

Party Political Funding Bill

Identification and Removal of
Potential Sources of Corruption in
the Funding of Political Parties

Richard Bryant

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How Local Authorities Create Enormous Wealth out of a Property Rezoning Process

- Collusion between Property Developers and Local/Provincial Authorities
- Purchase of cheap property, often on the Urban Edge.
- Rezoning and development applications pushed through approval processes
- Rezoned properties automatically attain enormous value through the process of rezoning and subdivision

Potential for Corruption

- The value of the rezoned property accrues to the property owner/developer
- The property owner also happens to be a generous donor to the sitting party in the local and provincial governments

Is this happening?

- No doubt, but the details are shrouded in secrecy due to current non-disclosure of party donors
- Many symptoms for all to see
 - ✓ Numerous rezoning and development approvals
 - ✓ Pushed through despite vigorous objections from communities
 - ✓ Loaded and biased approval committees
 - ✓ Mayco over-ruling negative decisions by lower approval bodies
 - ✓ Property developers purchasing rural and agricultural property outside the urban edge
 - ✓ Mayco's decision to de-proclaim the Urban Edge Report

Examples in the Western Cape

- Kommetjie
- Durbanville
- Philippi Horticultural Area
- Princess Vlei
- Stellenbosch
- Somerset West
- Langebaan Lagoon
- Hermanus

Proposal to Stop the Corruption

Option 1:

Make any rezoning event a Capital Gains Tax Event.

Implication is that Property Owner would be required to pay Capital Gains Tax as soon as the rezoning is registered

Proposal to Stop Corruption

Option 2:

On the assumption that the property owner is only entitled to the original zoning, then the property owner would be required to purchase the enhanced value from the State.

The proceeds of such enhancements to be held in a Fund by Treasury and used to fund low cost housing

