



YZERFONTEIN

INWONERSVERENIGING · RESIDENTS' ASSOCIATION

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28 April 2023

The Municipal Manager
Swartland Municipality
Private Bag X52
MALMESBURY
7299

Dear Sir,

Swartland Municipality (SM) - Draft Budget 2023/24.

Herewith the Yzerfontein Residents' Association's (YRA) input to the SM draft budget for 2023/24. For the sake of brevity, we will hereafter refer to the draft budget as "the budget".

It is imperative that cognisance be taken of the dire state of the economy, primarily due to the inexcusable manner in which the national government has neglected state owned enterprises. Since energy is the foundation of the economy, the near collapse of Eskom is the prime reason for the barely functional economy with near zero growth rate. The IMF has recently revised the GDP growth for the RSA to 0.1% from 1.2% which is a meaningless rate as the margin of error in all financial modelling will exceed that.

The already overburdened citizens continue to be bludgeoned by the actions of an inept government. Your budget report includes documentations of the Treasury in which a CPI rate of 5.3% for 2023/24 is forecast. This is a resounding example of meaningless information emanating from the Treasury given that the SA Reserve Bank already states in documentation on their website that the CPI rate for March 2023 is 7.1%, up from 7.0% for February.

These brief references to economic information demonstrate that the residents of Swartland and the country as a whole cannot afford any increases in rates and tariffs by SM. The culture of entitlement that has developed worldwide during the past decades

and ongoing demands for ever more unaffordable services and benefits are indeed over.

1. Property Tax.

1.1 Rebate for Senior Citizens

You grant a reduction of R300,000 of the municipal valuation of residential properties in Swartland for the purpose of calculating property tax payable by owners of 60 years or older. The Cape Town Metro by comparison grants a reduction of R450,000 to all owners with a primary residence valuation of R5 million or less.

SM is increasing the residential property rate by 5.90% and total property income by a massive 13.2%.

The Metro's rate is decreased by 1.12% yet income from property tax increases by 5.8%.

SM has stated in the past that comparisons between various municipalities are not accurate, given different circumstances applicable to municipalities. This may well have merit but some differences in financing variances seems excessive.

Depreciation on assets amounts to R114.623 million.

On page 31 of the Budget Report it is stated:

“ Depreciation is widely considered a proxy for the measurement of the rate of asset consumption. Budget appropriations are expected to remain high over the MTREF. These high appropriations can mainly be attributed to the large capital program employed by the municipality in recent years as well as the valuation method used during the implementation of Directive 7. Compared to industry benchmarks, the depreciation figure is considered to be very high.” (Our italics)

This matter has been the subject of discussion with SM on several occasions in the past since 2013 to no avail. Yet Mr. Leon Smith, Project Director of your consultant, Mubesko, in an e-mail dated 12/03/2013 to former Finance Director, Mr. Kenny Cooper, made the following statement relating to the matter of SM depreciation:

“ In your case it probably increased by a billion or so, and that is not correct and that is also the reason for your very high depreciation charges. (That is why I exclude Vivian of the AG from this mail, because I believe you should have been qualified by the AG on this issue !!).” (Our italics).

Property, plant and equipment in the 2012/13 budget was R1 723.020m and is R2 290.870m in the 2023/24 budget. Considering an overvaluation of R1 billion, as indicated in Mr Smith's email, depreciation would be R64.588m instead of R114.623m

or R50.030m less. Should this decreased expenditure be applied to property tax, 73.6% of the income of SM from major sources, the property tax would be reduced by 29.81%.

Since the number of residents who receive subsidised services and most likely contribute little to property rates, are now approaching 40% of ratepayers, the burden on the remaining ones is even larger. The effect is that every three ratepayers not only have the burden of their own accounts but also to subsidise two others.

Irrespective of what counter arguments are raised, there exists a clear justification to request that the property tax rate be reconsidered by the Council and scaled down from the present increase of 5.90% to a downward adjusted rate. The ratepayer cannot, by any logical reasoning, be expected to continue paying substantially increased rates in a downward sliding economy with a high and ever increasing CPI rate.

2. Infrastructure and Municipal Assets

2.1 Main Beach Promenade

The boom at the beach emergency vehicle access, which was bent by vandals many years ago, was never properly straightened.

The number of refuse bins remains inadequate, particularly during times when the beach area is used by large numbers of visitors from Swartland and elsewhere.

Infrastructure of the caravan park, an income generating asset of SM, requires urgent maintenance. The barbeque fireplaces are in a dilapidated state and require urgent repair as does the ablution facilities.

These matters are not of any particular benefit to Yzerfontein residents but more so to visitors to the beach. The present state will most likely leave visitors, largely from Swartland, with an impression of neglect such as would be expected from the overwhelming number of mismanaged municipalities in our country. We trust that sufficient funds for reasonable maintenance of the matters mentioned are in the budget or will be included.

To ensure prompt attention to such maintenance matters, we would request that a budget for the purpose under the direct control of the Town Manager is provided for in the budget.

We have submitted the same requests last year to no avail and therefore deem it appropriate to raise the matter again.

2.2 Recreational Facilities

Yzerfontein municipal recreational facilities are limited to two tennis courts in a bad state of disintegration as a result of years of neglect. In their present state they are unusable and we would urge that sufficient funds be budgeted for proper repair during the 2023/24 financial year. Considering that the Council currently has an approved budget of R12.7 million for a swimming pool for Westbank, our request, the costs of which will be a small fraction by comparison, certainly warrants provision in the budget. It is to the detriment of all Swartland residents when capital assets are not maintained to an acceptable degree. They will reach the stage where repair is no longer viable and need to be replaced at much higher cost.

2.3 Sidewalk Lutie Katz Street

Several years ago SM undertook to budget yearly for paving of the seaside sidewalk along a portion of Lutie Katz street as it is used extensively by visitors. Some meaningful paving took place for a short distance but ever since little progress is evident. We request that, in compliance with the undertaking by SM, some funds are allocated for this project in the budget. This request is also repeated as no progress is evident.

3. Law Enforcement and Town Management.

The present incumbent fulfills his daunting dual responsibility in an admirable manner. Both he and the Administration who appointed him, deserve and have our sincere appreciation. That said, it remains a physical impossibility to devote attention to both responsibilities in an acceptable manner. The result is minimal or inadequate municipal law enforcement, particularly during weekends and holiday periods. Here too we repeat last year's request and would again urge appropriate budgeting for a acceptable level of service, at the very least equal to that of other SM towns.

To the best of our recollection, the first town manager appointed, Mr Wiehan Carstens, the then law enforcement officer for Yzerfontein, received an allowance for his additional duties. He was also assisted by the harbour master of the time, who was a qualified law enforcement officer. We therefore request the Council to provide for an allowance to the Town Manager, comparable to the allowance to Mr Carstens but adjusted for inflation. It is unacceptable that the present incumbent should be treated differently, should we be correct in our recollection regarding payment of an allowance to a former town manager/law enforcement officer. We stand corrected if our recollection is erroneous.

4. By-Laws and Policies.

It would be a daunting task to comment on the budget-related by-laws and policies during the available time frame, if such comments are based on national law and

logical reasoning. There is however one matter that needs attention namely Section 13 of the Property Rates Policy which states:

13. Multiple purpose use of property

The municipality shall apportion the market value of a property used for multiple purposes in a manner determined by the municipal valuer and shall apply the rates applicable to the different categories determined by it subject to the permitted use.

To prevent fruitless and wasteful expenditure, the municipal valuer will only apply this category when it is considered reasonable to apportion the value for each distinct use of the property for billing at the appropriate rate(s).

(Our italics).

What is meant by “prevent fruitless and wasteful expenditure” is not clear. To limit the raising of different rates on different portions of a multipurpose property is not equitable and may well be in contravention of Section 9 of the Property Rates Act read together with Section 1.1.6 of the SM Land Use Planning By-Law–2020,.

The Swartland Municipal Land Use Planning By-Law–2020, Section 1.1.6 prescribes that:

1.1.6 Bed and breakfast establishment, accommodation of lodgers

In granting its consent for a bed and breakfast establishment, or where rooms are let to lodgers by an occupant of a dwelling, the municipality may impose, but is not limited to, the following conditions:

(a) the dominant use of the land unit must remain as a dwelling for the living accommodation of a single family;

(Our italics)

It is clear that in terms of the bylaw, the dominant use of the property remains that of a residential property. Yet in the case of a member of this organisation the valuer, on the 2019 valuation roll, categorised the property as 4(e) which should be 4.1(e) as defined in your Property Rates Policy. Your valuer therefore, in terms of Section 13 of the said policy categorised the whole property as a business property, presumably based on the B & B sign on the property and ignoring the fact that no approved consent use existed. From 1 July 2020, SM charged the owner your business rate, notwithstanding the fact that, to operate a hospitality enterprise, would be a contravention of the Covid-19 Disaster Management Regulations in force at the time, of which the owner was not guilty. The presumably irregular rates were charged until SM placed the property, on your own accord, on your first supplementary valuation roll for 2022/23 and categorised it as 4.1(a), the residential category. Only on your November 2022 account did you adjust the rates to four months at the business rate and eight months at the residential rate. The owner therefor paid your business tax

rate for 16 months due to questionable reasons but as a result of Section 13 of your Property Rates Policy. To add insult to injury, the owner was denied the R300,000 rebate for seniors even though qualifying. How SM intends to rectify the matter, of the apparently irregular rates, is not clear. It seems obvious that Section 13 requires attention we and look forward to clarity on the matter.

We trust that the Council and Administration will consider our input with due attention and await a reply in due course.

Sincerely,

A handwritten signature in black ink, appearing to read 'E. Brittain', written in a cursive style.

Edward Brittain
Chairman
Yzerfontein Residents' Association.