

Rates Watch (Pty) Ltd
VAT No 4500252103



RATES WATCH
MONITORING AND WATCHING YOUR VALUATIONS & PROPERTY TAXES

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2020/2021 IDP/BUDGET: COMMENTS ON THE 2020/21 FINAL DRAFT REGISTER OF TARIFF AND CHARGES – PROPERTY RATES.

Rates Watch (Pty) Ltd was appointed by the South African Property Owners Association (SAPOA) to submit comments on the draft Rates / Tariff Policy.

We have the pleasure to submit comments on the draft policy and you are requested to consider these comments.

It is noted that all property rates tariffs be increased with 6%

Other Comments

The country is since 2019 in a serious negative economic position, almost a recession. Now, with the addition of the economic burden of COVID-19 and the downgrading by Moody's and Fitch the outlook on our economy is negative.

The effects are also reflected in the worsening of the exchange rate as well as the predictions made on economic growth, which is predicted to be a 6% negative growth.

In this environment it is important that all role players create an environment which minimise the negative effect and set the stage for renewed economic growth.

Municipalities should follow the example set in the national budget for 2020/21 where the income tax burden and the wage bill of national and provincial departments were reduced.

As such, it is our plea to the City to take cognizance of the dire state of the economy and the financial predicament of many of its ratepayers and to adjust its proposed budget accordingly. This is not a time for a “business-as-usual” budget.

Tariffs should not be increased at all.

The proposed tariffs in actual revenue:

Property rates	-	6.00%	Revenue is expected to increase by 6.00%
Electricity	-	9.10%	Revenue is expected to increase by 5.20%
Water	-	9.10%	Revenue is expected to increase by 9.00%
Sanitation	-	6.00%	Revenue is expected to increase by 6.00%
Refuse	-	6.00%	Revenue is expected to increase by 6.00%

There is therefore scope not to increase the tariffs for 2020/21

1. Category of properties

It is suggested that when the tariffs is promulgated, the comments be removed and the descriptions be aligned with those in the Rates Policy as the Rates Policy is the enabling document for the valuation roll and the tariffs.

The differences are:

Rates Policy descriptions	Tariff Policy descriptions
agricultural properties subject to an approved application each General Valuation cycle	Agricultural Property
business and commercial property	Commercial Property (Previous Category: Other Property)
impermissible rates properties subject to an approved application each General Valuation cycle	
industrial property	Industrial Property (Previous Category: Other Property)
	Specialised Property (Previous Category: Other Property)
mining property	Mining
multi-purpose property	Multipurpose Property
	Applicable tariff will be charged in respect of the combination of categories above
public benefit organisation properties; subject to an approved application each General Valuation cycle	Public Benefit Organisations
	Public Benefit Organisations
	Additional Rebate
public service infrastructure property	Public Service Infrastructure
public service purpose	Public Service Property
residential property	Residential property
rural communal property	Rural Communal Property
sectional title garages (separately registered) property	Sectional Title Garages - Separately Registered
specific use property	
unauthorised use property	Unauthorized Use (inclusive of surcharges)
vacant land property	Vacant Land - No rebate granted



2. Listed Buildings

It is unclear what buildings qualify for this rebate – it is suggested that these buildings be listed under the rebates heading

3. Tariffs

a. Rural Communal Property

In the definition of the property it is stated that the dominant use is residential. Why is the tariff then not the same as residential? The current tariff is R0.0172 and not R0.0182 as listed

b. Sectional title units.

Sectional title Garages is listed, but in the definitions sectional title residential and business are not defined. It should be added to the definitions in the Rates Policy.

c. Rebates

It is stated that a 100% rebate will be granted on all residential property from a value of R15,001 to a value of R100,000. It could be read that it is applicable only on properties with the market value between R15,001 and R100,000. That is however not the intention. The wording could be changed to read:

*That in terms of section 17(h) of the Municipal Property Rates Act, No 6 of 2004, the impermissible value of the market value of a property assigned to the residential category in the valuation roll or supplementary valuation roll, **BE CONFIRMED as R 15 000.***

*That in terms of section 15(1)(b) of the Municipal Property Rates Act, No 6 of 2004, reduction of the market value of a property assigned to the residential category in the valuation roll or supplementary valuation roll, **BE DETERMINED as R 85 000***

Or

A total rebate of R100 000 will be granted on the value of the property (R15,000 impermissible according to the Municipal Property Rates Act plus a further R85,000 according to the Municipality's Property Rates Policy).

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I trust that you will find the above in order.



Kokkie Herman