

Rates Watch (Pty) Ltd
VAT No 4500252103

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
Web: www.rateswatch.co.za



RATES WATCH
MONITORING AND WATCHING YOUR VALUATIONS & PROPERTY TAXES

Kokkie Herman – Director: Rates
Tel: (+27) 082 774 5578
Email: kokkie@rateswatch.co.za
2 May 2024

The City Manager
Buffalo City

2024/2025 IDP/BUDGET: COMMENTS ON THE 2024/25 DRAFT TARIFFS.

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

SAPOA represents approximately 1,300 companies and organisations (amongst which include the following: ABSA, Nedbank, Investec Property Group, Old Mutual Properties, Liberty Properties, Eskom, Transnet, East London IDZ, Growthpoint Properties, the V&A Waterfront Company, ACSA, Eris Property Group, Encha Properties, Zenprop, Redefine properties, Resilient Properties.).

SAPOA members own and control about 90% of all commercial, retail, office, and industrial properties in SA to the value of over R500bn and constitute some of the largest ratepayers in South Africa.

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

General comments

National Treasury's MFMA Circular 128 (8th of March 2024) showed the CPI projections as follows:

Table 1: Macroeconomic performance and projections, 2022 – 2027

Fiscal year	2022/23	2023/24	2024/25	2025/26	2026/27
	Actual	Estimate	Forecast		
CPI Inflation	6.9%	6.0%	4.9%	4.6%	4.6%

Source: 2024 budget review.

The current economic challenges in the country place pressure on households' ability to pay municipal accounts, therefore municipal revenue generation is affected.

However, tariff increases for other services should be **cost-reflective** and may change above or below this CPI. **Increases above the guidelines above should be justified** in the municipal budget.

KEY ASPECTS OF THE BUDGET.

The proposed tariffs:

Property rates	-	3.90%
Electricity	-	12.70%
Water	-	8.54%
Sanitation	-	5.20%
Refuse	-	5.20%

It is commendable that the City has endeavored to keep tariff increases in line with the CPI.

Recommendations:

1. It is commendable that the tariff increases are in line with the National Treasury guidelines, an effort should also be made to reduce the water tariff increase.
2. That the following be noted and the budget be reconsidered:

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

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.

I trust that you will find the above in order.



Kokkie Herman

RATES WATCH
MONITORING AND WATCHING YOUR VALUATIONS & PROPERTY TAXES



RATES WATCH
MONITORING AND WATCHING YOUR VALUATIONS & PROPERTY TAXES