

On the occasion of the Municipal Property Rates Act

08 November 2007

**STATEMENT BY THE EXECUTIVE MAYOR OF JOHANNESBURG, CLR AMOS MASONDO, ON THE OCCASION OF THE MUNICIPAL PROPERTY RATES ACT, MAYORAL PARLOUR, METRO CENTRE, BRAAMFONTEIN - JOHANNESBURG**

Programme Director

MMC for Finance and Economic Development: Clr Park Tau

Members of the Mayoral Committee

City Manager: Mavela Dlamini

Managers and Officials of Council

The Media

Distinguished Guests

Ladies and Gentlemen

In July this year the Johannesburg Council announced the release of the draft Rates Policy for the City and invited people to comment on it.

This was an important milestone in the City's implementation of the Municipal Property Rates Act of 2004 that the City will effect from July next year (2008).

Then, last week, we released the draft General Valuation Roll for public comment and it can be viewed now on our website.

Today, we reach another significant milestone in the process of implementing this policy – the announcement of the indicative tariff to be used in calculating the rates to be paid by every single residential property owner in our beautiful City.

The calculations to work out the actual rates that people pay is based on two main pillars – the Rates Policy and the General Valuation Roll.

Neither of these has yet been finalised, but the draft versions of both have already been made available to the residents of Johannesburg for comment.

The draft General Valuation Roll takes land and improvements or the market value into account when determining the value of a property.

This City does not take decisions on policy changes very lightly. In each and every case we follow a lengthy procedure that includes public participation and compliance with the requirements laid down by the City's own by-laws, policies, regulations and national Acts.

The Draft Rates Policy has been commented on by the public and we are now busy considering those comments and working some of them into the draft that will be presented in January to Council as the final policy.

The comments we received related mainly to the affordability of rates as well as the fears of the public of how this could affect our vulnerable residents – like pensioners. The current criteria as proposed by Council is too low according to most pensioners and should be

revisited. We also received requests for special rating areas and special tariffs for Sectional Title properties. In all we received approximately 755 written comments and held more than 26 public meetings around the City.

The Independent Schools Association, Greenbelt Action Group, the mining industry (through iProp), National Association of Sectional Title Managing Agents, Northern Federation of Ratepayers Association (Norfed) and SA Property Owners Association (SAPOA) are among the organisations that have made submissions.

I would like to address the issue of the fears that have abounded regarding the rates to be paid by residents.

I would like to take this opportunity to assure all the residents that it is not the City's intention for anyone to lose their homes, or to have to sell their homes because they cannot pay for their rates. The good news is that as a result of the huge increase in the rates base – from around R50 billion (values based on land only) to around R600 billion (market values of all properties) we are reducing the rate in the Rand. The final rate in the Rand (or tariff) to be used in determining the rates payable for the next financial year (2008/9) will only be known in March or April next year once the City's budgeting process gets underway.

Based on the current information available from the Draft Valuation Roll, we would like to advise residents to apply a tariff of R0,005 (half a cent in the Rand) for residential properties, to get some indication of the impact on their monthly rates account. Please note that this is only a proposed tariff and people will still be able to comment on it next year during the City's budget process.

We are currently investigating the impact of the proposed rates policy and the draft General Valuation Roll on Sectional Title properties and we are holding a series of public meetings with Sectional Title property owners and managers to hear their concerns and views.

If the tariff applicable to a particular property is applied in the formula together with the value of the property, you will be able to determine, more or less, what your annual rates will be for next year. If you divide this by 12, you will get the monthly amount payable. To assist residents, we have developed a calculator on the website that will calculate the estimated rates due per property.

When you look up the draft value in terms of the Valuation Roll there will be an option to calculate rates payable on that property at a residential tariff of 0.005. Those people who do not have access to the internet can contact us at 011 375 5555 and the staff will assist you to look up values. I want to emphasise that it is not our intention to make a profit on the rates of the City.

However, there will definitely be a shift in emphasis on where the income from rates will come. Some people will be more affected than others and we have tried to minimise the impact on these people through considerations in our policy, the draft tariffs and in asking the public to comment on the draft Valuation Roll three months before the formal objection period begins.

Thank you

