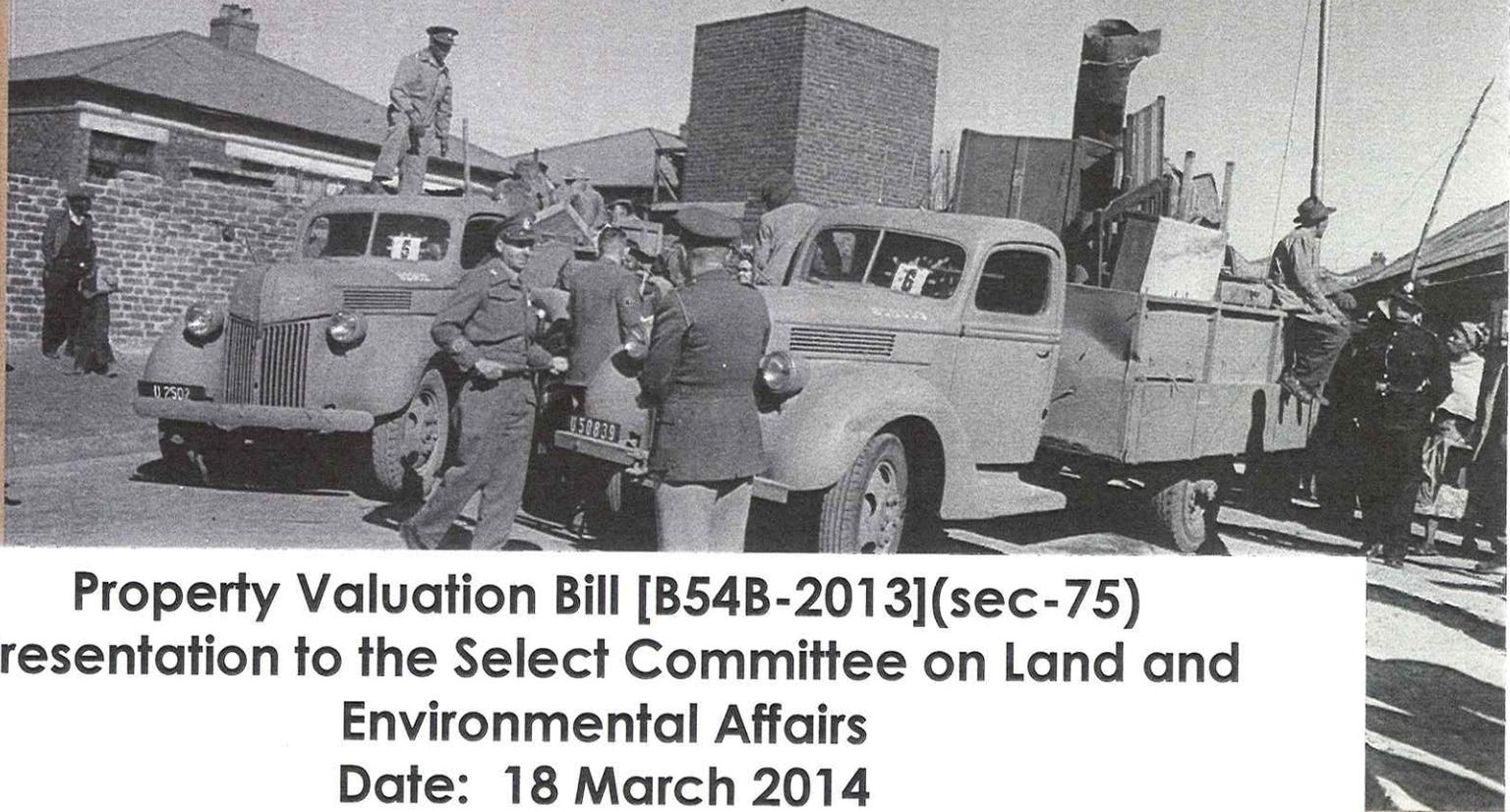


SC LAND  
18-03-14

# Reversing the Legacy of the 1913 Natives' Land Act



**Property Valuation Bill [B54B-2013](sec-75)  
Presentation to the Select Committee on Land and  
Environmental Affairs  
Date: 18 March 2014**



rural development  
& land reform

Department:  
Rural Development and Land Reform  
REPUBLIC OF SOUTH AFRICA



# CONTENT

1. INTRODUCTION
2. BACKGROUND
3. PROBLEM STATEMENT
4. MAIN POLICY PROPOSALS *rationale 4 Bill*
5. REGULATORY IMPACT ASSESSMENT (RIA)
6. STRUCTURE OF THE BILL:
  - CHAPTER ONE: INTERPRETATION, OBJECTS AND APPLICATION
  - CHAPTER TWO: OFFICE OF THE VALUER-GENERAL
  - CHAPTER THREE: VALUATION OF PROPERTY
  - CHAPTER FOUR: FINANCIAL AND OTHER MATTERS
7. CONSULTATIONS
8. FINANCIAL IMPLICATIONS
9. RECOMMENDATION

*Legal*



rural development  
& land reform

Department:  
Rural Development and Land Reform  
REPUBLIC OF SOUTH AFRICA



# 1. INTRODUCTION

- Access to, and proper use of land and property as resources are essential to the social and economic well-being of South African society.
- For government, land and property is a vital resource, by which a wide range of socio-economic objectives are pursued.
- The market mechanism is the primary means by which access to these resources are obtained.
- At the heart of the market mechanism is the pricing and valuation function and the requirement for the proper determination of property values.



rural development  
& land reform

Department:  
Rural Development and Land Reform  
REPUBLIC OF SOUTH AFRICA



## Introduction cont...

- Over the last 18 years the State has not been able to significantly redistribute productive assets to the benefit of the historically marginalised people. Income inequality, poverty and unemployment have escalated.
- The OVG will be at the cutting-edge of the redistributive outlook of Government, during this second phase of the transition from colonialism and apartheid to a national democratic society.
- It will be critical in pursuing the strategy of the CRDP, which is 'rapid and fundamental change in relations to land, cropping and livestock'.



rural development  
& land reform

Department:  
Rural Development and Land Reform  
REPUBLIC OF SOUTH AFRICA



## 2. BACKGROUND

- The Bill served before the Portfolio Committee on Rural Development and Land Reform.
- It was passed by the National Assembly on the 12<sup>th</sup> of March 2014 with amendments.



rural development  
& land reform

Department:  
Rural Development and Land Reform  
REPUBLIC OF SOUTH AFRICA



### 3. PROBLEM STATEMENT

- ✓ • Two problems of particular salience to the land acquisition strategy for land reform to date are: Slow pace of land reform and escalating land prices paid by government closely associated with a compensation regime based mainly on market value. (White Paper on South African Land Policy, 1997)
- ✓ • Market value is based on the willing-buyer willing-seller principle, established by a process of comparison of prices paid for similar properties in the market.
- ✓ • Government cannot be conceived as a willing buyer envisaged in the definition of market value.



rural development  
& land reform

Department:  
Rural Development and Land Reform  
REPUBLIC OF SOUTH AFRICA



## PROBLEM STATEMENT cont...

- 2 • ✓ Gaps in the legislative and regulatory framework underpinning the valuation industry and absence of a competent organ to lead.
- 1 • ✓ Gaps in terms of the capacity of government to interpret the price dynamics of land and property markets at various scales.
- S25(3) allows for compensation for property acquired in the public interest by government, on bases other than, or in addition to market value.
- There have been various attempts over the years to give practical effect to s25(3) with limited success. (White Paper on South African Land Policy, 1997. To a limited extent)



rural development  
& land reform

Department:  
Rural Development and Land Reform  
REPUBLIC OF SOUTH AFRICA



## 4. MAIN POLICY PROPOSALS

- 1 ✓ • Government implements the constitutional requirement of 'just and equitable compensation' as enshrined in the Constitution.
- 2 ✓ • Government makes greater use of expropriation in its land acquisition strategy.
- 3 ✓ • Government establishes an autonomous Office of the Valuer-General (OVG).
- 4 ✓ • Government enhances land market information analysis and policy formulation.



rural development  
& land reform

Department:  
Rural Development and Land Reform  
REPUBLIC OF SOUTH AFRICA



## 5. REGULATORY IMPACT ASSESSMENT (RIA)

1. ✓ The Regulatory Impact Assessment was conducted, which considered several options and recommended an autonomous OVG.
2. ✓ An in-principle decision was taken to approve the establishment of a fully-fledged Office of the Valuer-General.
3. ✓ A business case was compiled which is being consulted on with the Department of Public Service and Administration. *to est. This office*



rural development  
& land reform

Department:  
Rural Development and Land Reform  
REPUBLIC OF SOUTH AFRICA



# 6. STRUCTURE OF THE BILL

## CHAPTER 1

LEGAL SERVICES

### ➤ INTERPRETATION AND OBJECTS

- Definitions of key terms;
- Objects of the legislative proposals; and
- Application of the Act.



rural development  
& land reform

Department:  
Rural Development and Land Reform  
REPUBLIC OF SOUTH AFRICA



# CHAPTER 2

## OFFICE OF THE VALUER-GENERAL

### *Part 1: Establishment, status, functions and powers*

a) Provides for the establishment of the Office of the Valuer – General that will be responsible for:

1. the valuation of properties identified for land reform purposes, as well as where a department has made a request for a valuation service to be rendered for purposes of acquiring or disposing of property. The Act will not apply to valuations in terms of the Municipal Property Rates Act;
2. II. Developing criteria and procedures for the valuation of property that has been identified for land reform purposes and monitoring the proper, efficient and effective valuation of such properties based on set criteria and procedures.



rural development  
& land reform

Department:  
Rural Development and Land Reform  
REPUBLIC OF SOUTH AFRICA



# CHAPTER 2 cont...

## Part 2: Valuer-General and Chief Operating Officer

- ✓ i. Provides for the appointment of the Valuer – General who –
  - ✓ a. must be a South African Citizen, a registered valuer and have sufficient experience in or knowledge appropriate to the following – public administration; public finance, or legal and Constitutional matters affecting public administration;
  - ✓ b. is responsible for the performance by the Office of the Valuer – General of its functions; and
  - ✓ c. is the Chief Executive Officer and Accounting Authority. *supporting office of V.G*
- ✓ ii. Provides for the appointment of a Chief Operating Officer who will be responsible for the day to day management of the Office of the Valuer – General.



rural development  
& land reform

Department:  
Rural Development and Land Reform  
REPUBLIC OF SOUTH AFRICA



# CHAPTER 3

## VALUATION OF PROPERTY

Provides for -

- a) The performance of valuations by a registered valuer who must be a member of staff with extensive experience in the valuation of property;
- ✓ b) The valuation by a registered valuer of property that has been identified for –
  - ✓ I. Land reform, for purposes of determining the value of the property. The definition of “value” has been linked to section 25 (3) of the Constitution;
  - ✓ II. Acquisition or disposal by a department, for any other purpose than those mentioned in sub – paragraph I;
- c) The powers of a registered valuer when conducting valuations;
- d) The conduct of registered valuers;
- e) The preparation of valuation reports; and
- ✓ f) The imposition of valuation fees.



rural development  
& land reform

Department:  
Rural Development and Land Reform  
REPUBLIC OF SOUTH AFRICA



# CHAPTER 4

## FINANCIAL AND OTHER MATTERS

### ✓ *Part 1: Financial administration*

- Funding of Office of the Valuer-General; and
- Auditing of statements and records.

### ✓ *Part 2: Miscellaneous matters*

- ✓ <sup>eg.</sup> Delegation of powers and duties by the Valuer-General Regulations; and
- Short title and commencement.



rural development  
& land reform

Department:  
Rural Development and Land Reform  
REPUBLIC OF SOUTH AFRICA



## 7. CONSULTATIONS

NB Extensive consultations on the Bill were undertaken with stakeholders, which included:

- a) Government Departments;
- b) Organised agriculture;
- c) Institute for Municipal Finance Officers;
- d) South African Local Government Association.
- e) South African Institute of Valuers;
- f) Standard Bank, Land Bank, FNB and ABSA;
- g) University of Cape Town;
- h) National reference group;
- i) South African Council of Property Valuers Profession;
- j) South African Institute of Valuers;
- k) National African Farmers Union;
- l) AGRI-SA; TAU-SA; NERPO; FAWU;
- m) Agricultural Business Chamber; and
- n) SA Sugar Cane Association



rural development  
& land reform

Department:  
Rural Development and Land Reform  
REPUBLIC OF SOUTH AFRICA



## 8. FINANCIAL IMPLICATIONS

- ✓ Initial indications are that government funding for the first three years of operation is estimated at R75 million for year one, R60 million for year two and R50 million for year three.

*Bill supported Min of Finance in Cabinet*



rural development  
& land reform

Department:  
Rural Development and Land Reform  
REPUBLIC OF SOUTH AFRICA



# THANK YOU!!



rural development  
& land reform

Department:  
Rural Development and Land Reform  
REPUBLIC OF SOUTH AFRICA

