

Rates Watch (Pty) Ltd
VAT No 4500252103



RATES WATCH
MONITORING AND WATCHING YOUR VALUATIONS & PROPERTY TAXES

Unit 1; Bartlett Lake Office Park;
Dr Vosloo & Trichardt Road, Boksburg
S26.17098 E28.25398

Tel: (+27) 11 918 0544
E-mail: admin@rateswatch.co.za
P.O. Box 15550; Impala Park; 1472
Fax: (+27) 086 504 7720
Web: www.rateswatch.co.za

Kokkie Herman – Director: Rates
Tel: (+27) 082 774 5578
Email: kokkie@rateswatch.co.za
Fax to e-mail: (+27) 86 504 7747
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The Municipal Manager
City of Polokwane
e-mail:

Sir

2020/2021 IDP/BUDGET: COMMENTS ON THE 2020/21 DRAFT TARIFF POLICY.

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

General comments

It is commendable that the tariffs have been aligned with the current inflation rates, although it should not have increased at all in this negative economic environment we are currently experiencing.

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.

Other comments:

1. Municipal Property Rates Act

The Municipal Property Rates Act allows for an objection and a submission in terms of section 78 to be submitted. By determining a fee for these two submissions, you take the right of submission away from many property owners who simply would not be able to pay the fee and wait for a decision.

It is an entrenched right in the Constitution to submit a dispute, in this instance against the valuation entry in a valuation roll, why then determine a fee.

It is noted that a fee is determined for a submission in terms of section 78. It is unfair to expect all to submit objections when the valuation roll is open. At the worst, if a section 78 application is successful, then the fee should also be refunded.

In terms an objection, it is a fundamental right to object and this fee should be scrapped in total.

2. Indigent fee

Although the indigent fee is listed as part of property rates, it does not belong as the indigent basic levy is not a property rates levy, it is a levy in terms of the Indigent Support policy

3. Pensioner rebates

It is proposed that the wording in the Rates Policy and the wording in the tariff determination be aligned to read the same.

I trust that you will find the above in order.



Kokkie Herman

