is inherent in the quality and acceptability of determined market values.

In addition, where there is insufficient spread of market sales in a market area (neighbourhood / homogeneous area) then proxy sales (control / benchmark valuations) will need to be determined to support the application of computer assisted mass appraisal techniques to support the determination of market value. The proxy sales (control / benchmark valuations) used as sales must be flagged in the valuation roll management system for ease of reference. Proxy sales must not be used in the defence of an appeal at an appeal board hearing, and only valid sales should be presented for value argument and justification. This is the primary purpose of flagging these in a VRMS to identify for exclusion from the valid sales.

The physical attributes as they existed at the date of sale may differ from those at the date of inspection when viewed by the Municipal Valuer or an Assistant Municipal Valuer. Sales data may therefore differ from the inventory data and both sets of data must logically be recorded.



## ***Non-residential property market report data***

### ***9.10.1.2 Income Data (Income Approach)***

The municipal valuer must collect and capture income, expense, capitalisation rates, vacancies and market information. This includes collecting, income and expense data for income-producing property, as these data are required in the application of the income approach to value. A market report must be prepared for the relevant market data.

**IVS reference:** IVS 105 Section 40

### ***9.10.1.3 Cost Data (Cost Approach)***

Local estimated new replacement cost (ENRC) market benchmarks must be researched and provided for different building types to inform building value replacement costs. The depreciation method and depreciation factors are required for the cost approach. Cost and depreciation manuals and schedules must be prepared and form part of the market report.

In the context of non-residential valuations, a market report must reflect both the income data and the cost data as follows –

- a) Income and expense variables – rentals, operating expenses, vacancies and capitalisation rates. These variables are usually associated with a neighbourhood or commercial / industrial nodes.
- b) Cost and depreciation tables. Cost tables should represent a range of buildings which are usually costed in terms of valuation methodology as well as a range for quality. Each component should then be assigned a replacement cost rate linked to a specific valuation date.

Market reports must be compiled as a basis for general valuations and subsequent supplementary valuations. Market reports will ensure that the same standards are maintained with consecutive supplementary valuations. Market reports must also be prepared for other specialised property such as agricultural property to reflect rates per hectare for different soil and crop types as well as cost tables for farming improvements.

**IVS reference:** IVS 105 Section 60

## ***9.10.2 Request for information***

Section 42 provides authority to the Municipal Valuer to request information from owners, tenants and occupiers. The success rate in this approach is often difficult to gauge with the greatest risk against unskilled ratepayers attempting to provide specialised data on their property. Importantly the data must be requested in a format that will facilitate the optimum use thereof (capture in valuation system) and time must be allowed for the analysis / review of the returned data.

One of the provisions which presents a limitation in valuation in referencing market evidence is the requirement in terms of section 46(3)(c), where unregistered leases are to be disregarded in the determination of value. Actual rentals in some cases do not necessarily represent/reflect up-to-date market data and owners have an expectation that their values will be based on the actuals if they are requested to furnish same.

The determination of rentals, capitalisation rates, etc. for the income approach can be assembled by means of an expert panel approach which may augment the research and analysis of actual market sales.

Notwithstanding the above it may be beneficial to request the ratepayer to verify/review existing data and create a template data request form for the application of s42, in particular for non-residential property for rentals and rentable areas etc, where owners of such property are regarded as more sophisticated and knowledgeable.

#### **0.31 Standard s46-1: Sales (proxy sales) review and analysis**

***The municipal valuer must ensure that adequate validated sales and proxy sales are researched, analysed and reported to support the development of market reports, CAMA models and the generation of credible values.***

#### **0.32 Standard s46-2: Market area determination**

***(a) In preparing a general valuation the municipal valuer must perform an exercise of geographic stratification and divide the municipality into market areas (neighbourhoods, homogeneous areas or regions) based on property type to accommodate mass valuations and modelling.***

***(b) Every property listed on the valuation roll must have a designated market area assigned.***

***(c) A spatial GIS layer and database of the market areas must be created and maintained.***

#### **0.33 Standard s46-3: Market reports**

***A municipal valuer must research and prepare a market report for every general valuation and for each property sector listed below irrespective of the valuation approach. The market reports must contain researched and analysed market data and a fully motivated analysis upon which the general valuation is based per property sector and include the standard units of comparison rates. These must be referenced into (1) sales data, (2) income data and (3) cost data respectively with evidence gathered and collated. All market data, analysis and market evidence must reference to the date of valuation used for the general valuation.***

***Market Report by property sector:***

- a) Residential and sectional title residential property;***
- b) Commercial, Industrial and Retail property – income producing property;***
- c) Agricultural property;***
- d) Public Service Infrastructure (PSI): by PSI type and in terms of rates policy and the policy on valuing the various PSI (If applicable);***
- e) Specialised property specific per property;***
- f) Vacant land by zoning or consent /permitted land use.***

#### **0.34 Standard s46-4: Market report and supporting data and information**

***A consolidated market report as envisaged by these standards must be approved and certified by the municipal valuer and submitted with the certified valuation roll for each general valuation and must at least include the submission of the requirements referred to in sub sections (a) to (i) –***

- a) *Residential property database of sales and proxy sales categorised into “valid” or “invalid” and the neighbourhood / homogeneous area within which it is located. The proxy sales and control valuations used as sales must be flagged in the valuation roll management system for ease of reference. (format - csv, spreadsheet or database).*
- b) *Non-Residential Income producing property database of sales and proxy sales categorised into “valid” or “invalid” and the neighbourhood / homogeneous area within which it is located. The proxy sales and control valuations used as sales must be flagged in the valuation roll management system for ease of reference. (format - csv, spreadsheet or database).*
- c) *Agricultural property database of sales and proxy sales categorised into “valid” or “invalid” and the neighbourhood / homogeneous area within which it is located. The proxy sales and control valuations used as sales must be flagged in the valuation roll management system for ease of reference. (format - csv, spreadsheet or database).*
- d) *Non-Residential Public Service Infrastructure (PSI) database relating to relevant valuation data, sourced from market research and professionals to support the determination of the values for PSI. (format - csv, spreadsheet or database).*
- e) *Non-Residential Cost database relating to costs of construction must be sourced from a quantity surveyor to support the determination of the estimated new replacement cost for all non-residential and specialised properties where the cost approach method is applicable. (format - csv, spreadsheet or database).*
- f) *Vacant Land database of sales and proxy sales categorised into “valid” or “invalid” and the neighbourhood / homogeneous area within which it is located. The proxy sales and control valuations used as sales must be flagged in the valuation roll management system for ease of reference. (format - csv, spreadsheet or database).*
- g) *Non-Residential Income producing property market database and research relating to rentals, vacancies, expense ratios, capitalisation rates and any other data required for the determination of market value. (format - csv, spreadsheet or database).*
- h) *Data collection forms developed, collected, captured and applied for properties valued.*
- i) *Individual spreadsheet or database template as developed and approved by the municipal valuer completed with associated value calculations for each property valued individually.*
- j) *Full extract of the Deeds office sales for full title and sectional title property applied in the the general valuation (format - csv, spreadsheet or database).*

### 0.35 **Standard s46-5: Sales File Structure, Format and Content**

***The municipal valuer must prepare and maintain a sales file of all sales reviewed, including proxy sales, analysed and researched for a general valuation to support the valuation and market report in terms of the data template “D” of these standards.***

### **9.11 Overview: Computer Assisted Mass Appraisal (CAMA) models**

This section provides an overview into municipal mass valuations and focuses on valuation modelling for mass valuations known as CAMA.

#### **9.11.1 Valuation Models**

A model is a logical representation, in words or an equation, of the relationship between value and variables representing factors of supply and demand. Mass appraisal (valuation) models attempt to represent the market for a specific type of property in a specified area. Valuers first specify the model, that is, identify the variables (supply and demand factors) that may influence value and may specify mathematical conversions, such as logarithms, often used to transform nonlinear data. At the same time, they specify the mathematical form of the model. Linear (additive) and nonlinear (including multiplicative) forms may be used. Then, valuers calibrate the model, that is, analyse data to determine the adjustments or coefficients that best represent the value contribution of the variables chosen. Multiple regression analysis (MRA) is the most common calibration tool. Careful and extensive market analysis is required for both specification and calibration of a model that estimates values accurately.

When residential property is being valued, geographic stratification is appropriate when the value of property data varies significantly among areas. It is particularly effective when housing types and styles are relatively uniform within areas. Separate models can be developed for market areas (also known as neighbourhoods, homogeneous areas or norm areas). Subareas can serve as variables in modelling and can also be used in land value tables and selection of comparable sales (see Gloudemans and Almy 2011). For smaller jurisdictions there may not be sufficient subareas that can be used as variables to develop a single residential model.

Commercial and income-producing properties should be stratified by property type. In general, separate models should be developed for apartment, office, warehouse/industrial, and retail properties. Large jurisdictions may be able to stratify properties further by type or area or to develop multiple commercial models.

**IVS reference:** Refer to IVS 105 Section 90

#### **90. Valuation Model**

90.1. A valuation model refers collectively to the quantitative methods, systems, techniques and qualitative judgements used to estimate and document value.

90.2. When using or creating a valuation model, the valuer must:

- (a) Keep appropriate records to support the selection or creation of the model,
- (b) Understand and ensure the output of the valuation model, the significant assumptions and limiting conditions are consistent with the basis and scope of the valuation, and
- (c) Consider the key risks associated with the assumptions made in the valuation model.

90.3. Regardless of the nature of the valuation model, to be IVS compliant, the valuer must ensure that the valuation complies with all other requirements contained within IVS.

### **9.11.2**     *The Sales Comparison Approach*

The sales comparison approach estimates the value of a subject property by statistically analysing the sale prices of similar properties. This approach is usually the preferred approach for estimating values for residential and other property types with adequate sales.

Applications of the sales comparison approach include direct market models, often based on multiple regression, and comparable sales algorithms. Before being applied, the models or algorithms should be tested by using sales ratio analysis or other methods. Users of comparable sales algorithms should take into account that sales ratio statistics will be biased if sales used in the ratio study are used as comparables for themselves in model development.

This problem can be avoided by (1) not using sales as comparables for themselves in modelling or (2) using holdout or later sales in ratio studies (IAAO 2013c).

### **9.11.3**     *The Income Approach*

In general, for income-producing properties the income approach is the preferred valuation approach when reliable income and expense data are available, along with well-supported capitalisation rates. Successful application of the income approach requires the collection, maintenance, and careful analysis of rental income, expense data, and capitalisation rates.

Mass appraisal applications of the income approach begin with collecting and processing income and expense data. The collected data are then analysed to determine typical figures.

The developed income figures can be capitalised into estimates of value.

### **9.11.4**     *The Cost Approach*

Reliable cost data are imperative in any successful application of the cost approach.

Construction cost schedules can be -

- Developed internally, based on a systematic study of local construction costs
- Obtained from private firms that aggregate cost information
- Custom-generated by a contractor.

Cost schedules can be verified for accuracy by applying them to recently constructed improvements of known cost. Construction costs also should be updated before each revaluation cycle.

The estimation of accrued depreciation can be based on non-cost data (primarily sales) and can involve considerable subjectivity. Also, the land value should be estimated from sales (often from sales of improved property because sales of vacant land are scarce). Land values used in the cost approach must be current and consistent.

*(IAAO acknowledgement 2014)*

**0.36    *Standard s46-6: CAMA modelling (mass valuations)***

***The municipal valuer must in performing a mass valuation, apply computer assisted mass appraisal (valuation) techniques which include model specification and model calibration in the creation of models as a tool for the determination of market value.***

**0.37    *Standard s46-7: CAMA models and calculations***

***The municipal valuer must provide all computer assisted valuation models, methodologies, calculations and formulas to the municipality on completion of the general valuation.***

## **9.12 Overview: CAMA model quality assurance**

Mass valuation allows for model testing and quality assurance measures that provide feedback on the reliability of valuation models and the overall accuracy of estimated values.

It is important for modellers and valuers to be familiar with these diagnostics so that they can evaluate valuation performance properly and make improvements where needed. In addition, there should be an independent review procedure incorporating an audit of final values to ensure accuracy, uniformity, and consistency.

### **9.12.1 Model Diagnostics**

Modelling software contains various statistical measures that provide feedback on model performance and accuracy. Multiple regression software contains multiple sets of diagnostic tools, some of which relate to the overall predictive accuracy of the model and some of which relate to the relative importance and statistical reliability of individual variables in the model. Modellers should understand these measures and ensure that final models make both valuation sense and are statistically sound.

### **9.12.2 Ratio Studies (Analyses)**

Regardless of how values were generated, ratio studies provide objective, bottom-line indicators of valuation performance. The objective of ratio studies is to determine valuation performance for the population of properties, that is, both sold and unsold properties. As long as standardised schedules and formulas are used in the valuation process, there is little reason to expect any significant difference in valuation performance between sold and unsold properties.

The IAAO literature contains extensive discussions of this important topic, and the, IAAO Standard on Ratio Studies (Approved 2013) provides guidelines for conducting a proper ratio study. It also presents standards for key ratio statistics relating to the two primary aspects of valuation performance: measures of value level and measures of dispersion or variability (uniformity). The below are some of the more important measures that can be applied to support quality assurance and identify indications of valuation performance concerns.

It is important for the entire valuation staff to be trained in, be aware of, and actively monitor compliance with applicable standards and results and take corrective action where necessary. Poor uniformity within a property group is usually indicative of failure to properly identify property characteristics that influence market value, data problems, or deficient valuation procedures or tables and cannot be corrected by application of market adjustment factors.

### **9.12.3 Model testing and quality assurance**

The municipal valuer should perform model testing and quality assurance measures by applying a ratio study in accordance with generally accepted practices, methods and standards and report on the measures, results and actions required to ensure quality is maintained.

Municipalities and monitoring oversight agencies should apply the model testing and quality assurance guidance in support of fair and equitable valuations.

The IAAO Standard on Ratio Studies published and updated in April 2013 is recommended as the practice and standard applicable in conducting a sales ratio.

*The more important model and valuation performance measures that may be conducted are –*

*a) Measures of value level*

- (i) median,*
- (ii) mean, and*
- (iii) weighted mean*

*b) Measures of value uniformity*

- (i) Comparing between groups of property*
- (i) Comparing between neighbourhoods*
- (ii) Coefficient of Dispersion (COD)*
- (iii) Standard deviation and*
- (iv) Price-Related Differential (PRD)*

**9.12.4 Value Review**

Value review is an important component of quality assurance. This entails the physical review of valuation results by valuers. This can take many formats, e.g., focussing on properties that do not meet the standards, applying other ratios like building size to value and checking for outliers or merely perusing results. The methodology involved will be influenced by the size of the jurisdiction. Summary reports should show average values, value changes, and ratio study statistics for various strata of properties.

It is important though that value review commence prior to the final generation of values, i.e., valuers must check results and give feedback during the model building process.

Valuers must have confidence in computer generated values and be able to explain and defend them. This confidence begins with application of reliable appraisal techniques, generation of appropriate valuation reports, and review of preliminary values.

(IAAO acknowledgement 2014)

**Guidance on value review building extent 0.37 d** - The Act provides that inspection of a property is optional and therefore in many general valuations, building extent is being determined via GIS tools and Aerial imagery through "digitising of building footprints". Due to the significant influence of building extent on value the higher the accuracy of measurement the higher the accuracy of values. Physical on-site measuring of buildings will produce the highest accuracy levels however is costly, time consuming and resource intensive.

Therefore, the responsible use of technology in determining building extents is increasingly being used in mass valuations and is widely an accepted practice. Notwithstanding the above, it is still recommended that sample on-site measurements be carried out to quality assure accuracy and tolerance levels between digitised building measurements and on-site physical measurements. This would also need to consider the number of stories and eaves overhang to consider in adjustments where necessary, to reduce errors of calculation by omitting or adding incorrect upper floor level areas where physical inspection is not carried out.



### **0.38 Standard s46-8: Roll and value review**

***The municipal valuer must conduct a review of the roll and value results and update values and data accordingly. The following are minimum review areas required -.***

- (a) Compare and review the records in the new general valuation roll against the current consolidated valuation roll, the valuation roll GIS cadastral layer and the current financial billing system data for any anomalies or missing records and investigate, correct and adjust where necessary;***
- (b) Compare and review new categories of property to the previous categories of property per property record to identify outliers and anomalies and investigate, correct and adjust where necessary;***
- (c) Identify any missing / zero data or values on the valuation roll and investigate, correct and adjust where necessary;***
- (d) Review of the building extent which must be calculated using credible methods and practices of measuring in accordance with the MPRA and standards, and the municipal valuer must ensure responsible use of technology to promote uniform, consistent and accurate calculation of building extent;***
- (e) Compare and review new values to the previous values per property to identify outlier trends and investigate, correct and adjust where necessary;***
- (f) Undertake a review of the values and rate per unit of comparison to identify outliers and investigate, correct, and adjust where necessary;***
- (g) Perform screening of highest and lowest values in terms of use and neighbourhood (Market Area) to identify inconsistencies and outlier values for further investigation and correct and adjust where necessary;***
- (h) Review the new valuation roll values and categories against previously decided objections and appeal decisions to identify any anomalies;***
- (i) Perform corrections and updates to the Data Collection Forms and the VRMS for system value re-generation and final value review;***
- (j) Conduct a final value review and prepare and submit a value review report to the municipality on the findings, corrective actions and lessons learnt.***

**IVS reference: Refer IVS 103 Reporting Section 40:**

#### **40. Valuation Review Reports**

**40.1.** Where the report is the result of a valuation review, the report must convey the following, at a minimum:

- (a) the scope of the review performed, including the elements noted in para 20.3 of IVS 101 Scope of Work to the extent each is applicable to the assignment,***
- (b) the valuation report being reviewed and the inputs and assumptions upon which that valuation was based,***
- (c) the reviewer's conclusions about the work under review, including supporting reasons, and***
- (d) the date of the report (which may differ from the valuation date).***

40.2. Some of the above requirements may be explicitly included in a report or incorporated into a report through reference to other documents (eg, engagement letters, scope of work documents, internal policies and procedures, etc).

### **9.13 [s47.] *Valuation of property in sectional title schemes***

When valuing a property which is subject to a sectional title scheme, the valuer must determine the market value of each sectional title unit in the scheme in accordance with section 46.

## 10 CHAPTER 6: VALUATION ROLLS

### 10.1 [48.] *Contents of valuation rolls*

- (1) A valuation roll must list all properties in the municipality determined in terms of section 30 (3).
- (2) The valuation roll must reflect the following particulars in respect of each property as at the date of valuation to the extent that such information is reasonably determinable:
- (a) The registered or other description of the property;
  - (b) the category determined in terms of section 8 in which the property falls;
  - (c) the physical address of the property;
  - (d) the extent of the property;
  - (e) the market value of the property, if the property was valued;
  - (f) the name of the owner; and
  - (g) any other prescribed particulars.

### 10.2 *Overview: Valuation Roll Management System (VRMS)*

To support the management preparation and production of a valuation roll and to deliver a roll in accordance with the MPRA, a software solution is required. The MPRA and these standards require that the municipal valuer deliver the required services as contemplated by the MPRA and as incorporated in the functions of the municipal valuer and in addition the municipal valuer has the responsibility of managing and providing data and information on the roll. Therefore, to ensure that the municipal valuer has the ability to deliver these professional services, a valuation roll management system (VRMS) must be provided and made available by either the municipality or by the contracted municipal valuer as the case may be.

A municipal valuer should therefore as a matter of course and in carrying out his / her professional fiduciary duty in performing the functions of the municipal valuer, make sure that a VRMS is available, licenced and approved by the municipality and that it meets the functionality specifications of a VRMS by demonstration.

Equally a municipality without a VRMS who intends contracting a municipal valuer, should ensure that the municipal valuer or service provider (bidder) has a VRMS and demonstrates its functionality in terms of the standards before appointment by the municipality.

### **0.39 Standard s48-1: Valuation Roll Management System (VRMS) functionality**

**A valuation roll must, list all properties in the municipality determined in terms of section 30 (3) as at the date of valuation, reflect the specified contents of rolls and data in respect of each property, which must reside on and be managed by a valuation roll management system with the following functionality –**

- a) be able to support the production of the property register (valuation roll part A), the production of valuation rolls, the management of property, sales and valuation data and the valuation of property.**
- b) cater for the management, maintenance, and production of valuation rolls and the MPRA data templates content and format specified must be applied with reference to the MPRA and these standards.**
- c) be capable of creating, editing, updating, deleting, archiving, storage and searching of data and records applicable to the valuation roll and must include the property data and sales file records and provide for a full history of any changes for audit purposes.**
- d) be capable of storing and accessing the previous valuation roll records and values for any enquiry and for audit purposes.**
- e) be able to cater for a unique property identifier for each valuation roll record.**
- f) be compatible with and capable of interfacing with industry recommended GIS ESRI software and geo-referenced data systems.**
- g) be able to integrate with the municipality's financial system with reference to linking by a common unique property identifier to support the synchronisation of the valuation roll and financial management system for rates.**
- h) be capable of determining and generating values using appropriate data, formula, and calculations.**
- i) be able to store and view images, notices, and electronic files against records of the valuation roll/document storage functionality.**
- j) be capable of producing, exporting, and extracting valuation rolls and reports of data from the VRMS in electronic format to a spreadsheet, database, or CSV format. These reports must be extractable in a flat file format and in accordance with the structure, format and content specified in these standards.**
- k) have the functionality of updating the valuation roll with new data or editing data as envisaged in terms of the MPRA, and have the ability of producing reports of all changes reflecting the old and the new information, the difference in the values up or down with the effective date of the change and allow for the capturing of the applicable reason for the change.**
- l) be secure with adequate backup of data to ensure that critical valuation data cannot be manipulated or corrupted and that backup data can be accessed, recovered, and used in the case of a disaster.**
- m) have security and access control in terms of data management.**
- n) have management procedure for system changes with audit trails of changes to manage and control.**

### 10.3 Guidance: Contents and display publication valuation rolls

The minimum content of a valuation roll for publication is prescribed in the MPRA and regulated, however is regarded as the minimum content. The guidance therefore is for the valuation roll to be user friendly, readable, and understandable and further standardised in achieving these aims.

It is recommended that the following fields (columns) be created in the format and populated for the roll display publication –

- a) The unique property identifier (UPI) - the preference is for the 21 digit Surveyor General (SG) code to apply to the full title property and a 26 digit code (the 21 digit code with a suffixed 5 digits) for MPRA defined property types. The unique identifiers should be captured against each record in the VRMS and reside on the financial system against each record for linking. The unique identifier is explained and illustrated in the standards under property register.
- b) The rate account number - This number is often not a constant and can change on a transfer and new ownership where a new rate account number is assigned. The rate account number however is required at every GV / SV implementation stage and at the time of annual budgeting by the municipality to reconcile rolls to rates billing to ensure revenue enhancement.
- c) Tenure Type – used to describe the underlying land tenure in terms of the MPRA definition of property. The following tenure types have been identified for application. FT= Full Title (Deeds Registered), ST= Sectional Title (Deeds Registered), RR= Registered Right (Deeds Registered), LTR= Land Tenure Right (Permission to occupy, land leases, secure land allocations, PSI= Public Service Infrastructure (MPRA), REG = Registered Parent Property (MPRA), MP = Multiple Purpose (MPRA), UND = Undefined (MPRA)
- d) Suburb (#) – geographical locality
- e) Property description (#) - Remainder (REM) : create separate column for REM
- f) Property description (#) – ERF Number (ERF) : create separate column for ERF
- g) Property description (#) – Portion (PTN) : create separate column for PTN
- h) Property description (#) – Town / Farm Name (TWN – FRM): create separate column for TWN – FRM
- i) Name of owner (#) (usually the first owner in the deeds office in cases of multiple owners)
- j) Category of property (#) (Code) – COP (code) – create a separate column for COP (Code)
- k) Category of property (#) (description) – COP (desc)– create a separate column for COP (description)
- l) Physical address of the property (#)
- m) Extent of the land (#) – land extent of the roll property depicted in square metres (m<sup>2</sup>)
- n) Market value of the property (#)
- o) Other particulars (#) – to include names of buildings for schools, asset numbers and identification references such as GPS coordinates and any other added useful information. Additional field columns may be added to allow for ease of capture and publication

(#) denotes roll content prescribed

#### **10.4 Guidance: Hardware**

The hardware should be powerful enough to support applications of the cost, sales comparison, and income approaches, as well as data maintenance and other routine operations. Data downloading, mass calculations, GIS applications, and web support tend to be the most computer-intensive operations. Hardware performance (including processing speed, Capacity efficiency requirements) should be established before hardware acquisition.

*(IAAO acknowledgement 2014)*

#### **10.5 Guidance: Software**

VRMS software can be developed internally, adapted from software developed by other public agencies, or purchased (in whole or in part) from private vendors. Inevitably there will be some customisation needed to adapt externally developed software to the requirements of the user's environment. Each alternative has advantages and disadvantages. The software should be designed so that it can be easily modified; it should also be well documented, at both the valuer / user and programmer levels.

VRMS software works in conjunction with various general-purpose software, typically including word processing, spreadsheet, statistical, and GIS programs. It is important that these programs and applications be able to share data and work together cohesively.

Security measures should exist to prevent unauthorized use and to provide adequate backup to recover in the event of accidental loss or destruction of data.

*(IAAO acknowledgement 2014)*

## **10.6 [49.] Public notice of valuation rolls**

(1) The valuer of a municipality must submit the certified valuation roll to the municipal manager, and the municipal manager must within 21 days of receipt of the roll-

(a) publish in the prescribed form in the provincial Gazette, and once a week for two consecutive weeks advertise in the media, a notice-

(i) stating that the roll is open for public inspection for a period stated in the notice, which may not be less than 30 days from the date of publication of the last notice; and

(ii) inviting every person who wishes to lodge an objection in respect of any matter in, or omitted from, the roll to do so in the prescribed manner within the stated period;

(b) disseminate the substance of the notice referred to in paragraph (a) to the local community in terms of Chapter 4 of the Municipal Systems Act; and

(c) serve, by ordinary mail or, if appropriate, in accordance with section 115 of the Municipal Systems Act, on every owner of property listed in the valuation roll a copy of the notice referred to in paragraph (a) together with an extract of the valuation roll pertaining to that owner's property.

(2) If the municipality has an official website or another website available to it, the notice and the valuation roll must also be published on that website.

## **10.7 Overview: Transparency and Public Relations**

A public relations program provides an important opportunity for positive interaction among municipalities, the public, and media. This interaction can be used to promote programs, communicate policies, and inform the public of valuation issues. A proactive public relations program is essential to create public awareness of the valuation process. The significance of the property rates as a funding source for governmental services should also be emphasized. An effective public relations program encourages media coverage that is accurate and thorough and results in a better-informed public.

Brochures, newspaper articles, websites, public meetings, and public announcements can be used in this process.

### **0.40 Standard s49-1: Roll submission**

***The municipal valuer must submit an original hard copy of the certified valuation roll to the municipal manager in terms of these standards and the prescribed regulated format, and obtain a signed and dated record of receipt for the submission of the certified roll from the municipal manager.***

#### **10.7.1 Guidance: Roll numbering**

To support municipalities and valuers manage MPRA compliance and roll implementation, it is recommended that the municipal valuer number each valuation roll that is published for example GV2015 (which is the year of implementation) and then any subsequent supplementary roll SV1 GV2020; SV2 GV2021 etc.

#### **10.7.2 Guidance: Preparation of s49 notices and administrative support**

There are situations where the s49 notice is not advertised, gazetted, prepared or posted and where the municipality has not fully complied. It is therefore recommended that the municipal valuer provide necessary administrative support in terms of s34 of the MPRA to a municipality especially the low capacity municipalities in ensuring that the s49 process is understood and followed.

### **10.7.3**     *Guidance: Preparation of s49 notices*

To manage objections and control the process, objections should be numbered sequentially and in a structured format referencing whether for the GV or a SVR.

## **10.8 [51.] Processing of objections**

A municipal valuer must promptly-

- (a) consider objections in accordance with a procedure that may be prescribed;
- (b) decide objections on facts, including the submissions of an objector, and, if the objector is not the owner, of the owner; and
- (c) adjust or add to the valuation roll in accordance with any decisions taken.

### **0.41     *Standard: 51-1: Objection decision adjustments***

***The municipal valuer must promptly consider and decide objections in accordance with procedures and based on facts and adjust or add to the roll in accordance with any decision taken. This means that where a municipal valuer has made an objection decision, the roll must be adjusted or added to without undue delay.***

#### **10.8.1**     *Guidance note: Objection receipt procedure*

The municipal valuer may institute a formal acceptance of the objection forms received from the municipal manager by a schedule sign off and reconciliation of the numbers per objection type. It is recommended that the municipal valuer and municipal manager discuss and agree the time frames to process objections.

The receipt of the objection should be communicated to the objector and the registered owner in the event that the registered owner was not the objector.

#### **10.8.2**     *Guidance note: Objection lodging procedure public communication*

The municipal valuer may liaise with the municipal manager during a general valuation to ensure that the objection and appeal lodging procedures are communicated to the ratepayer. This is to avoid unnecessary delays in processing objections in particular where insufficient information is provided to assess the objection.

#### **10.8.3**     *Guidance note: Objection decision record keeping*

The municipal valuer should keep objection records of review, research and analysis which must be made available for the appeal board during objections and appeals to support the information required.

#### **10.8.4**     *Guidance note: Objection-Non-Valuation Matter*

In terms of procedure a municipal valuer may not amend a value as a result of an objection lodged if that objection lodged is on the grounds of a non-valuation matter. For example where an objection is lodged for an "owner name change", "property extent", et cetera and where the value is not affected.

## **10.9 [52.] Compulsory review of decisions of municipal valuer**

(1) If a municipal valuer adjusts the valuation of a property in terms of section 51(c) by more than 10 per cent upwards or downwards-



(a) the municipal valuer must give written reasons to the municipal manager; and

(b) the municipal manager must promptly submit to the relevant valuation appeal board the municipal valuer's decision, the reasons for the decision and all relevant documentation, for review.

(2) An appeal board must –

(a) review any such decision; and

(b) either confirm, amend or revoke the decision.

(3) If the appeal board amends or revokes the decision, the chairperson of the appeal board and the valuer of the municipality must ensure that the valuation roll is adjusted in accordance with the decisions taken by the appeal board.

#### **0.42 Section 52-1: Provision of written compulsory review decisions**

***The municipal valuer must provide written reasons to the municipal manager for any objection decision value changes of more than 10% up or down, which must accompany the objection form lodged and the decision of the municipal valuer. The objection decisions and written reasons must be officially handed over to the municipal manager and an audit record of a signed letter of receipt must be obtained by the municipal valuer.***

##### **10.9.1** Guidance note: Objection reviews and written reasons

In terms of the MPRA the municipal valuer must provide written reasons to the municipal manager for objections where values have changed by more than 10% up or down. Written reasons should sufficiently motivate the reason for the value change with the requisite information being provided. Reasons should include valuation methodology, valuation notes, documentation, sales analysis, and pertinent information in support of a value change.

Value changes may include the following –

- a. Value changes due to incorrect inherent factual property attribute data used in the valuation, such as property type, size of improvements, building style, quality, condition, view, land size, servitudes, topography, etc;
- b. Value changes due to incorrect application of market data such as location factors, sales, rentals, expenses, cap rates, etc;
- c. Value changes due to incorrect methodology being applied; and
- d. Any other factor impacting on value

In instances where an abbreviated reason has been provided on an individual objection form and/or the same abbreviation has been duplicated on all other similar matters of objections contained within a batch, a motivated addendum providing sufficient motivation for the value decision and change should be provided.

##### **10.9.2** Guidance note: Access to Municipal Valuer records by an appeal board

An appeal board is entitled to request access to the municipal valuer decision records relating to an objection processed and decided by the municipal valuer together with the written reasons.

### **10.10 [53.] Notification of outcome of objections and furnishing of reasons**

(1) A municipal valuer must, in writing, notify every person who has lodged an objection, and also the owner of the property concerned if the objector is not the owner, of-

- (a) the valuer's decision in terms of section 51 regarding that objection;
- (b) any adjustments made to the valuation roll in respect of the property concerned; and
- (c) whether section 52 applies to the decision.

(2) Within 30 days after such notification, such objector or owner may, in writing, apply to the municipal manager for the reasons for the decision. A prescribed fee must accompany the application.

(3) The municipal valuer must, within 30 days after receipt of such application by the municipal manager, provide the reasons for the decision to the applicant, in writing.

#### **10.10.1 Guidance note: Objection decisions municipal valuer written reasons**

The municipal valuer in terms of the MPRA is obliged to furnish reasons on written application, which should sufficiently motivate the reason for the value change with the requisite information being provided.

As procedure, the municipal valuer is obliged to forward a copy all Notification of outcome of objections letters sent in terms of Section 53, to the municipal manager and separate the letters where Section 52 applies for the appeal board.

### **10.11 [54.] Right of appeal**

(1) An appeal to an appeal board against a decision of a municipal valuer in terms of section 51 may be lodged in the prescribed manner with the municipal manager concerned by-

- (a) a person who has lodged an objection in terms of section 50 (1) (c) and who is not satisfied with the decision of the municipal valuer;
- (b) an owner of a property who is affected by such a decision, if the objector was not the owner; or
- (c) the council of the municipality concerned, if the municipality's interests are affected.

(2) An appeal by-

- (a) an objector must be lodged within 30 days after the date on which the written notice referred to in section 53(1) was sent to the objector or, if the objector has requested reasons in terms of section 53(2), within 21 days after the day on which the reasons were sent to the objector;
- (b) an owner of such property must be lodged within 30 days after the date on which the written notice referred to in section 53(1) was sent to the owner, if the owner has requested reasons in terms of section 53(2), within 21 days after the day on which the reasons were sent to the owner; or
- (c) a municipal council must be lodged within 30 days after the date on which the decision was taken.

- (3) (a) A municipal manager must forward any appeal lodged in terms of subsection (1) to the chairperson of the appeal board in question within 14 days after the end of the applicable period referred to in subsection (2).
- (b) The chairperson of an appeal board must, for purposes of considering any appeals, convene a meeting of the appeal board within 60 days after an appeal has been forwarded to the chairperson in terms of paragraph (a).
- (c) When an appeal is forwarded to the chairperson of an appeal board in terms of paragraph (a), a copy of the appeal must also be submitted to the municipal valuer concerned. (4) An appeal lodged in terms of this section does not defer a person's liability for payment of rates beyond the date determined for payment.

#### **10.11.1 Overview: Objection and appeals**

In terms of the MPRA s50, any person has the right to lodge an objection against any matter reflected in, or omitted from the roll. Subsequently if an objector is not satisfied with the valuers decision the objector may lodge an appeal in the prescribed manner. For a general valuation, an objection and an appeal process is set out in the MPRA and for a supplementary valuation it allows for the right of review on receipt of the supplementary valuation notice and thereafter on publication of the supplementary valuation roll it allows for an objection and appeal process.

The municipality may also lodge an objection against any matter reflected in or omitted from the roll. In a recent High Court judgement, the judge pointed out that it is a requirement in terms of the MPRA to solicit a submission from the owner if the owner is not the objector – section 52(c).

All objection decisions of the municipal valuer in terms of which the value is adjusted upwards or downwards by more than 10% must be submitted to the appeal board for review and must be accompanied by written reasons for the adjustment. Sales reports that select sold properties with comparable value forming attributes to the subject are very helpful to valuers to speed up the resolution of objections. In the absence of such reports sales files should be created reflecting value forming attributes, neighbourhoods, etc, so that valuers can filter and perform searches to identify comparable sales.

Values resulting from properly applied mass valuation models should be considered as an indication of market value. However, model values determined may also be subject to objection, review and appeal. The municipal valuer's staff must have confidence in the valuations and be able to explain and defend them. This confidence begins with application of reliable valuation techniques, generation of appropriate valuation reports, and review of preliminary values. It may be helpful to have reports that list each property, its characteristics, and its calculated value. Properties with unusual property data, extreme values, or extreme changes in values should be identified for subsequent individual review. Equally important, summary reports should show average values, value changes, and ratio study statistics for various strata of properties.

These should be reviewed to ensure the overall consistency of values for various types of property and various locations. The staff should also be prepared to support individual valuations as required, preferably through comparable sales. At a minimum, staff should be able to produce a property record and explain the basic approach (cost, sales comparison, or income) used to estimate the value of the property. A ratepayer should never be told that "the computer" or "the system" produced the valuation. Equations converted to tabular form can be used to explain the basis for valuation.

In all cases, the municipal valuer's staff should be able to produce sales, valuations, or rental information of similar properties in order to support (or at least explain) the valuation of the property in question. Comparable sales can be obtained from market reports that list sales by such features as type of property, area, size, and age. Alternatively, interactive programs can be obtained or developed that identify and display the most comparable properties.

*(IAAO acknowledgement 2014)*

## 11 CHAPTER 7 VALUATION APPEAL BOARDS

### **11.1 [69.] Decisions affecting valuation rolls**

(1) The chairperson of an appeal board and the valuer of the municipality must ensure that the valuation roll is adjusted or added to in accordance with the decisions taken by the appeal board.

(2) If an adjustment in the valuation of a property affects the amount due for rates payable on that property, section 55(2) must be applied.

(3) Where an addition has been made to the valuation roll as envisaged in subsection (1), section 55 (3) must be applied.

#### **0.43 Standard 69-1: Decisions affecting valuation rolls**

***The chairperson of an appeal board and the valuer of the municipality must ensure that the valuation roll is adjusted or added to in accordance with the decisions taken by the appeal board. For all decisions of a valuation appeal board.***

#### **11.1.1** Guidance note: Updating of values based on appeal board decision

The municipal valuer is required to capture and update information to the valuation roll based on the appeal board decisions with supporting documentation and workings such as revised property data, new rentals, and appropriate market data. The adjustment is not regarded as a supplementary entry to the roll however it is an adjustment to the roll. Objection and appeal adjustments are not required to be published in a supplementary valuation roll. The roll should be updated with the reason for an adjustment which should be captured in the VRMS for MPRA reporting.

## 12 CHAPTER 8: UPDATING OF VALUATION ROLLS

### 12.1 [78.] *Supplementary valuations*

(1) A municipality must, whenever necessary, cause a supplementary valuation to be made in respect of any rateable property-

- (a) incorrectly omitted from the valuation roll;
- (b) included in a municipality after the last general valuation;
- (c) subdivided or consolidated after the last general valuation;
- (d) of which the market value has substantially increased or decreased for any reason after the last general valuation;
- (e) substantially incorrectly valued during the last general valuation;
- (f) that must be revalued for any other exceptional reason;
- (g) of which the category has changed or
- (h) the value of which was incorrectly recorded in the valuation roll as a result of a clerical or typing error.

*(Added by s26 of Act 29 of 2014)*

(2) For the purposes of subsection (1), the provisions of Part 2 of Chapter 4 and, Chapters 5, 6 , 7, read with the necessary changes as the context may require, are applicable, except that-

- (a) a municipal valuer who prepared the valuation roll may be designated for the preparation and completion of the supplementary valuation roll; and
- (b) the supplementary valuation remains valid for the duration of the municipality's current valuation roll.

*(Part Deletion by s26 of Act 29 of 2014)*

(3) Supplementary valuations must reflect the market value of properties determined in accordance with-

- (a) market conditions that applied as at the date of valuation determined for purposes of the municipality's last general valuation; and
- (b) any other applicable provisions of this Act.

(4) Rates on a property based on the valuation of that property in a supplementary valuation [roll] become payable with effect from ~~-(Amended by s26 of Act 29 of 2014) ;~~

- (a) the first day of the month following the posting of the notice contemplated in subsection (5) in the case of a property referred to in subsection (1) (a) or (f); *(Amended by s26 of Act 29 of 2014) ;*

(aA) the first day of the month following the posting of the notice contemplated in subsection (5) in the case of property referred to in subsection 1 (a), (e), (f) or (h): Provided that in the case of a decrease in value in respect of a property referred to in subsection 1(e), the rates become payable on the date the property was incorrectly valued or the clerical or typing error was made; *(Added by s26 of Act 29 of 2014)*;

(b) the date on which the property was included in the municipality, in the case of a property referred to in subsection (1) (b);

(c) the date on which the subdivision or consolidation of the property was registered in the Deeds Office, in the case of a property referred to in subsection (1) (c);

(d) the date on which the event referred to in subsection (1) (d) has occurred;

(e) the date on which the change of category referred to in subsection (1) (g) occurred. *(Amended by s33 of Act 19 of 2008)*

(5) (a) A municipal valuer must on completion of the supplementary valuation contemplated in subsection (1) (a) to (g), and following a correction contemplated in subsection 1(h), serve the results of the supplementary valuations or corrections contemplated in subsections (1)(g) and (h), by ordinary mail, or if appropriate, in accordance with section 115 of the Municipal Systems Act, on every owner of property who has been affected by a supplementary valuation contemplated in subsection (1)(a) to (g) and a correction contemplated in subsection (1)(h), a notice reflecting the supplementary valuation or correction of the property, as well as the particulars listed in section 48(2); *(Added by s26 of Act 29 of 2014)*.

(b) The notice referred to in paragraph (a) must inform the property owner that he or she may lodge a request for review with the municipal manager in writing, within 30 days after the posting of the notice in respect of any matter reflected in the supplementary valuation; *(Added by s26 of Act 29 of 2014)*.

(c) The municipal valuer may adjust the valuation on consideration of the request for review contemplated in paragraph (b). *(Added by s26 of Act 29 of 2014)*.

(6) The municipality must, at least once a year, compile and publish a supplementary valuation roll of all properties on which a supplementary valuation, as contemplated in subsection (1) was made, including review decisions referred to in subsection (5)(b), and make it public and available for inspection in the manner provided for in section 49 .*(Added by s26 of Act 29 of 2014)*.

#### **0.44 Standard s78-1: Updating valuation rolls**

***A valuation roll and associated property data must be updated in accordance with the MPRA taking account of sections 78 and 79 of the MPRA, objections and appeal decision roll updates and all updates captured to the valuation roll management system (VRMS) with the reasons for the change, the effective date of the change and the old and new values of the change. A municipal valuer must ensure that the Supplementary valuations reflect the market value of properties determined in accordance with market conditions that applied as at the date of valuation determined for purposes of the municipality's last general valuation.***

**0.45 Standard s78-2: Supplementary valuation inspections of property**

***Notwithstanding s45 (2) (a) of the MPRA which provides that inspections of a property is optional, the municipal valuer must consider the availability and sufficiency of property data in association with its value, and then decide on the merits to physically inspect a property or a group of properties to verify or collect data in order to perform a credible valuation.***

**12.1.1 Procedures in terms of section 78 (5) of the MPRA**

- The municipal valuer in terms of the MPRA must serve a valuation review notice on every owner who is affected by a supplementary valuation.
- The owner has a right to lodge a review within 30 days from the date of posting the notice. The date of posting the notice must therefore be tracked closely to manage and monitor applications. This right of review is in addition to the right to lodge an objection to the supplementary valuation roll.
- Section 78 (4) provides the effective dates for when rates on a property become payable based on the valuation of that property in a supplementary valuation roll with reference to section 78 (1) reasons.



## 13 CHAPTER 9 MISCELLANEOUS MATTERS

### 13.1 [81.] Provincial monitoring and reporting

(1) The MEC for local government in a province must monitor whether municipalities in the province comply with the provisions of this Act.

(1A) The critical milestones that must guide monitoring by the MEC for local government as contemplated in subsection (1) include, but are not limited to, whether -

(a) a municipality has determined a date of valuation for its general valuation in terms of section 31; *(Added by s28 of Act 29 of 2014)*

(b) a municipality without in-house valuation capacity, has advertised for the appointment of a valuer by a date determined by the Minister by notice in the Gazette; *(Added by s28 of Act 29 of 2014)*

(c) a municipality has designated a municipal valuer by a date determined by the Minister by notice in the Gazette; *(Added by s28 of Act 29 of 2014)*

(d) the municipal manager has submitted a project plan in terms of subsection (1B); and *(Added by s28 of Act 29 of 2014)*

(e) the municipal valuer has submitted a certified valuation roll to the municipal manager by the prescribed date. *(Added by s28 of Act 29 of 2014)*

(1B) A municipality must-

(a) by a date determined by the Minister by notice in the Gazette, submit a project plan to the MEC for local government outlining detailed actions for the valuation of all properties in the municipal area, indicating when valuations will commence and when valuations will be finalised, including the following milestones: *(Added by s28 of Act 29 of 2014)*

(i) The date of valuation for the next general valuation and the date by which it will be determined in terms of section 31; *(Added by s28 of Act 29 of 2014)*

(ii) the date by which the municipality will advertise for the appointment of a municipal valuer, if the municipality has no in-house valuation capacity; *(Added by s28 of Act 29 of 2014)*

(iii) the date by which the municipality will designate a municipal valuer; *(Added by s28 of Act 29 of 2014)*

(iv) the date by which the municipal manager is to submit quarterly progress reports to the MEC for local government that are based on the municipal valuer's monthly progress reports contemplated in section 34 (aA); and *(Added by s28 of Act 29 of 2014)*

(v) the intended date by which the municipal valuer is to submit a certified valuation roll to the municipal manager taking into account the provisions of section 34(d); and *(Added by s28 of Act 29 of 2014)*

(b) by no later than 10 days after the date on which each milestone referred to in paragraph (a)(i) to (v) should have taken place, submit a report to the MEC for local government regarding the status of that milestone and, if the milestone has not been achieved, the remedial actions to rectify the failure to deliver on the milestones in the action plan, and any deviation in the action plan that will impact on the submission date referred to in subsection (1B). *(Added by s28 of Act 29 of 2014)*

(1C) A municipality must submit to the MEC for local government such information, reports, documents, explanations and motivations as may be required by the MEC. *(Added by s28 of Act 29 of 2014)*

(1D) (a) The Minister may, by notice in the Gazette, determine to which municipalities the provisions of this section apply. *(Added by s28 of Act 29 of 2014)*

(b) A determination referred to in paragraph (a) may differentiate between municipalities in terms of categories, types or budgetary size or in any other manner. *(Added by s28 of Act 29 of 2014)*

(2) If a municipality fails to comply with a provision of this Act, the MEC may take any appropriate steps to ensure compliance, including proposing an intervention by the provincial executive in terms of section 139 of the Constitution.

#### **0.46    *Standard s81-1: Provincial monitoring and reporting***

***The municipal valuer and the municipality will in terms of the MPRA, be required to adhere to critical MPRA milestones, prepare and submit reports, project plans and information pertaining to section 81 of the MPRA and the municipal valuer must in consultation with the municipality prepare and submit the necessary reports, project plans and information as part of the functions of the municipal valuer.***

### **13.2 [82.] National monitoring and reporting**

(1) The Minister may monitor, and from time to time investigate and issue a public report on, the effectiveness, consistency, uniformity and application of municipal valuations for rates purposes.

(2) The investigation may include-

(a) studies of the ratio of valuations to sale prices; and

(b) other appropriate statistical measures to establish the accuracy of the valuations, including the relative treatment of higher value and lower value property.

(3) Investigations in terms of subsection (1) may be undertaken in respect of one or more or all municipalities.

#### **0.47    *Standard s82-1: Sales ratio studies and statistical measures for valuation accuracy***

In line with the standards and the periodic National monitoring and reporting, the municipal valuer must conduct studies of the ratio of valuations to sale prices and apply other appropriate statistical measures to establish the accuracy of valuations, including the treatment of higher and lower value property. Guidance overview 9.12 has reference as to industry practice on studies for effectiveness, consistency, and uniformity.

### **13.2.1** *Guidance note: Monitoring and reporting valuation accuracy*

The standards MVPR provide for the envisaged studies of the ratio of valuations to sale prices and other appropriate statistical measures to establish the accuracy of valuations and report on the effectiveness, consistency, uniformity and application of municipal valuations for rates purposes, which is part of Section 82 of the MPRA.

### **13.3 [85.] Copyright of valuation rolls and other data**

Copyright of valuation rolls and other documents produced by municipal valuers, assistant municipal valuers or data-collectors in the performance of their functions, and data collected by municipal valuers, assistant municipal valuers or data-collectors for the purpose of preparing valuation rolls, vests in the municipality concerned.

#### **0.48 Standard s85-1: Data management and copyright**

*All data, property data, information, reports, files, and documents which are prepared, collected, gathered, formulated, stored, captured and/or researched during a general valuation and any supplementary valuation roll records updated belongs to the municipality, and must be officially handed over to the municipality at the time a certified valuation roll is submitted to the municipality.*

#### **0.49 Standard s85-2: Third party VRMS - Data management and copyright**

*The municipal valuer is responsible and accountable for the data and information which is captured, stored and maintained on the valuation roll management system (VRMS), which includes providing a functional VRMS in terms of the standards and which must be available and accessible for the duration of the contract period. This includes any third-party system that the municipal valuer uses under contract and licence.*

#### **0.50 Standard s85-3: Typical reports, documents, and information to be handed over**

- a) General Valuation (GV) Roll certified (Hard Copy and electronic) if in a GV year*
- b) Supplementary Valuation Roll certified (Hard Copy and electronic)*
- c) Data Collection Training Manuals (Hard Copy and Soft copy)*
- d) Sample Data Collection Forms – main property sectors (Hard Copy and Soft copy)*
- e) General Valuation Methodology by property sector (Hard Copy and Soft Copy)*
- f) General Valuation Market reports by property sector (Hard Copy and Soft Copy)*
- g) CAMA models where applicable (formula)*
- h) Data and Information pertaining to reviews, objection reviews and appeals (Hard Copy and Soft Copy)*

**0.51 Standard s85-4: Data to be handed over (structure, format, and content)**

***The municipal valuer must hand over all data including data prepared and maintained in terms the property register in the specified structure, format and content. The following, with reference to the MPRA data templates, must be made available and handed over electronically to the municipality –***

- a) General Valuation (GV) Roll certified (electronic) GV year (Template “A”)***
- b) Consolidated Valuation Roll (current roll) (electronic) as required (Template “A”)***
- c) Valuation Roll GIS cadastral Layer (ESRI shape file format) GV year or as required (Template “B”)***
- d) Property data (electronic) GV year or as required (Template “C”)***
- e) General Valuation Sales File and GIS sales cadastral file (electronic) GV year (Template “D”)***
- f) Deeds Office extract and updates (date stamped) for general valuation and updating of rolls (electronic)***

***The electronic data must be handed over in spreadsheet, database, or CSV format and for the GIS data in an ESRI shape file format.***

## ANNEXURES

### A. ACRONYMS

ACR	DESCRIPTION
CAMA	COMPUTER ASSISTED MASS APPRAISAL
COP	CATEGORY OF PROPERTY
GIS	GEOGRAPHICAL INFORMATION SYSTEMS
IAAO	INTERNATIONAL ASSOCIATION OF ASSESSING OFFICERS
IVS	INTERNATIONAL VALUATION STANDARDS
MM	MUNICIPAL MANAGER
MPRA	MUNICIPAL PROPERTY RATES ACT, No 6 of 2004
MV	MUNICIPAL VALUER
PR	PROPERTY REGISTER
PSI	PUBLIC SERVICE INFRASTRUCTURE
SACPVP	SOUTH AFRICAN COUNCIL FOR THE PROPERTY VALUERS PROFESSION
SG	SURVEYOR GENERAL
sMVPR	STANDARD: MUNICIPAL VALUATIONS FOR PROPERTY RATING

## B. GLOSSARY: MUNICIPAL VALUATIONS FOR PROPERTY RATING

**Aerial Photograph**—A photograph of a part of the earth’s surface taken by an aircraft-supported camera.

**Agricultural property**— means a property that is used primarily for agricultural purposes but, without derogating from section 9 of the MPRA, excludes any portion thereof that is used commercially for the hospitality of guests, and excludes the use of the property for the purpose of ecotourism or for the trading in or hunting of game (*Amended by s1 of Act 29 of 2014*);

**Appeal**—A process in which an original objector contests an objection outcome decision of the municipal valuer on a prescribed appeal form.

**Arm’s-Length Transaction**—(1) A sale between a willing buyer and a willing seller who are reasonably knowledgeable of market conditions, are unrelated, and are not acting under duress, abnormal pressure, or undue influences. (2) A sale between two unrelated parties, both seeking to maximize their positions from the transaction.

**Audit**—A systematic investigation or appraisal of procedures or operations for the purpose of determining conformity with specifically prescribed criteria.

**Audit, Performance**—An analysis of an organization to determine whether or not the quantity and quality of work performed meets standards. Ratio studies are an important part of performance audits of an assessing organization.

**Audit, Procedural**—An examination of an organization to determine whether established or recommended procedures are being followed.

**Audit Program**—The procedures undertaken or particular work done by an accountant in conducting an examination.

**Audit Trail**—A set of records of the changes made to another set of records.

**Automated Valuation Model (see Computer-assisted Mass Appraisal)**—A computer program for property valuation that analyses data using an automated process.

**IVS Definition contained in IVS Additional Technical Revisions** : Automated Valuation Model (AVM)

A system that provides an indication of value of a specified Asset at a specified date, using calculation techniques in an automated manner.

**Binary data**—is data whose unit can take on only two possible states, traditionally termed 0 and +1 in accordance with the binary numeral system and Boolean algebra.

**Cadastral Map**—A large-scale map displaying property ownership boundaries and showing the dimensions of each parcel with related information such as parcel identifier, survey lines, and easements.

**Categorical data**—is the statistical data type consisting of categorical variables or of data that has been converted into that form, for example as grouped data.

**Certified valuation roll**—means a valuation roll certified by the Municipal Valuer compiled in terms of the MPRA, upon which a rate are levied by a municipality.

**Coefficient of Dispersion (COD)**—The average deviation of a group of numbers from the median expressed as a percentage of the median. In ratio studies, the COD is the average percentage deviation from the median ratio.

**Coefficient of Price-Related Bias (PRB)**—A measure of vertical equity between lower and higher value properties. The PRB indicates the percentage by which valuation ratios change whenever values double or are halved (e.g., a PRB of  $-.035$  means that ratios fall by 3.5% when values double and increase by 3.5% when values are halved.).

**Computer-Assisted Mass Appraisal (CAMA)**—A system of valuing (appraising) property, usually only certain types of real property, that incorporates computer-supported statistical analyses, such as multiple regression analysis and adaptive estimation procedure, to assist the valuer (appraiser) in estimating value.

**Comparable Sales**—(1) Recently sold properties that are similar in important respects to a property being appraised. The sale price and the physical, functional, and locational characteristics of each of the properties are compared to those of the property being appraised in order to arrive at an estimate of value. (2) By extension, the term *comparables* is sometimes used to refer to properties with rent or income patterns comparable to those of a property being appraised.

**Cost**—The money expended in obtaining an object or attaining an objective; generally used in appraisal to mean the expense, direct and indirect, of constructing an improvement.

**Cost Approach**—The cost approach estimates the replacement cost new of an improvement less depreciation plus land value.

**Cost Schedules**—Charts, tables, factors, curves, equations, and the like intended to help estimate the cost of replacing a structure from knowledge of some other factors, such as its quality class and number of square meters.

**Data**—is a set of values of qualitative or quantitative variables and refers to masses of numbers, codes, and symbols. “Data” is the plural of datum, one element of data.

**Data analysis**—The process of inspecting, cleaning, transforming, and modelling data with the goal of discovering useful information, suggesting conclusions, and supporting decision-making.

**Data Edit**—The process of examining recorded data to ensure that each element of data is reasonable and is consistent with others recorded for the same object, such as a parcel of real estate. Data editing, which maybe done by persons or by computer, is essentially a mechanical process, distinct from verifying the correctness of the recorded information by calling or writing property owners.

**Data extraction** —is the act or process of retrieving data out of (usually unstructured or poorly structured) data sources for further data processing or data storage (data migration). The output is the Data Extract.

**Data Management**—(1) the human, computer and technological procedures employed to ensure that no information is lost through negligent handling of records from a file, that all information is properly supplemented and up-to-date, and that all information is easily accessible. (2) Data management refers to the development, execution and supervision of plans, policies, programs and practices that control, protect, deliver and enhance the value of data and information assets.

**Depreciation**—Loss in value of an object, relative to its replacement cost new, reproduction cost new, or original cost, whatever the cause of the loss in value. Depreciation is divided into three types: physical deterioration (wear and tear), functional obsolescence (suboptimal design in light of current technologies or tastes), and economic obsolescence (poor location or radically diminished demand for the product).

**Depreciation Schedules**—Tables used in mass appraisal that show the typical loss in value at various ages or effective ages for different types of properties.

**Equity**—(1) In assessment, the degree to which assessments bear a consistent relationship to market value. Measures include the coefficient of dispersion, coefficient of variation, and price-related differential. (2) In popular usage, a synonym for rates fairness. (3) In ownership, the net value of property after liens and other charges have been subtracted.

**Geographic Information System (GIS)**—(1) a system designed to capture, store, retrieve, manipulate, analyse, manage, and present all types of spatial or geographical data. (2) a computerised mapping system capable of integrating spatial data (land information) and attribute data among different layers on a base map.

**Guidance**— Guidance is advice or information that will assist and provide direction. Also defined 1) Advice or information aimed at resolving a problem or difficulty, especially as given by someone in authority; 2) Help and advice about how to do something or about how to deal with problems; 3) A document providing official guidelines for implementing a policy; 3) A document providing official guidelines for implementing a policy.

**Guideline**— A Guideline is a recommended practice that allows some discretion in interpretation and provides direction. Also defined as 1) Recommended practice that allows some discretion or leeway in its interpretation, implementation, or use; 2) A principle put forward to set standards or determine a course of action; 3) A statement or other indication of policy or procedure by which to determine a course of action; 4) Information intended to advise people on how something should be done or what something should be; 5) A guideline is a statement by which to determine a course of action.

**Highest and Best use**—The highest and best use is the use of an asset that maximizes its productivity and that is possible, legally permissible and financially feasible.

**IVS reference:** IVS 104 Section 140

**Holdout Sample**—A sample not used in model development but rather to test the model. The sample is usually drawn randomly and provides an objective test of the model when applied to properties not used to develop the model.

**Income Approach**—One of the three approaches to value, based on the concept that current value is the present worth of future benefits to be derived through income production by an asset over the remainder of its economic life. The income approach uses capitalization to convert the anticipated benefits of the ownership of property into an estimate of present value.

**Integrity**—The quality of a data element or program being what it says it is; usually distinguished from validity, the quality of its being what it should be in terms of some ultimate purpose. After data are edited and encoded and programs are prepared, their integrity is ensured by safeguards that prevent accidental or unauthorized tampering with them.



**International Valuation Standards**—The International Valuation Standards (IVSs) are international standards that consist of various actions required during the undertaking of a valuation assignment supported by technical information and guidance. The IVS Framework includes generally accepted valuation concepts, principles and definitions upon which the International Valuation Standards are based. This framework should be considered and applied when following the individual standards and valuation applications.

**In the context of these Standards and the determination of value, the IVSs is applicable as a reference guide where a property is recognised by the municipal valuer to be valued individually.**

**Legal Description**—A delineation of dimensions, boundaries, and relevant attributes of a real property parcel that serve to identify the parcel for all purposes of law. The description may be in words or codes, such as metes and bounds or coordinates. For a subdivided lot, the legal description would probably include lot and block numbers and subdivision name. The legal description as recorded and maintained in the Deeds Registries Offices of South Africa depicting a registered property.

**Level of Valuation (Appraisal)**—The common, or overall, ratio of valuations (appraised) values to market values. Three concepts are usually of interest: the level required by law, the true or actual level, and the computed level, based on a ratio study.

**Location**—The numerical or other identification of a point (or object) sufficiently precise so the point can be situated. For example, the location of a point on a plane can be specified by a pair of numbers (plane coordinates) and the location of a point in space can be specified by a set of three numbers (space coordinates). However, location may also be specified in other terms than coordinates.

**Map**—A conventional representation, usually on a plane surface and at an established scale, of the physical features (natural, artificial, or both) of a part or the whole of the earth's surface. Features are identified by means of signs and symbols, and geographical orientation is indicated.

**Market**—(1) The topical area of common interest in which buyers and sellers interact. (2) The collective body of buyers and sellers for a particular product.

**Market Adjustment Factors**—Factors reflecting supply and demand preferences used to adjust values obtained from the cost approach to the market. These adjustments may be by type of property and area and are based on sales ratio studies or other market analyses.

**Market Analysis**—A study of real estate market conditions for a specific type of property.

**Market Area**—A geographic area, typically encompassing a group of neighbourhoods, defined on the basis that the properties within its boundaries are subject to similar economic forces and supply and demand factors. A separate valuation model is often developed for each market area. Smaller or mid-sized jurisdictions may constitute a single market area.

**Market Value**— is the amount the property would have realised if sold on the date of valuation in the open market by a willing seller to a willing buyer. (Reference s46 of the MPRA).

**IVS reference:** IVS 105 Section 20 Market approach and Section 30 Market approach)

**Mass Valuations (Appraisal)**—The process of valuing a group of properties as of a given date, using standard methods, employing common data, and allowing for statistical testing.

**Model**—(1) A representation of how something works. (2) For purposes of appraisal, a representation (in words or an equation) that explains the relationship between value or estimated sale price and variables representing factors of supply and demand.

**Method**— In the case of a method this would usually be a tried and tested method by following an orderly arrangement of steps to accomplish and end. Also 1) A particular procedure for accomplishing or approaching something, especially a systematic or established one; 2) An established, habitual, logical, or prescribed practice or systematic process of achieving certain ends with accuracy and efficiency, usually in an ordered sequence of fixed steps; 3) A particular procedure for accomplishing or approaching something - procedure / technique / system; 4) Also means a manner of procedure, especially a regular and systematic way of accomplishing something; 5) Orderly arrangement of parts or steps to accomplish an end.

**Model Calibration**—The development of adjustments, or coefficients, based on market analysis, that identifies specific factors with an actual effect on market value.

**Model Specification**—The formal development of a model in a statement or equation, based on data analysis and appraisal theory.

**Multiple Regression, Multiple Regression Analysis (MRA)**—A particular statistical technique, similar to correlation, used to analyse data in order to predict the value of one variable (the dependent variable), such as market value, from the known values of other variables (called independent variables), such as lot size, number of rooms, and so on.

**Neighbourhood (Also known as Market Area / Homogeneous Area)**—(1) The environment of a subject property that has a direct and immediate effect on value. (2) A geographic area (in which there are typically fewer than several thousand properties) defined for some useful purpose, such as to ensure for later multiple regression modelling that the properties are relatively homogeneous and share important locational characteristics.

**Open-Market, Arm's-Length Transaction**—(1) A sale between a willing buyer and a willing seller who are reasonably knowledgeable of market conditions, are unrelated, and are not acting under duress, abnormal pressure, or undue influences. (2) A sale between two unrelated parties, both seeking to maximize their positions from the transaction.

**Parcel (Property)**—A contiguous area of land described in a single legal description (ERF) or as one of a number of ERFs; separately owned, either publicly or privately; and capable of being separately conveyed.

**Price-Related Differential (PRD)**—The mean divided by the weighted mean. The statistic has a slight bias upward. Price-related differentials above 1.03 tend to indicate valuation regressivity; price-related differentials below 0.98 tend to indicate valuation progressivity.

**Price-Related Bias (PRB)**—See Coefficient of Price- Related Bias (PRB).

**Price, Sale**—(1) The actual amount of money exchanged for a unit of goods or services, regardless of whether established in a free and open market. An indicator of market value. (2) Loosely used synonymously with “offering” or “asked” price. Note: The sale price is the “selling price” to the vendor and the “cost price” to the vendee.

**IVS reference:** Refer to IVS Additional Technical revisions definition:

The monetary or other consideration asked, offered or paid for an Asset, which may be different from the value.

**Practice**— A practice in the context of these standards may be defined as an expected procedure or way of doing something however is not fully tested or has not become the rule. Further research and testing would still need to be performed in applying the practice before it becomes a generally accepted. Also 1) A method, procedure, process, or rule used in a particular field or profession; 2) The actual application or use of an idea, belief or method, as opposed to theories relating to it, 3) The expected procedure or way of doing something; 4) A set of guidelines, ethics or ideas that represent the most efficient or prudent course of action; 5) A method or technique that has consistently shown superior results may become a practice.

**Property**—means a property defined in the MPRA and includes land and buildings.

**Property Data**—means all data related to and associated with a property record of a valuation roll, the valuation of a property and the determination of the value of a property.

**Property Rates Policy**—A purposeful course of action by governmental bodies that affects or determines the way property rates are created, levied, collected, or spent.

**Property Record**—A document used to record data for property identification, description, and for value estimation.

**Property Register** —means a consolidated valuation roll which comprises (with reference to Section 23 Part A “register of properties”) the valuation roll, with all properties required to be listed under Section 30 (3), and encompassing;

- (i) supplementary valuations and roll updates in terms of sections 78 and 79 of the MPRA;
- (ii) objection and appeal decision roll adjustments;
- (iii) the corresponding valuation roll property valuation database of all property data, and;
- (iv) the corresponding Valuation Roll GIS cadastral layer (registered and unregistered property),

ALL of which must be aligned to the “definition of property” namely (a) registered deeds office records (full title and sectional title), (b) registered rights against immovable property, (c) land tenure rights, (d) public service infrastructure (PSI) records and all other rateable property by way of apportionment in terms of section 9 of the MPRA.

**Proxy Sale**—means an independent control valuation is determined and used as substitute for a sale to support the application of computer assisted mass appraisal techniques where insufficient market sales evidence is available in an homogenous area.

**Rate**—Though this is defined in the MPRA, in a simple language a “rate” can be understood to be meaning a compulsory charge levied by a municipality against the market value of a property, owned by a person, natural or corporate, for the common benefit of all citizens.

The term does not include specific charges made against particular persons or property for current or permanent benefits and privileges accruing only to those paying such charges, such as licenses, permits, and specific assessments.

**Rating**—A synonym for imposing a “rate”.

**Ratio Study**—A study of the relationship between market value (assessed value) and sales price.

**Real Property**—Consists of the interests, benefits, and rights inherent in the ownership of land plus anything permanently attached to the land or legally defined as immovable; the bundle of rights with which ownership of real estate is endowed. To the extent that “real estate” commonly includes land and any permanent improvements, the two terms can be understood to have the same meaning. Also called *realty*.

**Reliability**—The degree to which measures are free from random error and therefore yield consistent results; the extent to which a procedure yields consistent results on repeated trials.

**Revaluation**—A revaluation of all property for municipal rating based on defined or legislated revaluation cycles. The mass valuation of all property within a municipal jurisdiction accomplished within or at the beginning of a revaluation cycle.

**Review**—A formal assessment of something with the intention of instituting change if necessary and in valuations relates to investigations and decisions of change due to quality assurance queries, objections and appeals.

**Sales Comparison Approach**—One of three approaches to value, the sales comparison approach estimates a property’s value (or some other characteristic, such as its depreciation) by reference to comparable sales.

**Sales Data**—(1) Information about the nature of the transaction, the sale price, and the characteristics of a property as of the date of sale. (2) The elements of information needed from each property for some purpose, such as appraising properties by the direct sales comparison approach.

**Sales Ratio Study**—A ratio study that uses sale prices as proxies for market values.

**Software**—(1) Computer programs. (2) Those parts of a computer system that are not machinery or circuits; procedures and possibly documentation are included along with programs.

**Standard**— Standard is the reference or benchmark tool to monitor and measure compliance and can be included and written as a specification. Also may be defined as 1) A level of quality or attainment; 2) Something used as a measure, norm, or model in comparative evaluations; 3) Universally or widely accepted, agreed upon, or established means of determining what something should be - classifications may include (a) concept norm or principle established by agreement, authority, or custom and used generally as an example or model to compare or measure the quality or performance of a practice or procedure; and b) Written definition, limit or rule approved and monitored for compliance by an authoritative agency (or professional or recognised body) as a minimum acceptable benchmark.

**Statute**—A written law that comes from a legislative body.

**Time-adjusted Sale Price**—The price at which a property sold, adjusted for the effects of price changes reflected in the market between the date of sale and the date of analysis.

**Trending**—Adjusting the values of a variable for the effects of time. Usually used to refer to adjustments of values intended to reflect the effects of inflation and deflation and sometimes also, but not necessarily, the effects of changes in the demand for micro-locational goods and services.

**Trending Factor**—A figure representing the increase in cost or selling price over a period of time. Trending accounts for the relative difference in the value of a Rand between two periods.

**Uniformity**—The equality of the burden of taxation in the method of rating.

**Unique property identifier**— A code, usually alpha / numerical, representing a specific property's legal description. The purpose of property identifiers is to permit reference to legal descriptions by using a code of uniform and manageable size, thereby facilitating record-keeping and handling. Code variations are being used in the industry such as the property identification number and surveyor general code.

**Unit of Comparison**—A property as a whole or some smaller measure of the size of the property used in the sales comparison approach to estimate a price per unit.

**Valuation**—(1) The process of estimating the value— market, investment, insured, or other properly defined value—of a specific property or number of properties, or of an item or items of personal property as of a given date. (2) The process or business of appraising, of making estimates of the value of something. The value usually required to be estimated is market value.

**Valuation Model**—A representation in words or in an equation that explains the relationship between value or estimated sale price and variables representing factors of supply and demand.

**Valuation Roll (consolidated)**—Means a valuation roll prepared for a General valuation and then updated and comprises all records of the valuation roll, the supplementary valuation roll adjustments and any objection and appeal decision adjustments of the valuer and the appeal board. Typically required and used for reconciliation at the end of each financial year and for budgeting during February/March annually.

**Valuation roll GIS cadastral layer**—Is the spatial GIS cadastral representation of MPRA defined property listed on the valuation roll (Property register – Part A), however excludes property which is unreasonably difficult to create and display spatially on the GIS.

**Valuation Roll Management System (VRMS)**—Is software which supports the production of the property register, the production of valuation rolls, the management of data such as property / valuation / sales and provides a solution for the valuation of property and the processing of objections and appeals.

**Value**—(1) The relationship between an object desired and a potential owner; the characteristics of scarcity, utility, desirability, and transferability must be present for value to exist. (2) Value may also be described as the present worth of future benefits arising from the ownership of real or personal property. (3) The estimate sought in a valuation. See also Market Value.

**IVS reference:** See IVS Additional Technical revisions Definitions  
Value

Value is an opinion, not a fact. Value is an estimate of either the most probable monetary consideration for an interest in an Asset, or the present value of the economic benefits of holding an interest in an Asset, on a stated Basis of Value.

**Value Review**—A formal assessment of the value of a property with the intention of instituting change if necessary, applicable for general valuations, supplementary valuations, objections and reviews as contemplated in section 78 (5) of the MPRA.

**Valuer** —One who estimates the value of property; more commonly, one of a group of professionally skilled persons holding themselves out as experts in valuation.

**IVS reference:** See IVS Additional Technical revisions Definitions

#### Valuer

A valuer is an individual, group of individuals, or individual within an entity whether employed (internal) or engaged (contracted/external) possessing the necessary qualifications, ability and experience to undertake a valuation in an objective, unbiased, ethical and competent manner. In some jurisdictions, licensing is required before one can act as a valuer.

**Verify**—To check the accuracy of something. For example, sales data may be verified by interviewing the purchaser of the property, and data entries may be verified by check digits.

*(IAAO acknowledgement 2014)*

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(IAAO acknowledgement 2014)



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(IAAO acknowledgement 2014)

## E. STANDARDISED DATA TEMPLATES

### a. Data Template "A-1" : Valuation Roll

Template "A-1"

#### MPRA VALUATION ROLL REPORT (s23 Register of properties - Part "A" of the valuation roll)

The following minimum data are required to be maintained on the valuation roll for MPRA extracts and reporting					
Description	Short name	Field Format	Data Comment	Extract Ref	Responsibility
ID_PIN	ID_PIN	Text/Num	System No.	ROLL	MV
Municipality ID Number	Mun_ID	Text/Num	The municipal identity code allocated to a municipality	ROLL-RATES	Municipal Valuer
Name of Municipality	Mun_Name	Text/Num	Name of Municipality	ROLL-RATES	Municipal Valuer
Rates Account Number	RTS_ACC	Text/Num	Sourced from Financial Management System for rates. Controls in terms of the MPRA s27 Accounts to be furnished / MFMA. Note some financial systems change rate accounts when there is a transfer or a new ratapayer so may need updating to the roll.	RATES (s27 / MFMA)	Municipality
SG21 Code	SG21	Text	Main parent Surveyor General (SG) Code is a Unique Property Identifier (UPI) derived from property description, used as the data link field. Currently the SG code is 21 Digits for Registered full title property.	ROLL & PUBLISH (REGS)	Municipal Valuer
SG21_26 Code	SGP21_26	Text	Surveyor General (SG) Code is a unique property identifier derived from the property description, used as the data link field. Currently the SG code is 21 Digits for Registered full title property and to extend the SG Code for tenure types for MPRA definition of property by adding 5 suffixed digits to create a 26 digit code. See Tenure Type (TT)	ROLL-RATES & PUBLISH (REGS)	Municipal Valuer
SG Holding_Unity	SGH	Text/Num	Surveyor General Code is a unique property identifier derived from the property description, used as the data link field when valuing a grouping of properties which are contiguous and have the same owner and category of property. The combined value of the grouping of properties is shown on the one parent property and the linked holding records will have a zero value. This enables ease of searching and identifying the grouped and valued properties. AKA Unity of Use.	ROLL-RATES & PUBLISH (REGS)	Municipal Valuer
Tenure Type	TT	Text	In accordance with the MPRA, definition of property and roll tenure type. FT= Full Title (Deeds Registered), FTPAR = Parent Remainder, ST= Sectional Title (Deeds Registered), FTST = Sectional Title Parent, RR= Registered Rights, registered leases / rights (Deeds Registered), LTR= Land Tenure Rights (MPRA), PSI= Public Service Infrastructure (MPRA), MP = Multiple Purpose Use (MPRA), UND = Undefined (MPRA). Every property on the roll must have a Tenure Type assigned.	ROLL & PUBLISH (MPRA/REGS)	Municipal Valuer
Geographical area (Suburb)	GA	Text / Num	Based on Suburb collected and captured by Municipal Valuer. MPRA Regulations Gaz 29304, Roll Format / Content	ROLL & PUBLISH (s48 / REGS)	Municipal Valuer
REM	REM	Text	Remainder registered in the Deeds Office description/ Surveyor General diagram description or other description. MPRA Regulations Gaz 29304, Roll Format / Content	ROLL-RATES & PUBLISH (s48 / REGS)	Municipal Valuer
ERF	ERF	Num	Registered in the Deeds Office description/ Surveyor General diagram description or other description. MPRA Regulations Gaz 29304, Roll Format / Content	ROLL-RATES & PUBLISH (s48 / REGS)	Municipal Valuer
PTN	PTN	Num	Registered in the Deeds Office description/ Surveyor General diagram description or other description. MPRA Regulations Gaz 29304, Roll Format / Content	ROLL-RATES & PUBLISH (s48 / REGS)	Municipal Valuer
Town name	TN	Text / Num	Registered in the Deeds Office description/ Surveyor General diagram description or other description. MPRA Regulations Gaz 29304, Roll Format / Content	ROLL-RATES & PUBLISH (s48 / REGS)	Municipal Valuer
Farm name	FN	Text / Num	Registered in the Deeds Office description/ Surveyor General diagram description or other description. MPRA Regulations Gaz 29304, Roll Format / Content	ROLL-RATES & PUBLISH (s48 / REGS)	Municipal Valuer
Unit Section Number	UNIT	Num	Sectional Title Deeds Office description. MPRA Regulations Gaz 29304, Roll Format / Content	ROLL-RATES & PUBLISH (s48 / REGS)	Municipal Valuer
Scheme Name	SNME	Text / Num	Sectional Title Deeds Office description / Surveyor General Sectional Title Plan. MPRA Regulations Gaz 29304, Roll Format / Content	ROLL-RATES & PUBLISH (s48 / REGS)	Municipal Valuer
Scheme Number_Year	SNUM_YEAR	Text / Num	Sectional Title Deeds Office description / Surveyor General Sectional Title Plan. MPRA Regulations Gaz 29304, Roll Format / Content	ROLL & PUBLISH (s48 / REGS)	Municipal Valuer
Owner	OWN	Text / Num	Deeds Office OR MPRA definition of owner. MPRA Regulations Gaz 29304, Roll Format / Content	ROLL-RATES & PUBLISH (s48 / REGS)	Municipal Valuer
Category of Property (Code)	COP_CDE	Text / Num	Category used for rating in terms of s8. Reference Rates Policy, Data Collection and Regulations Gaz 29304, Roll Format / Content. Published Category for General (GV) Valuation Roll.	ROLL-RATES & PUBLISH - GV (s48 / REGS)	Municipal Valuer

MPRA 2015-2021  
0008.4

1

## Template "A-1"

**MPRA VALUATION ROLL REPORT**  
(s23 Register of properties - Part "A" of the valuation roll)

The following minimum data are required to be maintained on the valuation roll for MPRA extracts and reporting					
Description	Short name	Field Format	Data Comment	Extract Ref	Responsibility
Category of Property Description	COP_DESC	Text / Num	Category used for rating in terms of s8. Reference Rates Policy, Data Collection and Regulations Gaz 29304, Roll Format / Content. Published Category for General Valuation (GV) Roll.	ROLL-RATES & PUBLISH - GV (s48 / REGS)	Municipal Valuer
Actual Use (Primary Use) Code	USE_CODE	Text / Num	Actual use with reference to the MPRA s8 (1) part of data collection to support valuations	ROLL (s8 / s9)	Municipal Valuer
Actual Use (Primary Use) Description	USE_DESC	Text / Num	Actual use with reference to the MPRA s8 (1) part of data collection to support valuations	ROLL (s8 / s9)	Municipal Valuer
Physical Address of the Property	ADD	Text / Num	MPRA and Regulations Gaz 29304	ROLL-RATES & PUBLISH (s48 / REGS)	Municipal Valuer
Extent (Land_Unit) m²	EXT	Num	MPRA and Regulations Gaz 29304. Land extent or sectional title unit extent	ROLL-RATES & PUBLISH (s48 / REGS)	Municipal Valuer
Market Value (R)	MV	Num	MPRA and Regulations Gaz 29304. Market value of the property at date of roll report	ROLL-RATES & PUBLISH (s48 / REGS)	Municipal Valuer
Reason for Supplementary valuation roll (S78 SVR)	SV Reason	Text / Num	MPRA Regulations Gaz 29304; s78 (1) supplementary valuation roll (SVR) or objections and appeals s55. (s78.1 - a to h) OR whether an objection or appeal decision (s55)	SV ROLL-RATES & PUBLISH - SV (s78)	Municipal Valuer
Supplementary Valuation Effective Date	SV_EFF_DATE	Date	MPRA Regulations Gaz 29304; s78 (4) effective date of the supplementary valuation roll (SVR) or objections and appeals s55. (s78.4 - a to h) OR the effective date of the objection / appeal decision (s55)	ROLL-RATES (s78)	Municipal Valuer
Valuation Roll Type	VR TYPE	Text / Num	Report Options 1. General Valuation (GV) Roll (Draft-Final); 2. Supplementary Valuation (SV) Roll; 3. Consolidated / Amended Valuation Roll  To support management and tracking of MPRA implementation	ROLL	Municipal Valuer
Valuation Roll Number	VR NUM	Num	The sequential number of rolls produced - GV OR SV	ROLL	Municipal Valuer
Valuation Roll Year	VR YEAR	Num	The Municipal Financial year in which the GV Roll was implemented. Financial Year 2019/2020 (1 July to 30 June) GV Valuation Roll Year = 2019. In this example if an SV Roll is implemented / published during the financial year ie between 1 July 2019 and 30 June 2020 then the SV Valuation Roll Year = 2019	ROLL	Municipal Valuer
Multiple owner Indicator (Y_N)	MULTI_OWN	Text	Deeds Office information, indicator if there is more than one registered owner	ROLL	Municipal Valuer
Rebate	REBATE	Yes/No	In terms of the MPRA - yes or no / true or false status	ROLL-RATES	Municipal Valuer
Phase in	PH_IN	Yes/No	In terms of the MPRA - yes or no / true or false status	ROLL-RATES	Municipal Valuer
Exemption	EXMP	Yes/No	In terms of the MPRA - yes or no / true or false status	ROLL-RATES	Municipal Valuer
Exclusion	EXCL	Yes/No	In terms of the MPRA - yes or no / true or false status	ROLL-RATES	Municipal Valuer
Section 78.5 Notice Indicator (Y_N)	s78.5	Date	In terms of MPRA section 78 (5). Notice to be served and issued to the owner for each supplementary roll update. Provide the date that the s78 (5) notice was served and issued	ROLL-RATES	Municipal Valuer
Postal Address 1	POSADD	Text/Num	Other Particulars In terms of the MPRA and regulations. Additional Fields (Columns) of data can be provided.	ROLL-RATES	MUN-MV
Building Name	BLDNME	Text/Num	Other Particulars In terms of the MPRA and regulations. Additional Fields (Columns) of data can be provided.	ROLL	Municipal Valuer
Latitude GPS coordinate	LAT	Text/Num	Latitude and longitude, coordinate system to determine a locational point on the Earth's surface using GPS - "Global Positioning System". To be created and captured for specific buildings which are difficult to locate.	GPS Coordinate System	Municipal Valuer
Longitude GPS coordinate	LONG	Text/Num	Latitude and longitude, coordinate system to determine a locational point on the Earth's surface using GPS - "Global Positioning System". To be created and captured for specific buildings which are difficult to locate.	GPS Coordinate System	Municipal Valuer
Department Primary Owner	PRIM_DEPT	Text/Num	To support Government owned and responsible departments. Primary Owner issued by the responsible department and which resides on their asset register.	GOV FAR-ROLL	Gov Department
Department Secondary Owner	SEC_DEPT	Text/Num	To support Government owned and responsible departments. Secondary Owner issued by the responsible department and which resides on their asset register.	GOV FAR-ROLL	Gov Department
Department Asset Number	ASSET_NO	Text/Num	The asset number issued by the responsible department and which resides on their asset register. Is the Facility ID Number	GOV FAR-ROLL	Gov Department
Other Particulars1	OTP1	Text/Num	Other Particulars In terms of the MPRA and regulations. Additional Fields (Columns) of data can be provided. Can be extended as required.	ROLL	Municipal Valuer

MPRA 2015-2021  
0008.4

2

***b. Data Template "A-2" : Summary Valuation Roll***

### Template "A2"

## VALUATION ROLL SUMMARY

(s23 - Part A of the Property Register)

**Insert Date of Report**

Category of Property (Code)	Category of Property (Description)	Roll Count	Total Roll Extent (m²)	Total Roll Value (R)
RES	Residential Properties			
IND	Industrial Properties			
BC	Business and Commercial Properties			
AG	Agricultural Properties			
MIN	Mining Properties			
PSP	Public Service Purpose Properties			
PBO	Public Benefit Organisation Properties			
TOTALS		0	0	0

### Note

1. Categories and codes quoted are examples only and final categories of property must be aligned to Section 8 of the MPRA
2. To be read with Template "A1" and must be a summary of template "A1" report

sMVPR 2015-2021  
008.4

### c. Data Template "B": Valuation Roll GIS Cadastral Layer

#### Template "B"

#### Geographic Information Systems (GIS)

#### Valuation Roll GIS Cadastral Layer - Shape File with Attribute Data

The following minimum data are required to be maintained on the valuation roll GIS cadastral layer

(GIS attributes table with associated shape file to be provided)

Municipal Valuer responsible and accountable for the valuation roll GIS cadastral layer

Description GIS Attributes table	Short Name	Field Format	Comment	Extract Ref	Responsibility
ID_PIN	ID_PIN	Text/Num	System No.	ROLL	MV
Municipality ID Number	Mun_ID	Text/Num	The municipal identity code allocated to a municipality	Roll	Municipal Valuer
Name of Municipality	Mun_Name	Text/Num	Name of Municipality	Roll	Municipal Valuer
Rates Account Number	RTS_ACC	Text/Num	Sourced from Financial Management System for rates. Controls in terms of the MPRA s27 Accounts to be furnished / MFMA. Note some financial systems change rate accounts when there is a transfer or a new ratapayer so may need updating to the roll.	RATES (s27 / MFMA)	Municipality
SG21 Code	SG21	Text	Main parent Surveyor General (SG) Code is a Unique Property Identifier (UPI) derived from property description, used as the data link field. Currently the SG code is 21 Digits for Registered full title property.	ROLL & PUBLISH (REGS)	Municipal Valuer
SG21_26 Code	SGP21_26	Text	Surveyor General (SG) Code is a unique property identifier derived from the property description, used as the data link field. Currently the SG code is 21 Digits for Registered full title property and to extend the SG Code for tenure types for MPRA definition of property by adding 5 suffixed digits to create a 26 digit code. See Tenure Type (TT)	ROLL-RATES & PUBLISH (REGS)	Municipal Valuer
SG Holding_Unity	SGH	Text/Num	Surveyor General Code is a unique property identifier derived from the property description, used as the data link field when valuing a grouping of properties which are contiguous and have the same owner and category of property. The combined value of the grouping of properties is shown on the one parent property and the linked holding records will have a zero value. This enables ease of searching and identifying the grouped and valued properties. AKA Unity of Use.	ROLL-RATES & PUBLISH (REGS)	Municipal Valuer
Tenure Type	TT	Text	In accordance with the MPRA, definition of property and roll tenure type. FT= Full Title (Deeds Registered), FTPAR = Parent Remainder, ST= Sectional Title (Deeds Registered), FTST = Sectional Title Parent, RR= Registered Rights, registered leases / rights (Deeds Registered), LTR= Land Tenure Rights (MPRA), PSI= Public Service Infrastructure (MPRA), MP = Multiple Purpose Use (MPRA), UND = Undefined (MPRA). Every property on the roll must have a Tenure Type assigned.	ROLL & PUBLISH (MPRA/REGS)	Municipal Valuer
Geographical area (Suburb)	GA	Text / Num	Based on Suburb collected and captured by Municipal Valuer. MPRA Regulations Gaz 29304, Roll Format / Content	ROLL & PUBLISH (s48 / REGS)	Municipal Valuer
REM	REM	Text	Remainder registered in the Deeds Office description/ Surveyor General diagram description or other description. MPRA Regulations Gaz 29304, Roll Format / Content	ROLL-RATES & PUBLISH (s48 / REGS)	Municipal Valuer
ERF	ERF	Num	Registered in the Deeds Office description/ Surveyor General diagram description or other description. MPRA Regulations Gaz 29304, Roll Format / Content	ROLL-RATES & PUBLISH (s48 / REGS)	Municipal Valuer
PTN	PTN	Num	Registered in the Deeds Office description/ Surveyor General diagram description or other description. MPRA Regulations Gaz 29304, Roll Format / Content	ROLL-RATES & PUBLISH (s48 / REGS)	Municipal Valuer
Town name	TN	Text / Num	Registered in the Deeds Office description/ Surveyor General diagram description or other description. MPRA Regulations Gaz 29304, Roll Format / Content	ROLL-RATES & PUBLISH (s48 / REGS)	Municipal Valuer
Farm name	FN	Text / Num	Registered in the Deeds Office description/ Surveyor General diagram description or other description. MPRA Regulations Gaz 29304, Roll Format / Content	ROLL-RATES & PUBLISH (s48 / REGS)	Municipal Valuer

**Template "B"**

**Geographic Information Systems (GIS)**  
**Valuation Roll GIS Cadastral Layer - Shape File with Attribute Data**

The following minimum data are required to be maintained on the valuation roll GIS cadastral layer

(GIS attributes table with associated shape file to be provided)

Municipal Valuer responsible and accountable for the valuation roll GIS cadastral layer

Description GIS Attributes table	Short Name	Field Format	Comment	Extract Ref	Responsibility
Unit Section Number	UNIT	Num	Sectional Title Deeds Office description. MPRA Regulations Gaz 29304, Roll Format / Content	ROLL-RATES & PUBLISH (s48 / REGS)	Municipal Valuer
Scheme Name	SNME	Text / Num	Sectional Title Deeds Office description / Surveyor General Sectional Title Plan. MPRA Regulations Gaz 29304, Roll Format / Content	ROLL-RATES & PUBLISH (s48 / REGS)	Municipal Valuer
Scheme Number_Year	SNUM_YEAR	Text / Num	Sectional Title Deeds Office description / Surveyor General Sectional Title Plan. MPRA Regulations Gaz 29304, Roll Format / Content	ROLL & PUBLISH (s48 / REGS)	Municipal Valuer
Owner	OWN	Text / Num	Deeds Office OR MPRA definition of owner. MPRA Regulations Gaz 29304, Roll Format / Content	ROLL-RATES & PUBLISH (s48 / REGS)	Municipal Valuer
Category of Property (Code)	COP_CDE	Text / Num	Category used for rating in terms of s8. Reference Rates Policy, Data Collection and Regulations Gaz 29304, Roll Format / Content. Published Category for General (GV) Valuation Roll.	ROLL-RATES & PUBLISH -GV (s48 / REGS)	Municipal Valuer
Category of Property Description	COP_DESC	Text / Num	Category used for rating in terms of s8. Reference Rates Policy, Data Collection and Regulations Gaz 29304, Roll Format / Content. Published Category for General Valuation (GV) Roll.	ROLL-RATES & PUBLISH -GV (s48 / REGS)	Municipal Valuer
Actual Use (Primary Use) Code	USE_CDE	Text / Num	Actual use with reference to the MPRA s8 (1) part of data collection to support valuations	ROLL (s8 / s9)	Municipal Valuer
Actual Use (Primary Use) Description	USE_DESC	Text / Num	Actual use with reference to the MPRA s8 (1) part of data collection to support valuations	ROLL (s8 / s9)	Municipal Valuer
Physical Address of the Property	ADD	Text / Num	MPRA and Regulations Gaz 29304	ROLL-RATES & PUBLISH (s48 / REGS)	Municipal Valuer
Extent (Land_Unit) m <sup>2</sup>	EXT	Num	MPRA and Regulations Gaz 29304. Land extent or sectional title unit extent	ROLL-RATES & PUBLISH (s48 / REGS)	Municipal Valuer
Extent (Land) m <sup>2</sup> (GIS)	EXTGIS	Num	GIS calculated - in square metres	GIS	Municipal Valuer
Extent diff between Deeds and GIS	EXTDIFF	Num	Calculation - in square metres	GIS	Municipal Valuer
SG Diagram Number	SGNUM	Text / Num	Surveyor General Diagram (Plan) - where available	SG	Municipal Valuer
Title Deed Number	TDNUM	Text / Num	Deeds Office data (Latest record)	Deed	Municipal Valuer
Date of Registration	DOR	Date	Deeds Office data (Latest record)	Deed	Municipal Valuer
Date of Sale	DOS	Date	Deeds Office data (Latest record)	Deed	Municipal Valuer
Sale Price	SP	Num	Deeds Office data (Latest record) - in number format	Deed	Municipal Valuer
Status (Registered / Unregistered)	REG_UN	Text	To reflect record on the GIS as registered in the deeds office or is a valid unregistered rateable roll record. (Registered, SG Approved OR Un-registered)	GIS	Municipal Valuer
Scheme Name	SNME	Text / Num	Sectional Title Deeds Office description / Surveyor General Sectional Title Plan. MPRA Regulations Gaz 29304, Roll Format / Content	ROLL & PUBLISH (s48 / REGS)	Municipal Valuer



## d. Data Template "C": Property Data

Template "C"

PROPERTY DATA BY PROPERTY TYPE

The following data are required to be collected and captured for periodic reporting and data extraction on the valuation roll. Municipal valuer is responsible and accountable for all data on the valuation roll.		
#	PROPERTY DATA: DATA FIELDS REQUIRED FOR THE VALUATION ROLL MANAGEMENT SYSTEM FOR EACH ROLL RECORD ACCORDING TO THE PROPERTY USE TYPE	COMMENT: EXPLANATION OF DATA REQUIREMENTS FOR THE VALUATION ROLL MANAGEMENT SYSTEM. (READ WITH PROPERTY DATA FIELDS). The VRMS must store the history of all data updates for audit purposes. Data extracts and reporting in terms of this template is for current data.
1	<b>Administrative data</b>	
2	ID_PIN	System No.
3	Municipality ID Number	The municipal identity code allocated to a municipality
4	Name of Municipality	Name of Municipality
5	Rates Account Number	Sourced from Financial Management System for rates. Controls in terms of the MPRA s27 Accounts to be furnished / MFMA. Note some financial systems change rate accounts when there is a transfer or a new ratapayer so may need updating to the roll.
6	SG21 Code	Main parent Surveyor General (SG) Code is a Unique Property Identifier (UPI) derived from property description, used as the data link field. Currently the SG code is 21 Digits for Registered full title property.
7	SG21_26 Code	Surveyor General (SG) Code is a unique property identifier derived from the property description, used as the data link field. Currently the SG code is 21 Digits for Registered full title property and to extend the SG Code for tenure types for MPRA definition of property by adding 5 suffixed digits to create a 26 digit code. See Tenure Type (TT)
8	SG Holding_Unity	Surveyor General Code is a unique property identifier derived from the property description, used as the data link field when valuing a grouping of properties which are contiguous and have the same owner and category of property. The combined value of the grouping of properties is shown on the one parent property and the linked holding records will have a zero value. This enables ease of searching and identifying the grouped and valued properties. AKA Unity of Use.
9	Tenure Type	In accordance with the MPRA, definition of property and roll tenure type. FT= Full Title (Deeds Registered), FTPR = Parent Remainder, ST= Sectional Title (Deeds Registered), FTST = Full Title Sectional Title Scheme, RR= Registered Rights (Registered leases / rights), LTR= Land Tenure Rights (MPRA), PSI= Public Service Infrastructure (MPRA), MP = Multiple Purpose Use (MPRA), UND = Undefined (MPRA). Every property on the roll must have a Tenure Type assigned.
10	<b>Inspection - Data review</b>	
11	Data Collection Type	(1) Data Collection; (2) Sales Review; (3) Valuation Review; (4) Investigation
12	Inspection/Review Date	Date of Inspection / Review, aligned to access codes
13	Method of Building Area determination	Method of area determination to be provided to support QA - (1) Area by inspection / building plans (2) Area by estimation (digitised - aerials/oblique imagery) (3) Area by owner (4) Area inherited (take on)
14	Access code	Recommend that inspection for new improvements and any major alterations / developments with access codes captured. Access codes - (1) Full access (exterior of buildings on site), (2) External, (3) No Access, (4) Entrance, (5) Owner / Not inspected (data deemed sufficient for valuation)
15	Overall data confidence	To provide the overall level of confidence in the property data to perform credible valuations - (1) Good. (2) Acceptable. (3) Poor / Unknown
16	<b>Methodology</b>	
17	Neighbourhood (NBHD) / Market Area (MA)	Neighbourhood (NBHD), also known as Homogeneous Area (HA) to be assigned to property mainly for CAMA application in stratification and model building. The intention though is for all properties to have an NBHD assigned for geographic identification as well.

sMVPR 2015-2021

V008\_4

1



Template "C"

PROPERTY DATA BY PROPERTY TYPE

The following data are required to be collected and captured for periodic reporting and data extraction on the valuation roll. Municipal valuer is responsible and accountable for all data on the valuation roll.		
#	PROPERTY DATA: DATA FIELDS REQUIRED FOR THE VALUATION ROLL MANAGEMENT SYSTEM FOR EACH ROLL RECORD ACCORDING TO THE PROPERTY USE TYPE	COMMENT: EXPLANATION OF DATA REQUIREMENTS FOR THE VALUATION ROLL MANAGEMENT SYSTEM. (READ WITH PROPERTY DATA FIELDS). The VRMS must store the history of all data updates for audit purposes. Data extracts and reporting in terms of this template is for current data.
18	CAMA Applicability (CAMA or Non-CAMA)	CAMA = Y / Non-CAMA = N. This depends on the type of property and the availability / consistency of sales and market data. The Non-CAMA approach is where a property cannot be valued using the CAMA approach and will therefore be valued individually. May be in cases of large tracts of land which are specialised or where no land sales are available eg in a CBD the township development approach or the land residual method may be applicable. In small jurisdictions or limited market evidence a property may be valued individually (Non-CAMA) provided the relevant evidence and valuation templates are provided for each property in accordance with specifications and standards.
19	Method of valuation	Method applied - (1) Sales; (2) Income (3) Cost (4) Township development (5) Residual (6) Profits and Accounts (7) Other
20	Valuation Standard applicable	Standard Applied - (1) SA sMVPR - Municipal Valuations Mass Appraisal Standards; (2) IVS - International Valuation Standards (3) Other. To note that the specifications are applicable for all systems, data management and reporting on a property register / valuation roll.
21	Property Category-Use	
22	Primary (Dominant) actual use of property	Actual use code and description by valuer - look to standardise. AGRIC - Note: Use identified by aerial photo support. An experienced eye can distinguish different uses of farm buildings fairly accurately. Homesteads, garaging, pigsties, shedding dairies, pumphouses etc are recognisable from imagery.
23	Category of Property (Code)	Insert Category Code. Is there a possibility of standardising across municipalities?
24	Category of Property (Description)	Insert Category Description. Consider standard categories across municipalities where applicable
25	Zoning of Property (if available)	Zoning is not often available so practice is not able to collect all consistently. Agreed that for vacant land to attempt to source and capture - value based on highest and best use zoning
26	Land Data	
27	Land Extent (m <sup>2</sup> ) Registered	Source from the Deeds office or SG diagram whichever is deemed more correct. The registered land extent can also be verified by referring to the title deed documents. If the property is an unregistered land parcel (Leased, Registered Right, Land Tenure Right or PSI then to provide land extent from the GIS cadastral determined.
28	Land Extent (m <sup>2</sup> ) Registered Rights	Based on referenced to ST Scheme rules / sale agreements / Deeds Office records. To rate the registered right, the owner is usually the original developer. Capture either is an extent or a number of units depending on valuation method applied.
29	Land Extent (m <sup>2</sup> ) Land Tenure Rights	Land extent estimated for land tenure rights - from the GIS cadastral data
30	Land Extent (m <sup>2</sup> ) PSI	Land extent estimated for PSI - from the GIS cadastral data
31	Land Extent (m <sup>2</sup> ) Surplus developable land / Bulk	Digitized extents and land uses determined from aerial imagery are considered sufficiently accurate - can be matched against data from the farmer if there is a discrepancy. To consider apportionment of value and rates in terms of section 9 of the MPRA where rating category is different from primary use
32	Location	Location indicator. (1) Excellent; (2) Good; (3) Average; (4) Poor
33	View	(1) Sea; (2) Partial sea; (3) Panoramic; (4) Surrounds; (5) Industrial; (6) Commercial; (7) Informal settlements; (8) River-Lake
34	Security	(1) High; (2) Medium; (3) Low; (4) None
35	External Noise	(1) Highway; (2) Major Road; (3) Side Street; (4) Cul De Sac; (5) Entertainment
36	Topography	(1) Level; (2) Average slope; (3) Steep
37	Soil Conditions (if available)	Mainly to support vacant land valuations.

sMVPR 2015-2021

V008\_4

2

## Template "C"

## PROPERTY DATA BY PROPERTY TYPE

The following data are required to be collected and captured for periodic reporting and data extraction on the valuation roll. Municipal valuer is responsible and accountable for all data on the valuation roll.		
#	PROPERTY DATA: DATA FIELDS REQUIRED FOR THE VALUATION ROLL MANAGEMENT SYSTEM FOR EACH ROLL RECORD ACCORDING TO THE PROPERTY USE TYPE	COMMENT: EXPLANATION OF DATA REQUIREMENTS FOR THE VALUATION ROLL MANAGEMENT SYSTEM. (READ WITH PROPERTY DATA FIELDS). The VRMS must store the history of all data updates for audit purposes. Data extracts and reporting in terms of this template is for current data.
38	Land Value Estimate (Cost approach)	Land Value estimate to support the cost approach
39	<b>Building Data</b>	
40	Building Name	Names of prominent buildings to be collected such as names of schools / police stations etc
41	Year Built (approximate)	Based on building plans, occupation dates or observed age for "YEAR BUILT" estimation
42	Quality or grade of building/s rating overall	# Residential - (1) Excellent; (2) Good; (3) Average; (4) Fair; (5) Poor # Commercial / Industrial to apply standard acceptable industry grading norms # Specialised to apply industry grading norms
43	Condition of Property and Buildings overall	(1) Excellent; (2) Good; (3) Average; (4) Fair; (5) Poor
44	Exterior Walls	(1) Brick/Plaster; (2) Face Brick; (3) Concrete Block; (4) Stone; (5) Timber; (6) Iron Clad
45	Number of Storeys	Number of storeys. For more than one building indicate for primary building
46	Number of Houses / Units / Rooms	Refers to quantity of units
47	Gross Building Area (GBA)	Total of all building areas. Method of area determination to be provided to support QA.
48	Total Living Area (Residential)	TLA Area. Refers to residential housing main residential areas (excludes carports, verandahs, balconies). Method of area determination to be provided to support QA.
49	Garage area	Building Area. Method of area determination to be provided to support QA.
50	Granny Flat area	Building Area. Method of area determination to be provided to support QA.
51	Staff Quarters	Building Area. Method of area determination to be provided to support QA.
52	Carport area	Building Area. Method of area determination to be provided to support QA.
53	Outbuildings (1, 2, 3 ...)	Building Area. Outbuilding for sheds and miscellaneous structures. Method of area determination to be provided to support QA. Additional buildings must be added as separate fields in the VRMS
54	Swimming Pool	Indicate Yes / No
55	Tennis Court	Record number of tennis courts
56	Eaves Height of Primary Industrial Building (approximate)	Height of eaves, typically for industrial type structures. Where there is more than one buildings, capture primary building eaves height
57	PFS Forecourt area	Area. Method of area determination to be provided to support QA.
58	Sports Fields area	Extent - Applicable to educational and sporting environment
59	Sports Centre / Pavilion (Indoor) area	Extent - Applicable to educational and sporting environment
60	Sports facilities (Tennis/ Hockey / Gyms) area	Extent - Applicable to educational and sporting environment
61	<b>Sectional Title (ST) Data</b>	
62	Scheme Name (ST)	Scheme Name as per deeds office, SG ST Plan and register
63	Section Number (ST)	As per deeds office
64	Unit Floor Level (ST)	Record floor level of unit to support valuation
65	Section Type (ST)	Duplex, Simplex, Flats
66	Total Number of units (ST)	As per deeds office

sMVPR 2015-2021

V008\_4

3

Template "C"

PROPERTY DATA BY PROPERTY TYPE

The following data are required to be collected and captured for periodic reporting and data extraction on the valuation roll. Municipal valuer is responsible and accountable for all data on the valuation roll.		
#	PROPERTY DATA: DATA FIELDS REQUIRED FOR THE VALUATION ROLL MANAGEMENT SYSTEM FOR EACH ROLL RECORD ACCORDING TO THE PROPERTY USE TYPE	COMMENT: EXPLANATION OF DATA REQUIREMENTS FOR THE VALUATION ROLL MANAGEMENT SYSTEM. (READ WITH PROPERTY DATA FIELDS). The VRMS must store the history of all data updates for audit purposes. Data extracts and reporting in terms of this template is for current data.
67	Total number of buildings (ST)	Record number of building on the site
68	SG Plan Number (ST)	Source from SG diagram
69	Main Extent (m <sup>2</sup> ) (ST)	Deeds Office extent for sectional title records
70	Garage Extent (m <sup>2</sup> ) (ST)	Deeds Office if separately registered
71	Granny Flat / Staff Quarters (m <sup>2</sup> ) (ST)	Deeds Office if separately registered
72	Carport / Parking (m <sup>2</sup> ) (ST)	Deeds Office if separately registered
73	Recreational Building (m <sup>2</sup> ) (ST)	To determine by measurement
74	Guard House (m <sup>2</sup> ) (ST)	To determine by measurement
75	Gross Building Area (GBA) (ST)	Deeds Office if separately registered
76	<b>Income Data</b>	
77	Tenant rent roll document available	Attachment and indicate if available Y/N. To use s42 of the MPRA to request documents and information
78	Other income generating areas e.g. car bays (if applicable)	Attachment and indicate if available Y/N. To use s42 of the MPRA to request documents and information
79	Turnover rental (if applicable)	Amount based on percentage of T/O. To use s42 of the MPRA to request documents and information
80	Gross Rentable area	Rentable Area. Apply tenant rent roll data or as determined by measurement. To use s42 of the MPRA to request documents and information
81	Gross income	Gross Income. From rental evidence. Determined by market research of rentals and general market indicators. To use s42 of the MPRA to request documents and information
82	Gross Expenses	Determined by market research of typical expenses and general market indicators. To use s42 of the MPRA to request documents and information
83	Vacancies	Determined by market research of vacancy levels and general market indicators. Percentage. To use s42 of the MPRA to request documents and information
84	Net Income	Calculate - Gross Income Less Expenses Less vacancies. To use s42 of the MPRA to request documents and information
85	Market capitalisation rate	Percentage. Determined by market research of sales and general market indicators. To use s42 of the MPRA to request documents and information
86	Ratio Expense to gross income	Percentage. To use s42 of the MPRA to request documents and information
87	Rate / m <sup>2</sup> Gross Rentable Area	Calculation.
88	<b>Agricultural Data</b>	
89	Irrigable Land extent	s42 Data/Information request. Digitized extents and land uses determined from aerial imagery are considered sufficiently accurate - can be matched against data from the farmer if there is a discrepancy. What to do with properties used as Informal housing regarding category/use - COMMENT: To consider apportionment of value and rates in terms of section 9 of the MPRA
90	Rate / Irrigable Land extent	Value Rate
91	Dry Cane Land extent	Digitized extents and land uses determined from aerial imagery are considered sufficiently accurate - can be matched against data from the farmer if there is a discrepancy. What to do with properties used as Informal housing regarding category/use - COMMENT: To consider apportionment of value and rates in terms of section 9 of the MPRA

sMVPR 2015-2021  
V008\_4

4

Template "C"

PROPERTY DATA BY PROPERTY TYPE

The following data are required to be collected and captured for periodic reporting and data extraction on the valuation roll. Municipal valuer is responsible and accountable for all data on the valuation roll.		
#	PROPERTY DATA: DATA FIELDS REQUIRED FOR THE VALUATION ROLL MANAGEMENT SYSTEM FOR EACH ROLL RECORD ACCORDING TO THE PROPERTY USE TYPE	COMMENT: EXPLANATION OF DATA REQUIREMENTS FOR THE VALUATION ROLL MANAGEMENT SYSTEM. (READ WITH PROPERTY DATA FIELDS). The VRMS must store the history of all data updates for audit purposes. Data extracts and reporting in terms of this template is for current data.
92	Rate / Dry Cane Land extent	Value Rate
93	Grazing Land extent	Digitized extents and land uses determined from aerial imagery are considered sufficiently accurate - can be matched against data from the farmer if there is a discrepancy. What to do with properties used as Informal housing regarding category/use - COMMENT: To consider apportionment of value and rates in terms of section 9 of the MPRA
94	Rate / Grazing Land extent	Value Rate
95	Irrigated Cane Land extent	Digitized extents and land uses determined from aerial imagery are considered sufficiently accurate - can be matched against data from the farmer if there is a discrepancy. What to do with properties used as Informal housing regarding category/use - COMMENT: To consider apportionment of value and rates in terms of section 9 of the MPRA
96	Rate / Irrigated Cane Land extent	Value Rate
97	Timber Land extent	Digitized extents and land uses determined from aerial imagery are considered sufficiently accurate - can be matched against data from the farmer if there is a discrepancy. What to do with properties used as Informal housing regarding category/use - COMMENT: To consider apportionment of value and rates in terms of section 9 of the MPRA
98	Rate / Timber Land extent	Value Rate
99	Orchids - Other farming Land extent	Digitized extents and land uses determined from aerial imagery are considered sufficiently accurate - can be matched against data from the farmer if there is a discrepancy. What to do with properties used as Informal housing regarding category/use - COMMENT: To consider apportionment of value and rates in terms of section 9 of the MPRA
100	Rate / Orchids - Other farming Land Extent	Value Rate
101	Grass/Bush Land extent	Digitized extents and land uses determined from aerial imagery are considered sufficiently accurate - can be matched against data from the farmer if there is a discrepancy. What to do with properties used as Informal housing regarding category/use - COMMENT: To consider apportionment of value and rates in terms of section 9 of the MPRA
102	Rate / Grass/Bush Land extent	Value Rate
103	<b>Cost Data</b>	na
104	Estimated New Replacement Cost (ENRC) All buildings	Applicable for non-market property and where the all other approaches are not applicable
105	Average rate per m <sup>2</sup> (ENRC)	Applicable for non-market property and where the all other approaches are not applicable
106	Depreciation % (Average) where applicable	Expressed as an average percentage across the property for all buildings, applicable for non-market property and where the all other approaches are not applicable. Linked to year built and condition
107	Estimated Depreciated Replacement Cost (DRC) All buildings	Based on building costs research and market reports of typical similar buildings
108	<b>General Data</b>	
109	PFS Average Monthly Literages - Petrol / Diesel	Monthly average literage captured preferably last 3 years, based on market report
110	Occupancy rate	Capture market percentage

sMVPR 2015-2021  
V008\_4

5

Template "C"

PROPERTY DATA BY PROPERTY TYPE

The following data are required to be collected and captured for periodic reporting and data extraction on the valuation roll. Municipal valuer is responsible and accountable for all data on the valuation roll.		
#	PROPERTY DATA: DATA FIELDS REQUIRED FOR THE VALUATION ROLL MANAGEMENT SYSTEM FOR EACH ROLL RECORD ACCORDING TO THE PROPERTY USE TYPE	COMMENT: EXPLANATION OF DATA REQUIREMENTS FOR THE VALUATION ROLL MANAGEMENT SYSTEM. (READ WITH PROPERTY DATA FIELDS). The VRMS must store the history of all data updates for audit purposes. Data extracts and reporting in terms of this template is for current data.
111	RevPar history (Revenue per available Room)	Revenue per available Room. A performance measure in the hotel industry, which is calculated by multiplying a hotel's average daily room rate (ADR) by its occupancy rate. It may also be calculated by dividing a hotel's total guestroom revenue by the room count and the number of days in the period being measured. Keep in mind that RevPAR does not take into account revenue from other hotel services, such as restaurants, spas, golf courses, marinas, casinos etc.
112	Past 3 year financials Statements (If Applicable)	Attachment and indicate if available Y/N
113	Number of Hospital Beds	Number
114	Number of Hospital Theatres	Number
115	Number of Hospital Wards	Number
116	Hospitality registration certification	Attachment and indicate if applicable Y/N
117	Potential Bulk Area (Vacant Land Comm)	Extent of land - Commercial
118	Potential Plat-Formed (PF) Area (Vacant Land - Ind)	Extent of land - Industrial
119	Potential Number of Developable Units (Vac Land - Res)	Number of units for residential land
120	<b>Valuation</b>	
121	Total Market Value	The Valuation Roll Value
122	Average Rate per unit of comparison based on total market value	To be provided or must be calculable for benchmarking and value review purposes
123	Comment	The valuer must review rates policy for changes to property and any impacts on data collection.  Land Tenure Right as defined in ULTRA (Upgrading of Land Tenure Rights Act) and may include any of the property types defined.

## e. Data Template "D": Sales Data File

Template "D"

### SALES DATA FILE FOR GENERAL VALUATION

The following minimum data are required for periodic reporting and data extraction on the valuation roll - Sales File. The municipal valuer is responsible and accountable for the analysis and provision of the sales file which is a component of the market report

Description	Short Name	Field Format	Data Comment	Extract Type	Responsibility
ID_PIN	ID_PIN	Text/Num	System No.	ROLL	MV
Municipality ID Number	Mun_ID	Text/Num	The municipal identity code allocated to a municipality	ROLL-RATES	Municipal Valuer
Name of Municipality	Mun_Name	Text/Num	Name of Municipality	ROLL-RATES	Municipal Valuer
SG21 Code	SG21	Text	Main parent Surveyor General (SG) Code is a Unique Property Identifier (UPI) derived from property description, used as the data link field. Currently the SG code is 21 Digits for Registered full title property.	ROLL & PUBLISH (REGS)	Municipal Valuer
SG21_26 Code	SGP21_26	Text	Surveyor General (SG) Code is a unique property identifier derived from the property description, used as the data link field. Currently the SG code is 21 Digits for Registered full title property and to extend the SG Code for tenure types for MPRA definition of property by adding 5 suffixed digits to create a 26 digit code. See Tenure Type (TT)	ROLL-RATES & PUBLISH (REGS)	Municipal Valuer
SG Holding_Unity	SGH	Text/Num	Surveyor General Code is a unique property identifier derived from the property description, used as the data link field when valuing a grouping of properties which are contiguous and have the same owner and category of property. The combined value of the grouping of properties is shown on the one parent property and the linked holding records will have a zero value. This enables ease of searching and identifying the grouped and valued properties. AKA Unity of Use.	ROLL-RATES & PUBLISH (REGS)	Municipal Valuer
Tenure Type	TT	Text	In accordance with the MPRA, definition of property and roll tenure type. FT= Full Title (Deeds Registered), FTPAR = Parent Remainder, ST= Sectional Title (Deeds Registered), FTST = Sectional Title Parent, RR= Registered Rights, registered leases / rights (Deeds Registered), LTR= Land Tenure Rights (MPRA), PSI= Public Service Infrastructure (MPRA), MPU = Multiple Purpose Use (MPRA), UND = Undefined (MPRA). Every property on the roll must have a Tenure Type assigned.	ROLL & PUBLISH (MPRA/REGS)	Municipal Valuer
Geographical area (Suburb)	GA	Text / Num	Based on Suburb collected and captured by Municipal Valuer. MPRA Regulations Gaz 29304, Roll Format / Content	ROLL & PUBLISH (s48 / REGS)	Municipal Valuer
REM	REM	Text	Remainder registered in the Deeds Office description/ Surveyor General diagram description or other description. MPRA Regulations Gaz 29304, Roll Format / Content	ROLL-RATES & PUBLISH (s48 / REGS)	Municipal Valuer
ERF	ERF	Num	Registered in the Deeds Office description/ Surveyor General diagram description or other description. MPRA Regulations Gaz 29304, Roll Format / Content	ROLL-RATES & PUBLISH (s48 / REGS)	Municipal Valuer
PTN	PTN	Num	Registered in the Deeds Office description/ Surveyor General diagram description or other description. MPRA Regulations Gaz 29304, Roll Format / Content	ROLL-RATES & PUBLISH (s48 / REGS)	Municipal Valuer
Town name	TN	Text / Num	Registered in the Deeds Office description/ Surveyor General diagram description or other description. MPRA Regulations Gaz 29304, Roll Format / Content	ROLL-RATES & PUBLISH (s48 / REGS)	Municipal Valuer
Farm name	FN	Text / Num	Registered in the Deeds Office description/ Surveyor General diagram description or other description. MPRA Regulations Gaz 29304, Roll Format / Content	ROLL-RATES & PUBLISH (s48 / REGS)	Municipal Valuer
Unit Section Number	UNIT	Num	Sectional Title Deeds Office description. MPRA Regulations Gaz 29304, Roll Format / Content	ROLL-RATES & PUBLISH (s48 / REGS)	Municipal Valuer
Scheme Name	SNME	Text / Num	Sectional Title Deeds Office description / Surveyor General Sectional Title Plan. MPRA Regulations Gaz 29304, Roll Format / Content	ROLL-RATES & PUBLISH (s48 / REGS)	Municipal Valuer
Scheme Number_Year	SNUM_YEAR	Text / Num	Sectional Title Deeds Office description / Surveyor General Sectional Title Plan. MPRA Regulations Gaz 29304, Roll Format / Content	ROLL & PUBLISH (s48 / REGS)	Municipal Valuer
Owner	OWN	Text / Num	Deeds Office OR MPRA definition of owner. MPRA Regulations Gaz 29304, Roll Format / Content	ROLL-RATES & PUBLISH (s48 / REGS)	Municipal Valuer
Category of Property (Code)	COP_CDE	Text / Num	Category used for rating in terms of s8. Reference Rates Policy, Data Collection and Regulations Gaz 29304, Roll Format / Content. Published Category for General (GV) Valuation Roll.	ROLL-RATES & PUBLISH - GV (s48 / REGS)	Municipal Valuer
Category of Property Description	COP_DESC	Text / Num	Category used for rating in terms of s8. Reference Rates Policy, Data Collection and Regulations Gaz 29304, Roll Format / Content. Published Category for General Valuation (GV) Roll.	ROLL-RATES & PUBLISH -GV (s48 / REGS)	Municipal Valuer

sMVPR 2015-2021  
V008.4

1



## Template "D"

SALES DATA FILE  
FOR GENERAL VALUATION

The following minimum data are required for periodic reporting and data extraction on the valuation roll - Sales File. The municipal valuer is responsible and accountable for the analysis and provision of the sales file which is a component of the market report

Description	Short Name	Field Format	Data Comment	Extract Type	Responsibility
Actual Use (Primary Use) Code	USE_CDE	Text / Num	Actual use with reference to the MPRA s8 (1) part of data collection to support valuations	ROLL (s8 / s9)	Municipal Valuer
Actual Use (Primary Use) Description	USE_DESC	Text / Num	Actual use with reference to the MPRA s8 (1) part of data collection to support valuations	ROLL (s8 / s9)	Municipal Valuer
Physical Address of the Property	ADD	Text / Num	MPRA and Regulations Gaz 29304	ROLL-RATES & PUBLISH (s48 / REGS)	Municipal Valuer
Extent (Land_Unit) m <sup>2</sup>	EXT	Num	MPRA and Regulations Gaz 29304. Land extent or sectional title unit extent	ROLL-RATES & PUBLISH (s48 / REGS)	Municipal Valuer
Market Value (R)	MV	Num	MPRA and Regulations Gaz 29304. Market value of the property at date of roll report	ROLL-RATES & PUBLISH (s48 / REGS)	Municipal Valuer
Multiple owner Indicator (Y_N)	MULTI_OWN	Text	Deeds Office information, indicator if there is more than one registered owner	ROLL	Municipal Valuer
Gross Building Area (Total Living Area)	GBA	Num	To support sales analysis and CAMA application in square metres	ROLL	Municipal Valuer
Title Deed Number (TDN1, TDN2, etc. ...)	TDN	Txt / Num	Deeds Office data. To record last 2 or 3 sales on a property	DEEDS	Municipal Valuer
Sale Date (SD1, SD2, etc ...)	DOS	Date	Deeds Office data. To record last 2 or 3 sales on a property	DEEDS	Municipal Valuer
Sale Price (SP1, SP2, etc ...)	SP	Num	Deeds Office data. To record last 2 or 3 sales on a property	DEEDS	Municipal Valuer
Buyer (BU1, BU2, etc ...)	BUY	Txt / Num	Deeds Office data. To record last 2 or 3 buyers on a property	DEEDS	Municipal Valuer
Seller (SE1, SE2, etc ...)	SEL	Txt / Num	Deeds Office data. To record last 2 or 3 sellers on a property (3 previous owners)	DEEDS	Municipal Valuer
Bondholder (BH1, BH2 etc ...)	BH	Txt	Deeds Office data. To record last 2 or 3 sales on a property	DEEDS	Municipal Valuer
Bond Amount (BA1, BA2 etc ...)	BA	Num	Deeds Office data. To record last 2 or 3 sales on a property	DEEDS	Municipal Valuer
Neighbourhood	NBH	Txt	Also known as homogeneous area for CAMA application and stratification	ROLL	Municipal Valuer
Multiple sale property	MSP	Txt / Num	Indicator that this property sold with other properties. Title deed num and sales date is one way of collating and analysing a sale which involved more than one sale	SALE	Municipal Valuer
Sale Inspection Indicator	INSP	Txt	Indicator - Inspected Y or N	SALE	Municipal Valuer
Sales Validity Indicator	SVI	Txt / Num	Indicator - After analysis decide if the sale is valid or invalid for the use in the General Valuation - indicated by Y or N	SALE	Municipal Valuer
Sales Comments	Scom	Txt / Num	Comments pertaining to the sale validated and sales rejected	SALE	Municipal Valuer

## F. MPRA - GUIDELINE GENERAL VALUATION IMPLEMENTATION TIME FRAMES

Guidelines for GENERAL VALUATION (GV) implementation time frames

**Time Schedule for procuring and implementing a typical  
(Medium to Large size municipality) General Valuation (GV)  
in terms of the Municipal Property Rates Act  
to implement a valuation roll on 1 July  
(year of implementation)**

Time Schedule for procuring and implementing a typical (Medium to Large size municipality) General Valuation (GV) in terms of the Municipal Property Rates Act to implement a valuation roll on 1 July (year of implementation)																																				
1. YEAR OF IMPLEMENTATION (Minus -2)												2. YEAR OF IMPLEMENTATION (Minus -1)												3. YEAR OF IMPLEMENTATION												
Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
←												→												→												
Resp						MM	MM	MV		MM	MM/MV	MV	MV	MV	MV	MV	MV	MV	MV	MV	MV	MM/MV	MM/MV	MM	MM/RP	MM/RP			MM	MV					MM/RP	
Roll						Council sets date of valuation (DOI - Plus 2 yrs)	GV Bid invitation	Prepare and submit Part A of the register (Roll - Template: A)		Appointment of New Municipal Valuer	GV Planning & preparation	GV Start	General Valuation	General Valuation	General Valuation	General Valuation	General Valuation	General Valuation	General Valuation	General Valuation	General Valuation	Draft Roll review	Draft Roll review		Public Inspection - Objections	Public Inspection - Objections		Roll advertised - s43 Media, Mail, Web site and Gazette notice	Roll finalisation / certification	Prepare and submit Part A of the register (Roll - Template: A)						
Resp						COUNCIL	MM/CFO	MM/CFO		MM/CFO		MM/CFO			MM/CFO		COUNCIL	MM/CFO	MM/CFO	MM	MM	MM/RP	MM/RP	MM/CFO	MM/CFO				MM/CFO	MM/CFO	COUNCIL	MM/CFO		MM		MM/RP
Rates						Final Budget Approved by Council (with Rates and Bylaws)	Prepare and submit Part B of the register (Rates - Template)			Review, Advise & consider comments (RP yr 2 to 3)		Finalise Rates Policy and Rates Bylaw amendments	Draft Budget Tabled at Council (with Rates and Bylaws)									Public Comments review for Rates Policy			Draft Budget Tabled at Council (with Rates and Bylaws)	Draft Budget Approved by Council (with Rates and Bylaws)		Finalise Rates Policy and Rates Bylaw amendments	Rates implementation (Gazette Rate) (New GV Year 3 to 4)	Prepare and submit Part B of the register (Rates - Template)		Review Rates Policy (Year 4 to 5)	Advise updated Rates Policy	Public Comments review for Rates Policy		

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## G. GUIDELINE VALUE UNITS OF COMPARISON

The following is a summary of the main value units of comparison applied by the valuation industry in valuations and to compare market related information in valuation review and quality assurance decisions.

Property type	Typical Methodology	General Units of comparison
<b>Residential</b>		
Residential houses	Direct Sales	Sales prices paid, rates/m <sup>2</sup> GBA
Residential Sectional Title units	Direct Sales	Sales prices paid, rates/m <sup>2</sup> GBA
Vacant Residential Land	Direct Sales	Sales prices paid, rates per m <sup>2</sup> /Ha
<b>Non Residential</b>		
Commercial or Industrial	Income Approach	Rentals, Cap rates, expenses, vacancies
Sectional Title Shops, offices, industrial properties	1. Direct Sales; 2. Income approach	1. Rate/m <sup>2</sup> GLA and Sales prices paid; 2. Rentals, Cap rates, expenses, vacancies
Vacant Commercial Land	Direct Sales	Rate/m <sup>2</sup> site or potential realisable bulk development
Vacant Industrial Land	Direct Sales	Rate/m <sup>2</sup> plat-formed area
<b>Specialised Properties</b>		
Shopping Centre	Income Approach	Rentals, Cap rates, expenses, vacancies, sales prices paid
Hospital	Income approach supported by the Cost approach: considering depreciation physical, functional and economic taking account of the impact of adequate profitability and utilisation (IVS)	Rentals, Cap rates, expenses, vacancies; Replacement Costs, physical depreciation, functional limitations, external economic limitations and land values
Airport	Income approach supported by the Cost approach: considering depreciation physical, functional and economic taking account of the impact of adequate profitability and utilisation (IVS)	Rentals, Cap rates, expenses, vacancies; Replacement Costs, physical depreciation, functional limitations, external economic limitations and land values
Casino	Income approach supported by the Cost approach: considering depreciation physical, functional and economic taking account of the impact of adequate profitability and utilisation (IVS)	Rentals, Cap rates, expenses, vacancies; Replacement Costs, physical depreciation, functional limitations, external economic limitations and land values

Property type	Typical Methodology	General Units of comparison
Heavy Manufacturing and Engineering	Cost approach: considering depreciation physical, functional and economic taking account of the impact of adequate profitability and utilisation (IVS)	Replacement Costs, physical depreciation, functional limitations, external economic limitations and land values
Hotel	Profits	Occupancy rates, financial statements revenue, gross/net margins, sales
Petrol Filling Station	Income approach and profits	Rentals, Cap rates, expenses, vacancies and Volumes of thru put literage, rentals, cap rates, expenses, vacancies
Police Station	Cost approach: considering depreciation physical, functional and economic taking account of the impact of adequate profitability and utilisation (IVS)	Replacement Costs, physical depreciation, functional limitations, external economic limitations and land values
Schools	Cost approach: considering depreciation physical, functional and economic taking account of the impact of adequate profitability and utilisation (IVS)	Replacement Costs, physical depreciation, functional limitations, external economic limitations and land values
Agricultural Property	To be valued with reference to the guidelines adopted by the SAIV and profession for the valuation of agricultural properties	Typically as a farming unit on rates per hectare however taking account of the various uses and MPRA exclusions

## **H. GUIDELINE GENERAL VALUATION AERIAL PHOTOGRAPHY SPECIFICATION**

### **Specifications of aerial photography - digital Imagery (Orthophoto Mosaics)**

1. Aerial photography should not be more than 2 (two) years old and cover all properties within the municipality's boundary.
2. Imagery should be high resolution, ortho-rectified and geo-referenced.
3. The primary unit of delivery is the applicable municipality over which the imagery will originate.
4. The secondary unit of delivery of the aerial photography should be based on the 1:10 000 tiles/ gridblock, similar to the national ortho-photo map series from CDSM, which should be relevant to the applicable municipality.
5. The format in which the images should be delivered is one copy in the Mr. Sid format and one copy in the geotiff format.
6. The storage medium for image supply to the municipality is CD/DVD.
7. The coordinate system is: Geographic, Hartbeeshoek 94 (datum), WGS84 (ellipsoid).
8. The above-mentioned coordinate system should be allocated to each of the images. raster / Arc GIS 10 and later releases should be able to read the allocated coordinates system automatically without any post processing i.e. allocation of coordinate system by the municipality.
9. Accuracy to be at least 1 metre horizontal positional accuracy. (Cadastral data should correlate accurately to the final product.)
10. The pixel size shall not be more than 25 X 25 cm.
11. The Mr Sid compression ratio should be 1:10.
12. All imagery should be cloud free.
13. The naming convention of imagery should be in line with the CDSM 1: 10000 grid based system. i.e. 2830AB\_25.
14. For completeness, no void areas may exist. All 1: 10000 grid blocks overlapping the applicable area of interest should be filled with imagery (this includes grid blocks overlapping adjacent municipalities).
15. Each 1:10000 Imagery tile should overlap the adjacent imagery tiles by at least 200 metres (this includes the outer edges of peripheral tiles of each area of delivery).
16. No duplicate tiles may exist.
17. No tiles may be located outside of its associated 1: 10000 grid block location due to incorrect geo-referencing.

## **I. GUIDELINE VALUATION ROLL GIS CADASTRAL LAYER SPECIFICATION**

### **1. GENERAL**

(1) The Valuation Roll GIS Cadastral Layer forms part of the Property Register as defined in the standards and the following specifications are applicable in its preparation.

(2) The latest cadastral data available must be sourced and used as the start baseline and if not available the spatial data may need to be recreated for the final Valuation Roll GIS Cadastral Layer.

(3) The unique identifier, the Surveyor General (SG) 21 digit code and the suffixed 5 digit creating a 26 digit code must be created and applied to MPRA defined property per land parcel and populated into the database and which must align to the property register datasets.

(4) The latest ownership data must be sourced / acquired for all properties in the municipality and linked to the cadastral data in order to create the registered layer. Mismatches must be thoroughly investigated in the Surveyor General's Office and Deeds Office and resolved. Ownership data must be held in a Database, CSV, MS Excel or MS Access to permit data transfer and matching between the valuation roll and the GIS cadastral layer.

(2) All coordinate geometry for the farm data must be captured in the Clarke 1880 coordinate system initially as the majority of the farm data is in Clarke 1880. The final data set must be converted to WGS84.

(5) "Snapping" must be used to capture features as specified and to provide topological connectivity.

(5) Visual checks must be performed against compilation plans from the Surveyor General's Office for completeness of data capture.

(6) Automated checks must be performed for data completeness, polygon closure, attribute validity, connectivity to assure the completeness and usability of the data captured.

(3) All servitudes where required must be captured and provided as a separate data layer. In cases where centre line is depicted, the outer boundaries of the extent of the servitude must be captured.

## 2. CADASTRAL DATA CONTENT AND FORMAT

The GIS cadastral data attributes must be in accordance with **MPRA Data Template “B”** and must be captured in the preparation of the Valuation Roll GIS Cadastral Layer as a polygon.

## 3. ACCURACY

(1) An accuracy of 0.3m must be achieved for coordinate. If errors of more than 0.3m are found these are to be investigated by a professional land surveyor and reported on.

(2) Areas are to be based on the average length of a side multiplied by twice the coordinate accuracy, *eg.* (Polygon Area)- (Diagram Area) <2x (0.3m) x square root of (Diagram Area).

## 4. PROCEDURE FOR FARM CAPTURING

The original farm boundary coordinates must take preference over subdivisions, servitudes, leases etc and all straight lines must remain straight. If the difference is more than 0.30m from the straight line it must be queried. By using the list of farms in the Registration Division, the Service Provider must work from the highest farm number down to the lowest, inputting all coordinates, in the following order, from diagrams and General Plans:

### (a) LO co-ordinates

The most recent survey must be used to input any coordinate. (There can be an allowable difference of 0.30m between surveys of the same beacon and the difference from a straight line of a beacon *i.e.* If the distance is greater than 0.30m from a straight line the beacon remains in its coordinated place but the line is extended to the straight line. Any difference greater than 0.30m must be queried and checked by the nominated GIS / Data Manager).

### (b) Local coordinates (not on LO, usually has no constants)

The coordinates must be entered therefore the polygon will not fall in the correct area. It is usually swung by 180° (can be 90°) and above the Equator. The Service Provider must select the polygon, rotate it by the required amount, move it near its proper place and then using a Helmert transformation (using 3 or more known LO points) to put into position.

### (c) Sides and angles

These are to be input by using polars.

**(d) Curvilinear boundaries (rivers, roads, cliff edge etc)**

By using the scanned image of the diagram the Service Provider must digitise rivers. If there are newer surveys coordinate points along the river, these must be added to the continuous map. If this is not stated the middle of the river is taken as the boundary.

**(e) Servitudes (areas, lines and points) (optional)**

All servitudes are to be indicated. If a servitude is shown topographically and a note appears on the diagram this must be shown as well. If a diagram gives the width of the servitude the full extent must be shown on the continuous map.

## **5. GIS CADASTRAL LAYER SPECIFICATIONS**

The following specifications are applicable in the preparation and delivery the of the Valuation Roll GIS Cadastral Layer –

- a) The municipal valuer must guide and make decisions on the sourcing and acquisition of data in the preparation of the Valuation Roll GIS Cadastral Layer to ensure an accurate property register and valuation roll is prepared.
- b) An ESRI ArcView Shapefile or personal geodatabase containing the above layers as feature classes, with point and polygon topology must be prepared and delivered and the data must be in Geographic coordinates on the Hartebeeshoek '94 datum (WGS84 ellipsoid). The GIS cadastral data must match to the property register (valuation roll) database at a record level.
- c) The Valuation Roll GIS Cadastral Layer must be a “wall to wall” representation of the municipality and all spatial properties that are registered in the deeds office must have a corresponding owner name with title deed information.
- d) A Relational database in Microsoft access format (.mdb) or a suitable substitute containing all ownership information sourced from the Deed Office must be provided.
- e) Deeds ownership information must be in sync with the Valuation Roll GIS cadastral layer.
- f) Anomalies must be flagged in the ownership database with clear comments of the exclusion or corrective action.
- g) All land extents must be reflected in a standard number format in square metres (m<sup>2</sup>).
- h) Ownership information must be attributes of the spatial data and linked to the spatial data via the 21 or 26 digit code.
- i) The Valuation Roll GIS Cadastral Layer must be clean and free of overshoots, undershoots and duplication. This includes both the point and line coverages.

- j) An accuracy of 0.5% for properties situated in township registered areas and 1% for properties in farm registered areas must be achieved when comparing extents between captured land parcels and extents registered in the Deeds information. Properties falling outside this range must be “flagged” with clear comments for the anomalies.
- k) The property register with spatial and ownership data must be kept up to date during the general valuation and during the supplementary maintenance phase.
- l) The final Valuation Roll GIS Cadastral Layer forming part of the property register (valuation roll) needs to be officially accepted and signed off by the municipal valuer.

## 6. DEEDS INFORMATION - DATABASE DESIGN

The municipal valuer must follow the general deeds office data structure and format depicted below in the preparation of the property register database.

1. Bonds Information	2. Clearance Information	3. Deeds Information
Deeds ID	Deeds ID	Deeds ID
ERF_NO	ERF_NO	ERF_NO
TOWNSHIP NAME	TOWNSHIP NAME	TOWNSHIP NAME
PORTION NO	PORTION NO	PORTION NO
ENDORSEMENT_DOC_NO	FARM NAME	RESTANT
ENDORSEMENT HOLDER	REGISTRATION_DIV	ADDITIONAL_DESC
SIGN	CLEARANCE	DIAGRAM_NO
BOND AMOUNT	SITUATED_TOWNSHIP_NAME	EXTENT
MICROFILM YEAR	SITUATED_ERF_NO	PROVINCE
MICROFILM ROLL	SITUATED_PRTN_NO	MUNIC_CODE
MICROFILM BLIP	MUNIC_CODE	MUNIC_NAME
MUNIC_CODE		
4. Historical Information	5. Owners Information	6. Property Information
Deeds ID	Deeds ID	(21 digit)
ERF_NO	ERF_NO	Deeds ID
TOWNSHIP_NAME	TOWNSHIP_NAME	ERF_NO
PORTION_NO	PORTION_NO	TOWNSHIP_NAME
PREVIOUS_TITLE	PERSON_NAME	PORTION_NO
REGISTRATION_DATE	PERSON_ID_NO	DEEDS_OFFICE
MICROFILM_REFERENCE	DOC_NO	PROPERTY_TYPE
SHARE	REGISTRATION_DATE	LPI_MINOR_KEY
PURCHASE_PRICE	SHARE	LPI_MAJOR_KEY
NEW_TITLE	PURCHASE_DATE	REGDIVISION
MICROFILM_REFERENCE2	SIGN	MUNIC_CODE
PREVIOUS_OWNER	PURCHASE_PRICE	
ID_NUMBER	MICROFILM_YEAR	
MUNIC_CODE	MICROFILM_ROLL	
	MICROFILM_BLIP	
	MUNIC_CODE	

## J. GUIDELINE AGRICULTURAL PROPERTY VALUATION

### Interpreting specific provisions of the Municipal Property Rates Act, No. 6 of 2004 (as amended) in the Valuation of Agricultural Properties (2014)

#### Introduction

The Municipal Property Rates Act, Act 6 of 2004 as amended (the MPRA) - provides that all properties in South Africa be valued for rating purposes on the basis of Market Value.

This is provided for in Section 46 (1) as follows:

*“Subject to any other applicable provisions of this Act, the market value of a property is the amount the property would have realised if sold on the date of valuation in the open market by a willing seller to a willing buyer”*

Those familiar with the Act will be aware that the requirement of Market Value is, for certain property categories, subject to certain limitations.

With specific reference to agricultural properties, there are certain provisions in the Act which may be open to differing interpretations. These can lead to farms in adjacent municipalities with similar farmland, some forming part of the same farm, being valued at differing values. This may not necessarily be due to the application of varying market factors, but rather inconsistent interpretations of the Act as to ‘what is to be valued’.

The provisions relate to:

- the exclusion of annual crops to be harvested;
- the exclusion of immovable equipment or machinery and underground improvements.
- the inclusion of the irrigation pump installation.

Where farms are typically sold with irrigated lands and equipment, or inclusive of part or all of the annual crop in rotation, the above exclusions will require adjustments to be made to the values reached. Ratepayers will thus be aware that in certain agricultural sectors, there will be a difference between ‘Open Market Value’ as defined globally, and ‘Open Market Value for Rating Purposes’ in South Africa.

The guidelines are therefore intended to promote a consistent approach to the interpretation of these limitations and variations to market value for the valuation of agricultural properties for rating purposes under the Act.



In order to value agricultural property, the following is a definition of “agricultural property” to apply to the guidelines –

***“Agricultural property”*** - means a property that is used primarily for agricultural purposes but, without derogating from section 9, excludes any portion thereof that is used commercially for the hospitality of guests, and excludes the use of the property for the purpose of ecotourism or for the trading in or hunting of game.

#### **Proposed Guideline #1. Interpretation of Annual Crop Values:**

S46 (4) of the MPRA states:

*“ in determining the market value of a property used for agricultural purposes, the value of any annual crops or growing timber on the property that have not yet been harvested as at the date of valuation must be disregarded for the purpose of valuing the property.”*

#### **Growing Timber**

In disregarding the value of growing timber, this is taken to mean that land on which timber with a commercial or contributory value is growing must be valued as if such timber did not exist. Growing timber is taken to include the ‘coppice’ or the stump re-growth that is left behind after a plantation is cut away, and which is of a variety that the coppice will generate new tree growth.

All other farm improvements such as plantation roads, infrastructure and improvements are to NOT to be disregarded.

Due care must be exercised in assessing the value of such land when and if the valuation is reliant on comparable sales in which such timber is included on an ‘all in’ basis are selected for comparison and analysis.

The application of such sales should yield similar results to comparisons made with land and infrastructure with timber potential, with adjustments, as required, for existing infrastructure on the subject farm.

#### **Annual Crops**

The MPRA provides that ‘the value of any annual crop not yet Harvested as at the date of valuation must be disregarded for purposes of valuing the property.’

Before considering what constitutes the ‘annual crop’ on a productive farm, it is important to distinguish between the plant and the crop.

The following schedule serves as a guide to distinguishing some of the plants and crops in South Africa.

**Schedule of annual crops to be disregarded:**

Plant	Annual Crop	Should the plant be disregarded with the crop?
Banana Plantations	Bananas	No
Berry Producing Plants	Berries	No
Citrus	Oranges, lemons, grapefruit, naartjies	No
Coffee/Tea	Coffee/Tea	No
Cotton	Cotton	No
Deciduous Fruit Orchards	Fruit	No
Sisal	Fibre crop	Yes
Grain Crops	Grain	Yes
Melons	Fruit	No
Olive Groves	Olives	No
Potatoes	Potatoes	Yes
Sugar cane	Stem	No
Vineyards	Grapes	No

Annual crops are taken to mean the total harvest or yield that is gathered over a 12 month cycle.

Thus the value of the annual crop must be disregarded if it formed part of a going concern transaction. However, in many farming sectors, the annual crop will be considered separately from the price paid for the immovable property (eg vegetable operations) and so the comparable sales in such sectors will exclude the annual crop value.

As an example to distinguish between a plant and a crop, a productive sugar cane farm planted in rotation will often harvest only a portion of the total crop planted during a 12 month period. At sale, such a farm property may sell with or without part, or all of the cane that will be cut during the harvesting season.

Cane is a plant that “rattoons” for several years before new cane roots require replanting. That is to say that the cane stem, once cut, leaves behind a short ‘stump’ and ‘root’ that will regenerate to yield 4 to 6 more crops depending on soils, cane variety and rainfall levels.

In this instance the ‘root’ is the plant and the cane stem that is cut constitutes the crop.

If the value of the annual crop that is harvested is found to form part of the price paid for the comparable sale of the immovable property, then the Valuer will disregard/deduct the net annual crop value and apply the residual benchmarks, after any other relevant adjustments, thereby resulting in a market value for rating purposes. The value of the crop in this instance is the gross market price prevailing at the Fixed Date, less all costs associated with harvesting, transporting to the sugar mill and any other costs associated with the sale for the annual crop at point of sale (including levies). The same principle will apply to deciduous fruits and crops that are harvested from plants that regenerate future crops.

## **Pastures**

For the purposes of clarification, pastures are specifically defined. Pastures are grown for livestock consumption and are normally grazed in rotation. The value of the land established to pasture is typically expressed as a rate per hectare and is typically based on the establishment costs of that pasture together with associated carrying capacities.

In no instances are farm prices declared found to be assessed 'net' of pasture lands, and thus no adjustment is necessary for the pasture crop.

## **Proposed Guideline #2. Machinery, Equipment and Irrigated Lands**

Section 46 (3) (b) of the MPRA states:

"In determining the market value of a property the following must be disregarded for purposes of valuing the property:

- (b) "The value of any equipment or machinery which, in relation to the property concerned, is immovable property, excluding –
  - (i) a lift
  - (ii) an escalator
  - (iii) an air-conditioning plant
  - (iv) fire extinguishing apparatus
  - (v) a water pump installation for a swimming pool or for irrigation or domestic purposes
  - (vi) any other equipment or machinery that may be prescribed"

With regard to agriculture, this provision is interpreted as requiring all immoveable equipment and machinery to be disregarded, except the irrigation pump installation which is to be included.

Property is clearly defined in Section 1 of the Act. Other than the above inclusions, and other than the Public Services Infrastructure specified in Section 1 of the Act, all plant and equipment, both moveable and immoveable, is thus excluded for purposes of valuation in terms of the Act.

## **Movable and immoveable equipment & machinery on agricultural properties**

As indicated above, movable and immoveable equipment and machinery are to be excluded and, in the case of agriculture, the only exception for inclusion is the irrigation pump installation.

Dealing firstly with the exclusion of all plant, machinery and equipment, it is noted that in the case of agricultural properties, movables (including plant and equipment) are frequently included in the sale of such properties, particularly when farms are sold as going concern enterprises.

It follows that where equipment, moveable or immoveable, typically forms part of a sale, the value of the property will be less after the immoveable equipment and machinery has been disregarded. For example a dairy farm sale would typically include immoveable milking equipment and machinery which, if disregarded, would result in a lower value. i.e. its rateable value would be lower than its typical market value.

Equally, the value of **irrigated lands** which comprise of irrigation mains, infield equipment and pumps, motors and ancillary switchgear and equipment are also typically included as part of a farm sale. If as the Act requires, the valuer is to disregard all immoveable Plant and Equipment and if, in terms of S1 of the Act, the valuer is to only value Immoveable Property, then clearly ALL plant, machinery and equipment are to be disregarded in the valuation of property for rating purposes.

It follows that without irrigation equipment, the underlying land is, to all intents and purposes, no longer irrigated and will now fall into an 'irrigable' land category and should be valued as such. The exception to this rule will be lands under flood irrigation where all irrigation infrastructure is of earth or civils.

**Irrigable Land** is taken to mean land with (water) rights that may be irrigated (potential for irrigation)

**Irrigated Land** is taken to mean irrigable land with the equipment installed and/or on the farm and which is sufficient and available to irrigate the land (equipment not necessarily in the field but on the farm and in working order – viz draglines).

Type of irrigation system	What is to be valued in terms of S46 3 (b) (v) of the MPRA	What must be excluded as equipment & machinery
Centre pivot	Irrigation Pump installation	Motor, switchgear and pump foundation; inlet and outlet pipe to pump, Main line to edge of field. Centre pivot and in field mother lines (piping)
Drip irrigation	Irrigation Pump installation	Motor, switchgear and pump foundation; inlet and outlet pipe to pump, Main line to edge of field, Drippers and in field mother lines (piping)
Drag line	Irrigation Pump installation	Motor, switchgear and pump foundation; inlet and outlet pipe to pump from water source to Main line to edge of field Sprinklers, drag lines and in field lines
Water cannon	Irrigation Pump installation	Motor, switchgear and pump foundation; inlet and outlet pipe to pump; Main line to edge of field, Water cannon and in field piping

The retention of the irrigation pump installation in terms of the MPRA may thus seem superfluous as it is not capable, in isolation, of irrigating the land. This is, however, a requirement of the MPRA and valuers will be required to include pump installations as part of the assessed Market Value.

## **Plant and Machinery in General**

In the agricultural sector, plant &	Examples per sector of moveable & immoveable equipment/ machinery to be disregarded	Improvements not categorised as Equipment but rather as land improvements
Field Crops	Farm implements  Processing and packaging equipment Grain silos	Dams, fences, livestock camp watering systems; silos
Horticulture	Fruit & vegetable sorting equipment, Sugar milling equipment  processing and packaging equipment Firefighting equipment; tunnel watering equipment	Tunnels & lighting; dams, fences, silos
Livestock:	Livestock feeding systems  Feed bins  Processing and packaging equipment Fire fighting equipment	Livestock spray race, loading/handling facilities, cattle crush, dip tank; dams, fences, livestock camp watering systems; silos; stables; racetracks; dressage rings; pigsties; poultry houses
Aqua culture	Water purification equipment Processing and packaging equipment	Dams, fences.
Api culture	Processing and packaging equipment Fire fighting equipment	Dams, fences.
Forestry	Timber logging and chipping equipment  Timber milling equipment  Processing and packaging equipment	Dams, fences, fire towers
Viticulture	Cellar plant & equipment	Vine trellises,
Dairy	All dairy parlour equipment;  demountable cooler rooms; milk separators; scales; bottling equipment; Air compressors	Dairy parlour buildings

### ***Proposed Guideline #3: Agricultural Properties Farmed in Unity of Use***

In assessing the market value of a farm for rating purposes, it must first be established what subdivisions making up the farm in question constitute the farming unit. Secondly, the valuer must investigate whether a compelling dependency exists between two or more contiguous subdivisions in the successful running of the farm business. Dependencies may include factors such as water, irrigation reticulation, road access, optimising crop or livestock yields, scattered labour housing, particular camp systems and the like. Thirdly, the valuer should determine whether the farm unit would typically be brought to sale as a 'single' farm property, or whether a break up of the component parts could yield a higher overall value and that the subdivisions would typically be brought to sale individually rather than as a unit.

It may also be the case that one of the subdivisions falls in the adjacent Municipal Area and that the process of Municipal Boundary Demarcation has overlooked the farm unit dependency/ies. In these cases, the Valuer will need to value the whole farm unit and then make a hypothetical adjustment to the final value so as to exclude the portion outside the Municipal Area in question. Valuers are advised to note such instances and encouraged to inform the Valuer of the adjacent Municipality where a portion of a farm unit is split by Municipal boundaries.

The recording of farm values in the Valuation Roll should be made as a single value against the Farm Unit unless of course individual subdivisions would typically be brought to sale individually. It will be up to the Valuer to cross reference each subdivision making up such a Farm Unit. Individual or pro rata values applied by the Valuer to the separate subdivisions forming part of a single farming unit will, if recorded as such in the Valuation Roll, be construed as having been separately valued.

For identification of the unity of use linked properties, the Surveyor General Code should be used in a field created as SG Holding (refer to data template A1) when valuing a grouping of properties which are contiguous and have the same owner and category of property. The combined value of the grouping of properties is shown on the one parent property and the linked holding records will have a zero value. This enables ease of searching and identifying the grouped and valued properties.