



SAPOA LEGAL AFFAIRS

Municipal Rates Project

SAPOA has noted, over a number of years, and with growing concern, the consistent increases by various municipalities of property rates charged to SAPOA's members, in excess of guidelines set by National Treasury. These guidelines normally provide that municipal rates should not be increased by more than the annual CPIX. Despite these guidelines, which are not legally binding on municipalities, effective increases of municipal rates over the past years regularly exceed 10% per *annum*.

We commissioned Oxford Economics to conduct a study on the socio-economic impact of rates and taxes across various municipalities in the country. The report concluded and found that the continuously excessive increases of rates and taxes by the major metropolitan municipalities over the period from 2010 until 2021 is unlawful and unconstitutional, and detrimentally effects not only the local economy of each municipality, but also the national economy.

Immediately thereafter, we have addressed correspondence to the five biggest metropolitan municipalities in the country, being City of Johannesburg, City of Tshwane, City of eThekweni, City of Cape Town and City of Nelson Mandela Bay and have also copied in the South African Local Government Association, the Minister of Finance and the Minister of Co-operative Governance and Traditional Affairs. Subsequent thereto, SAPOA has expanded the ambit of the investigation to also include Mbombela and Polokwane.

The engagement with these municipalities has given mixed results. Cape Town was the most forthcoming and has provided all information requested. eThekweni refused to provide any information whatsoever, and litigation to force them to provide the information sought. The information is required by Oxford in order to calculate suggested rates in the rand for each municipality.

During November 2024, SAPOA has lodged various PAIA Requests to the following municipalities in order to obtain the necessary records and information:

- 1.1. The City of Cape Town;
- 1.2. The City of Johannesburg;
- 1.3. The City of Mbombela
- 1.4. The City of Polokwane
- 1.5. The City of Tshwane
- 1.6. The eThekweni Municipality; as well as
- 1.7. The Nelson Mandela Bay Municipality.

SOUTH AFRICAN PROPERTY OWNERS ASSOCIATION NPC t/a SAPOA – REG NO 1966/008959/08

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The City of Cape Town has provided us with the necessary information and the Cities of Johannesburg and Polokwane have requested for an extension of time to provide the information sought, which we granted.

As we did not receive any communication or information from the other five municipalities listed above, we caused to lodge PAIA Appeals on the 15th of January 2025. They all now have 30 days to provide us with the outcome of the Appeals lodged. Once this information has been obtained, same will be provided to Oxford for it to calculate updated rates in the rand for each municipality, which we then hope to provide to the respective municipalities during the prescribed consultation period prior to approval of the next municipal budgets.

Should these engagements with the municipalities fail, we may then approach the minister for Cooperative Governance and Traditional Affairs, to start the process in terms of which the Minister may prescribe maximum allowable rates for these municipalities.