



PROPERTY VALUATIONS WILL BE ABUSED TO INCREASE INCOME FOR THE COUNCIL FROM PROPERTY RATES

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It is easy to understand the concern that the new Cape Town property valuations will be abused to increase income for the council from property rates.

Government grants to local authorities have been reduced and income from the sale of water and electricity is down because people have found ways to use less power and water so we do have a city hungry for more revenue from property rates.

The real problem, however, is the high cost of running the city. That includes a dozen years of above inflation salary increases. The fix is to reduce administrative costs and not to bleed property owners dry.

The problem of high pay for bureaucrats is not confined to the municipalities but to the whole public service and State owned enterprises like Eskom. Ironically, Eskom has been the first to make a stand against ever increasing-salaries with a decision for zero increases for next year. Municipalities should follow Eskom's example.

Salaries in the public sector are now significantly higher than in the private sector and public sector staff also enjoy water tight job security. It should be clear to any thinking person that this pattern is not sustainable.

People are sensitive to property rates increases because it is an unfair system. The family which buys an old, dilapidated house and fixes it up does a huge favour for the neighbourhood and the community but the council comes along, revalue the house and punishes the good citizen with a higher rates bill.

There are also concerns about the computerised system of valuations used by the council. It works well in some areas where the land was flat, plots are the same size and all the houses have the same view. In a city like Cape Town, however, there are many different factors which impact the real value of the property.

Some mountainside properties, for instance, may have good views but they have virtually no sun in winter and that makes a big difference to the value of the property, but one needs site inspections to pick up these factors. Computers which scan property sales records can't do this.



CAPE CHAMBER

OF COMMERCE & INDUSTRY

Other factors are the condition of the roads and quality of the services. In many areas property values had been enhanced by the work done by CIDS. People actually paid extra for better services and then they were punished by higher valuations and rates accounts. We can have a situation where municipal services are inadequate and when property owners do something about it and improve the area, the Council is rewarded with more revenue from rates. Frankly, this is undeserved revenue.

If the Council wants co-operation from ratepayers it should set an example by tackling its own costs and slim down its bloated bureaucracy.

Janine Myburgh

President of the Cape Chamber

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