The Mossel Bay "Cheap Municipality" Narrative

In 2022 a Western Cape Government comparison was published showing Mossel Bay with a monthly property rates figure of approximately R567, substantially lower than many other municipalities in both the Western Cape and the Garden Route.

The comparison created a clear public narrative that Mossel Bay was one of the cheapest municipalities in the province.

Shortly thereafter, Mossel Bay Municipality adopted and promoted a similar position, arguing that municipal rates and tariffs were comparatively low and would require significant increases over time. Residents were informed that increases of up to 80% would be required and that these increases would be phased in over a number of years.

In our view, both the Western Cape comparison and the subsequent municipal narrative were materially incomplete and misleading because they failed to properly consider the unique advantages enjoyed by Mossel Bay at the time.

Advantage 1 Mossel Bay Was Already Financially Strong

In 2022 Mossel Bay was not a municipality in financial distress.

The Municipality was financially stable, budgets were funded, reserves and investments existed and service delivery standards were widely regarded as amongst the best in South Africa.

Water, sewerage, electricity and road infrastructure were functioning effectively and were sufficient for the resident population at the time.

There was no identified financial crisis, infrastructure collapse or service delivery emergency that would ordinarily justify dramatic tariff intervention.

The simple reality is that Mossel Bay was a stable well managed town

Advantage 2 – The Holiday Home Revenue Advantage

Mossel Bay enjoys a significant holiday-home and second-home component.

Thousands of properties contribute rates and service-related revenue to the Municipality.

Many of these properties place substantially lower year-round demands on municipal infrastructure and services than permanently occupied homes.

This creates a structural revenue advantage that other municipalities do not enjoy.

Any comparison that ignores this advantage fails to present the full financial picture.

Advantage 3 – Mossel Bay Was Not Funding Failure

Many municipalities have high tariffs because they are funding the consequences of failure.

They are funding inefficiency.

They are funding corruption.

They are funding theft.

They are funding non-payment.

They are funding infrastructure collapse.

They are funding years of poor administration and operational dysfunction.

That was not Mossel Bay's position in 2022.

Mossel Bay did not require substantial tariff increases to recover losses caused by widespread fraud, theft, corruption or systemic municipal failure.

This is a fundamental distinction that was absent from the affordability narrative.

The R567 Benchmark Was Misleading

The Western Cape comparison relied upon a low property-rates figure of R567 per month for Mossel Bay.

The problem is that this unusually low rates value was used as the benchmark for comparing Mossel Bay with other municipalities.

This immediately made Mossel Bay appear dramatically cheaper than surrounding towns and created the impression that residents were paying far too little.

In our view, the comparison was fundamentally flawed because it relied upon a low and unrepresentative benchmark to support the narrative that Mossel Bay was exceptionally cheap.

What Followed

Following the "Mossel Bay is cheap" narrative:

• Residents were informed that rates and tariffs would require substantial increases.

• The Municipality increasingly pursued a growth and development agenda.

• Significant future infrastructure expenditure was identified

• In July 2023 the tariff structure was fundamentally altered.

• Large fixed charges were introduced.

• The cost burden on ordinary households increased materially.

The justification for these changes are linked to Cost of Supply studies.

However, the Cost of Supply study that has been identified appears to have been completed only in October 2023 and presented to Council during February 2024, after the July 2023 tariff restructuring had already been implemented.

Conclusion

The issue is not whether Mossel Bay's rates were lower than those of certain other municipalities.

The issue is whether residents were given the full picture.

The "Mossel Bay is cheap" narrative failed to properly account for the Municipality's 2022 financial strength, infrastructure position, holiday-home revenue advantage and freedom from the levels of inefficiency, fraud, theft and systemic failure experienced elsewhere in South Africa.

Viewed in that context, the affordability narrative was materially incomplete and created an impression that substantial tariff increases were both necessary and inevitable.

We do not believe that conclusion was adequately supported by the actual condition of Mossel Bay in 2022.