

Carbon taxes will hurt property owners

By [Nick Hedley](#)

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The government's plan to implement carbon taxes from 2015 could contribute to the already high administered prices facing the commercial property sector.



The carbon tax has been flagged as a potential contributor to administered cost pressures. Property analysts say above inflation increases in electricity tariffs and property rates and taxes have been identified as one of the sector's biggest challenges.

Robbie Louw, a director at carbon advisory firm Promethium Carbon, said last week the carbon tax liabilities of commercial property owners would be captured "largely in the electricity bills when Eskom passes the tax they pay through to consumers".

"The impact would be just below 5c/kWh," Louw said. "For property owners it will depend on how they handle the electricity cost in the lease agreements - I suspect they will pass the cost on to their tenants," he said. In the case of property developers, said the carbon tax would "put pressure on the cost of building materials, especially cement".

"If we assume that the cement manufacturers pass on the carbon cost in full, the impact should be in the order of R1.50 to R3 per bag, depending on the grade of cement. The cost on other other building materials should be less but the impact on the price of diesel fuel will be around 12c/l," he added.

South African Property Owners Association (Sapoa) president Estienne de Klerk said at the Sapoa convention earlier this month that "headwinds" facing the sector included above-inflation increases in electricity prices, rates and taxes, as well as skills shortages and the mooted carbon tax.

"The property sector has been investing in sustainable technologies - often without return - and this additional tax will have an impact on the its ability to improve sustainability," De Klerk said.

"I believe it is punitive and a deterrent to local and foreign investment," he added.

Source: Business Day via I-Net Bridge

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