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Tuesday 28 January 2014

The Chairman
Parliamentary Local Government Committee
c/o Shereen Cassiem
Presentation 1130 to 1215 Thursday

Dear Sir,

Proposed Amendments to Act 6 of 2004:

Part 3: Limitations on levying of rates

Constitutionally impermissible rates

16. (1) In terms of section 229(2)(a) of the Constitution, a municipality may not exercise its power to levy rates on property in a way that would materially and unreasonably prejudice—

(a) national economic policies;

PETER MEAKIN COMMENT

The national economic policy is to create jobs, jobs, jobs.

DO RATES AND TAXES POLICIES LIMIT JOB CREATION? PLEASE REFLECT ON THESE QUESTIONS:-

1. That if people are penalised for building by having to pay rates and taxes on the bricks and mortar as well as the land then wont less building occur than otherwise? Less jobs? TRUE or FALSE.
2. That the City is bound to make land as affordable to all citizens as it possibly can in terms of sec 25.5 of the constitution: TRUE or FALSE?
[sec 25.5 "The state must take reasonable legislative and other measures, within its available resources, to foster conditions which enable citizens to gain access to land on an equitable basis."]
3. BUT to the extent that the City relies on building values and not land values for its rates revenue the price of land will rise. This makes it more difficult for builders to buy land and so do not high land prices impede development, with a further loss of jobs? TRUE or FALSE?

ALSO ARE RATES AND TAXES POLICIES CONSTITUTIONALLY EQUITABLE?

4. The land under my house in Claremont has risen in value by R2.5m since 1988, without me raising a finger. Is this not one of the major causes of the wealth gap and so inequitable. TRUE or FALSE?
[In support ABSA reports that average residential plot values have risen fourteen times from ±R40K to ±R550K since 1994 whilst CPI has risen four times, equivalent to a land price in 2014 of R140K.]
5. That half of SA want high house prices and the rest, the landless, want low prices. TRUE or FALSE?
6. That land values rely largely on nature, location, infrastructure, and State, Provincial and City, services. Therefore land values are an unearned State subsidy. TRUE or FALSE?
7. That a mansion built for R2M on a R500K plot pays five times more rates than a vacant stand next door when they both enjoy the same benefits of location, services and infrastructure. TRUE or FALSE?

8. That it is illegal for landowners not to use land or keep it vacant. There is no zoning scheme in South Africa, or in the world, which does not demand that land is used to grow, rear or build things like barns, houses, shops, factories, offices, shops, clinics, hospitals, schools hospitals and etc etc. TRUE or FALSE?
9. That the accuracy of valuing improvements is untested because proper audits of accuracy are where independent valuers do manual valuations in the field are not carried out TRUE or FALSE?

Proposed Parliamentary Amendment of section 16 of Act 6 of 2004 12.

Section 16 of the principal Act is hereby amended (a) by the substitution in subsection (2) for paragraph (a) of the following paragraph:

“(a) If a rate on a specific category of properties, or a rate on a specific category of properties above a specific amount in the Rand, is materially and unreasonably prejudicing any of the matters listed in subsection (1), the Minister, [after notifying] with the concurrence of the Minister of Finance, must, by notice in the Gazette , give notice to the relevant municipality or municipalities that the rate must be limited to an amount in the Rand specified in the notice.”:

and (b) by the insertion in subsection (3) after paragraph (a) of the following paragraph:

“(a A) A request contemplated in paragraph (a) must be submitted to the Minister within 24 months from the date of imposition of the applicable rate.”

PI MEAKIN PROPOSED

AMENDMENT TO SEC 16 OF ACT 6 OF 2004

- 1) “the rate must be limited to an amount in the Rand specified in the notice” save that the minimum amount in the Rand for unused, unimproved land becomes whatever is needed to capture 100% of the unearned market land rent as rates.
- 2) No rates can be levied on improvements because firstly they result in job losses but they also unfairly subsidise land values, favouring landowners over the landless

IN ADDITION PI MEAKIN PROPOSED

AMENDMENT TO SEC 46 OF ACT 6 OF 2004 [GENERAL BASIS OF VALUATION]

- 3) Therefore it is useless and fruitless expenditure to value improvements and sec 46 of Act 6 of 2004 should also be changed to:
 - (1) Subject to any other applicable provisions of this Act, the market value of a property is the amount the property would have realised if sold on the date of valuation in the open market by a willing seller to a willing buyer, excluding any improvements. And other amendments to expunge the valuations and rating of improvements within Act 6 of 2004.

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Amendments to Act 6 of 2004 jan 2014 Printer