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Rautenbach, a far-right CP member, is eighth on the national list, while Victor Strong, former CP/FF member, is currently a DA member of Parliament.

So, Madam Speaker, the DA list speaks volumes with regard to their "fight black" strategy. Furthermore, most of the black people in electable positions on the DA list were put there by Tony in a show of affirmative action, but the former CP members were chosen to electable positions without any help from Tony.

The New NP can only hope the notorious Boeremag is not the military wing of the DA. I thank you. [Interjections.] [Applause.]

The CHIEF WHIP OF THE OPPOSITION: On a point of order, Madam Deputy Speaker. The hon member is an experienced member of this House and he should know that if he refers to the hon Leader of the Opposition, he should refer to him in those terms. He is not "Tony" to that hon member. [Interjections.]

The DEPUTY SPEAKER: Hon members, please remember that when we refer to one another, we do refer to one another as hon members.

Mr J DURAND: Madam Speaker, I do apologise. It was an omission on my side.

RESTITUTION OF LAND TO THE PEOPLE OF RIEMVASMAAK

(Member's Statement)

Mr L M GREEN (ACDP): Madam Deputy Speaker, since there is no debate in the House today regarding the approval by Parliament of the exclusion of land from the Augrabies Waterfall National Park, I propose that the House agrees to debate the issue which is close to the hearts of the people of the Northern Cape.

The restitution of land to the Riemvasmaak people in the Northern Cape is a genuine victory, having gone through legitimate court processes which resulted in the finding

that the claim is valid. The ACDP congratulates the community and wishes them well.

Nature conservation is of course of critical importance and part of the deal concluded was an assurance that this aspect would not be neglected or frustrated. Naturally there are some concerns but provided the community chooses to put this responsibility in responsible hands, these concerns will cease to be.

The ACDP calls on the community to honour their agreements and maximise the value of the leisure and hospitality potential. We support fair and reasonable solutions to issues surrounding land restitution. Thank you. [Applause.]

INCREASED PENSIONS, DISABILITY AND CHILD SUPPORT GRANTS

(Member's Statement)

Mr K M MOEKETSE: Madam Deputy Speaker, the ANC welcomes the decision by Government to increase pension, disability and child support grants. This demonstrates the continued commitment by the ANC-led Government to meaningfully addressing the plight of the vulnerable sectors in our society.

We commend Government on its consistent pursuit of achievable and sustainable goals, as we work to achieve the objectives of freedom and improved standards of living and the quality of life for all. We believe that the latest increment in grants and pensions, taking effect in April, is one reason among many for us to celebrate the first decade of our freedom with pride. Thank you. [Applause.]

The DEPUTY SPEAKER: The time for statements has expired. I now come to Ministerial responses. Does any Minister wish to respond to any of the statements? No.

LOCAL GOVERNMENT: MUNICIPAL PROPERTY RATES BILL

(Consideration of Report of Portfolio Committee on Local and Provincial Government)

There was no debate.

The CHIEF WHIP OF THE MAJORITY PARTY: Madam Deputy Speaker, I move that the report be adopted.

The DEPUTY SPEAKER: Are there any objections?

Mr M J ELLIS: What did he say?

The DEPUTY SPEAKER: He moves for adoption of the report. [Interjections.]

Motion agreed to.

Report accordingly adopted.

LOCAL GOVERNMENT: MUNICIPAL PROPERTY RATES BILL

(Second Reading debate)

The MINISTER FOR PROVINCIAL AND LOCAL GOVERNMENT: Madam Deputy Speaker and hon members, the Bill which is before the House today was characterised by some as a controversial piece of legislation. Those who argue against its introduction have advanced a detailed critique of the provisions which seek to bring into the rates base areas which were previously excluded. Their altruism impels them to denounce this uncaring Government for wanting to rate the already impoverished people in rural communities and the former black townships.

The poverty which pervades these areas, which the opportunist demagogues are apparently concerned about, has sociopolitical origins which must be properly explained. The pre-1994 political dispensation adopted a policy which amounted to a strict enforcement of residential segregation and a placement of severe limits to the extent to which the resources of our country would be

shared. Property rates, then, were essentially an urban mechanism for raising local revenue.

Although the then so-called central government did have the capacity to collect taxes from people, it had no intention of reversing the economic exclusion of those of our people who lived in the townships, as well as in the Bantustans. What transfers from the national fiscus went to the Bantustan regimes and the urban Bantu councils were meant to yield disproportionate economic benefit to those who were running the Bantustan machinery and the discredited urban Bantu councils. The majority of our people were left with no access to revenue that could be used to provide them with shelter and affordable amenities such as water and sanitation, electricity and refuse removal.

Calls for the retention of the status quo serve as little more than loaded shorthand for maintaining the legacy of poverty and gross inequalities of the past. As hon members are aware, yesterday the Minister of Finance announced an allocation of R47,3 billion to the local government sphere—an increase of R3,9 billion over the next three years. This is local government's share of nationally raised revenue and it will be distributed to individual municipalities on an equitable base. The raising of this revenue by national Government is possible, thanks to our Constitution, which concentrates sufficient power at the centre to collect resources and distribute them for the developmental good of our people throughout the length and breadth of our country.

As the President said in the state of the nation address, in the short space of ten years, we have been able to provide 1,9 million housing subsidies for the poor; electrified more than 70% of our country's households; provided access to clean water to an additional 9 million people, and provided access to sanitation to 63% of the households in the country. In addition to this, we have created a social security net which

benefits the most vulnerable sectors of South African society, namely people living with disabilities, the aged, and children whose parents do not have the means to support them.

These measures attest to the functional efficacy of the key elements of the redistributive polity which we have been creating and strengthening since 1994. Our three spheres of Government are tied together by a fiscal system that guarantees the transfer of resources from surplus areas to deficit areas. Not only is the idea to tackle the problem of income poverty, but also, we want to give our people in their local areas, assets without which their communities cannot become livable and sustainable entities.

This explains why we have always insisted that our legislative initiatives must be seen within the context of our ongoing efforts at building a developmental state. The ensemble of poverty alleviation programmes, such as the Urban Renewal Programme, the Integrated Sustainable Rural Development Programme, the Local Economic Development Fund and the Municipal Infrastructure Grant is meant to create conditions for sustainable development in the hitherto marginalised areas and, more importantly, to progressively create a platform for the balanced development of our national economy.

It is when programmes like these come to fruition that we shall have created sources of municipal-owned revenue to supplement what local government currently receives by way of an equitable share from the nationally collected revenue. The process of cultivating a revenue base for poorer municipalities will receive a major boost from the more than R100 billion which Government has set aside for the development of infrastructure. It is expected that the public investments we are making in the poverty-stricken areas will throw up new business opportunities for the private sector. As the private sector makes use of these opportunities, it will also be focusing its energies on areas of Government priority.

Such infrastructure as we shall have created in these areas will be maintained through the contributions made by residents, individual or corporate.

As I have said earlier, we have witnessed increased flows of allocations from the national fiscus to local government. Municipalities have their responsibility of taking advantage of these allocations to improve the infrastructural capacity and to accelerate local economic development. The Local Government: Municipal Property Rates Bill is a legislative instrument for use by them to mobilise community contribution to this process. For this instrument to be used effectively, community members must get together with their public representatives and municipal managers to adopt implementation approaches which are appropriate to their local conditions.

The drafters of this Bill were acutely sensitive to the fact that municipalities have different sizes of rates bases and are differential in their administrative capacity to raise revenue due to them. This calls for steadfast adherence to the norms mandated by the legislation, and innovation and flexibility with respect to implementation. For instance, whereas it may be prudent to exempt certain categories, either of properties or people from rating, in order to stimulate economic activity in a particular municipal area, such exemptions may not be necessary in another municipal area. It is only when we understand these intricacies that we shall desist from characterising this Bill as controversial. There is nothing controversial in the Government's call on people to join us in partnerships which are meant to bring about a better life for all.

Allow me to conclude by thanking the Chairperson, Mr Yunus Carrim and members of the Portfolio Committee for Provincial and Local Government; the Deputy Minister for Provincial and Local Government, Ms Ntombazana Botha; officials from the department, representatives from various organisations and my colleagues—both in

the Cabinet and in the South African Local Government Association. If it was not for their sterling contribution of energy and insights, we would not have such a sound piece of legislation before the House today. I thank you. [Applause.]

Mr Y I CARRIM: Madam Deputy Speaker, comrades and friends, since the December 2000 elections, a fundamentally new system of local government has begun to come into effect. Municipalities now have a much greater service delivery and developmental role. To fulfil this role, they have to have adequate revenue. The local government financial system is, therefore, being reviewed. There are many aspects to this review. The recent adoption of the Local Government: Municipal Finance Management Act is part of the process of shaping a new local government financial system.

The Local Government: Municipal Property Rates Bill is another crucial aspect. In fact, local government currently raises over 90% of its own revenue. About 20% of this comes from property rates. Of course, having revenue is not all. It's how you manage and spend it that's crucial. The more productive and efficient municipalities are in managing their revenue, the more their case for increased revenue is strengthened. It is in terms of the need for both more revenue and its better management that the portfolio committee approached the Local Government: Municipal Property Rates Bill.

It is certainly the most challenging Bill, technically speaking, that the portfolio committee has had to deal with since 1994. To process the Bill effectively, the portfolio committee, as we explained in our report in yesterday's ATC, held extensive public hearings, workshops and briefing sessions, and established several subcommittees to facilitate the ongoing participation of key stakeholders, especially from the public.

The portfolio committee deliberated on the Bill for about 320 hours, and about half of this involved the active participation of a

range of stakeholders, including the representatives of Salga, public entities, agriculture, religious, welfare and charitable organisations, independent schools, municipal valuers and others. The Bill is an outcome of protracted negotiations with a range of key stakeholders.

From the response we've received so far, we believe there's significant consensus on the core aspects of the Bill. Certainly, the major differences that surfaced at the first public hearings have largely faded. At present, municipalities use very different rates systems, based on the pre-1994 provincial ordinances.

With our new system of co-operative governance and, in particular, our intergovernmental fiscal relations system, the need for a certain level of uniformity has become necessary. A national framework within which municipalities shape their own policies is the answer. This is what the Local Government: Municipal Property Rates Bill provides.

The Constitution gives municipalities the power to levy rates on property. However, it allows Parliament to regulate this power. So, we have provided for a national framework, without undermining the constitutional power of municipalities. We constantly engaged with Salga over this and are pleased to report that they fully endorse the approach in the Bill.

In terms of the Constitution, municipalities may extend the levying of rates, as the Minister explained, to categories of owners and properties that have, until now, been partially or fully excluded from paying rates. Examples of this would include the properties of public entities, farmers and others in rural areas, religious, welfare and charitable organisations, independent schools and conservation bodies.

Stakeholders from these and other sectors made strenuous representations to the portfolio committee for the retention and even

extension of these benefits. Some of them presented formidable arguments.

The portfolio committee's response was to find a balance between the need for municipalities to have adequate revenue to fulfil their constitutionally mandated responsibilities and the need to avoid levying rates in a way that debilitates categories of property owners.

The portfolio committee also sought to strike a balance between recognising the valuable developmental goals served by certain categories of owners, for example the public entities and welfare organisations, and the need to ensure that it is national and provincial government, not local government, that bear the major cost of the role served by these agencies.

The committee sought, too, to find a balance between the need for a coherent national framework for property rates that will foster national macroeconomic balances and the need for municipalities to shape their own rates policies through consultation with key stakeholders. So it is that, while municipalities have considerable latitude to decide on rates according to local circumstances, there are provisions in the Bill for the national Government to sensitively intervene, should a municipality's decisions on rates undermine national economic policies. The Constitution allows for this.

Examples of this include the right of the Minister for Provincial and Local Government, in consultation with the Minister of Finance, to limit the percentage of rates increases. This could apply to all or to specific categories of properties. Moreover, any sector of the economy could, after consulting with municipalities and Salga, approach the Minister to cap rates increases if they can prove that their rates bills are entirely unreasonable. The onus is on them to make an irrefutable case.

Municipalities may also not rate nonresidential properties unduly highly compared to

residential properties, nor can they unreasonably discriminate between categories of nonresidential properties. In consultation with the Minister of Finance, the Minister for Provincial and Local Government can prescribe ratios in this regard, if necessary. The Minister also can provide guidelines for municipalities to levy rates in a way that does not undermine national economic policies. He may also provide a national framework, consistent with the Bill, on rates exemptions, rebates and reductions.

Of course, all these interventions have to be done after consultation with Salga. While the Local Government: Municipal Property Rates Bill provides a coherent national framework, many of the concrete decisions on rates can only be made at municipal level. The committee feels it's important, therefore, that stakeholders are active in their municipalities and contribute to shaping their rates policies. Engaging with Parliament to shape the content of the Bill or rushing to the Minister for relief cannot be a substitute for engaging with the municipalities.

The committee gave considerable attention to what should be the basis for valuation. Among the options explored were a land-only valuation, land and improvement at variable rates, land and improvement at a uniform rate and annual rental value. The department was asked to undertake further empirical studies regarding these options, and they were discussed with a wide range of stakeholders and academic and other technical experts, both South African and others.

The inputs by the department and the vast majority of those consulted supported the basis for valuation as being the market value of land and improvements at a uniform rate. The majority in the portfolio committee agreed with this. In any case, this is a trend internationally.

Instead of providing for blanket exclusions from rates for categories of owners of properties, the portfolio committee strength-

ened provisions in the Bill dealing with the phasing-in of rates; the requirement for municipalities to consider, in their rates policies, the effects of rates on categories of owners and properties; negotiations between categories of owners and properties and the municipalities and Salga, and consultation between the Minister and Salga on the effects of rates on categories of owners and property.

The committee stresses that the Bill does not prescribe that property rates must be levied in traditional authority areas. Each municipality must decide for itself on this. However, it will be difficult to levy property rates in communal areas, unless property is registered in the name of an individual or community.

Even where there is individual ownership, the property has to be first valued. The owner is not, in any case, liable for rates, unless the property exceeds R15 000 in value. Land reform beneficiaries, moreover, are excluded from rates for 10 years. Thereafter, municipalities have to phase their rates in over three years. With the MEC's approval, this can be extended to six years.

For most municipalities, the cost of valuation and administration of rates will exceed any revenue derived from these properties. The portfolio committee does not believe that the levying of property rates in traditional authority areas is significantly on the agenda for a long while to come.

As the range of properties to be valued, in terms of this Bill, have been significantly increased, questions have been raised about the capacity of property valuers in this country. Moreover, with the advances in technology, there are constant changes in valuation techniques and methods. The portfolio committee believes that the department and Salga should inquire further into this, facilitate greater awareness amongst municipalities and take appropriate steps to facilitate the development of the requisite capacity of valuers.

The Bill specifically excludes properties, in part or whole, from being subjected to property rates. For example, the first R15 000 of all residential properties and 30% of the value of public service infrastructure are excluded from rates. Land reform beneficiaries, as explained, are also excluded from rates for a substantial period. That represents revenue foregone by municipalities. The committee believes that the national Government should, over time, consider this when deciding on the allocation of money to local government from the national fiscus.

The Bill represents a significant shift from the current property rates regime. The DPLG and Salga are asked to embark on a massive public education programme on the content and the implications of the Bill. Many municipalities do not have the capacity to implement this Bill. The DPLG and Salga will have to pay considerable attention to this.

Ultimately, decisions about levying rates reside with municipalities. This Bill will bring into effect a new property rates system. As with much else of the new local government system, the new property rates system has to be phased in appropriately through consultation with a range of stakeholders.

The committee has sought to strike a series of balances between the needs of municipalities and a range of key stakeholders. Municipalities are urged to exercise their power to levy rates both in the spirit and the letter of the law. The department and Salga have a crucial role to play in this regard, and we urge them to do so. Members of our portfolio committee and MPs generally can also play a role, and must do so.

The portfolio committee expresses appreciation for the manner in which a range of stakeholders interacted with us in finalising the Bill. We express our gratitude to the Minister and Deputy Minister, and express our sincere appreciation to Ms Jackie Manche, Mr Mzilikazi Manyike, Dr Peter Vaz, Mr Gerrit Grové, Mr Joe Dube and Dr

Petra Bouwer of the department, and Mr Ben Dorfling and Ms Shiva Makotoko of Salga for the considerable work they did in processing the Bill through their interaction with the committee and many stakeholders.

The committee also acknowledges the assistance of Mr Nico McLachlan and Ms Zora Ebrahim of ODA. I think they are somewhere in the gallery. Also, our thanks, as ever, to our outstanding committee secretary, Mr Llewellyn Brown and his assistant Ms Bulelwa Madikane, and a person who is never mentioned, actually, the ANC study group secretary, Ms Gadijah Salie.

Finally, I should tell the Minister, I don't know what he or the Deputy Minister were doing on Valentine's Day, but his entire department, not least Ms Jackie Manche, was here processing the Bill. They have performed outstandingly, and we are deeply grateful to them. Thank you. [Applause.]

Mr G A J GROBLER: Deputy Speaker, we spent many hours on this Bill, but if it wasn't for our chairperson being such a long-winded person we would have saved over 50 hours of what we spent on the Bill. The report you read here was well read, Mr Chairperson.

On a more serious note, the committee gave ample opportunity to these stakeholders, who have an interest in this difficult and highly technical Bill, to offer their inputs. At times emotions ran a bit high, but show me a person or organisation that will volunteer to pay rates and taxes—it's obvious. As with any Bill, it is difficult to satisfy everybody.

The first draft of the Bill could not be described as an example of a well thought-through Bill. The Department of Provincial and Local Government, but with the guidance of the portfolio committee and the many valuable inputs from stakeholders, we as a team managed to arrive at a much more acceptable Bill than the one that originally landed on our desks.

Salga is not the most efficient organisation I

have ever come across, except for arranging the so-called workshops in every corner of South Africa with the main purpose of squandering rates and taxpayers' money on outings, as we recently discovered in Cape Town. However, I must say that officials of the body contributed beyond expectation during the deliberations on this Bill, and I see some of them in the gallery. At times, I got the impression that the department was at a total loss, because changes to clauses were made on a continual basis, presumably under pressure from certain stakeholders, but I think more from politicians in the ruling party.

This Bill has many positive elements regarding property rates; well-debated and well thought-through clauses that objectively consider every sector that is operating within the boundaries of municipalities. Literally hundreds of inputs and discussions took place between the committee and stakeholders, as well as with experts from overseas and local experts on property rates, ranging from agriculture, religion, welfare and public-sector infrastructure institutions, to name but a few. Nobody can produce a perfect Bill, and this Bill is no exception. However, this Bill is not cast in stone, I believe, and I think that, as with other Bills, amendments can be looked at in the future.

On a positive side, religious organisations received a very sympathetic ear from the portfolio committee. Not only is the actual place of worship of religious organisations excluded from paying property rates, but also the official residence of an appropriate office-bearer of that religious community. I can just mention here that for election purposes, the DA tried to include Ellis Park, FNB stadium and Newlands as places of worship, but we were unsuccessful in that regard. [Laughter.] Other organisations and institutions were looked at, and I think they will be dealt with by my colleagues later in this debate.

Die DA het reeds gedurende die bespreking van die wetsontwerp aangedui dat ons nie ten gunste van sekere toegewings, soos

vervat in die konsepwetgewing wat voor ons dien, is nie. Derhalwe kan die DA nie die wetsontwerp in sy huidige vorm ten volle steun nie. Die toegewings aan die openbare sektor-instellings, waar 'n korting van 30% toegestaan kan word, gee 'n onregverdigde voordeel aan dié instellings teenoor andere, soos privaatinstellings. Telkom is 'n voorbeeld. Telkom betaal reeds nie enige vergoeding op die grond waarop hulle byvoorbeeld hul torings oprig nie, maar instellings soos MTN, Vodacom en al die ander moet ongelukkig die vergoeding betaal. Ons is derhalwe teen dié gedagte gekant. (*Translation of Afrikaans paragraph follows.*)

[The DA has already indicated during the discussion of the Bill that we are not in favour of certain concessions as contained in the draft legislation before us. Therefore the DA cannot fully support the Bill in its current form. The concessions made to public sector institutions, where a rebate of 30% can be granted, unjustly benefit these institutions over others, such as private institutions. Telkom is a case in point. Already Telkom doesn't pay any compensation for the land on which they erect their towers, for example, but institutions such as MTN, Vodacom and all the others unfortunately must pay the compensation. We are therefore against this idea.]

The DA, as well as the agricultural sector, are particularly concerned with the problem which may arise in devising a proper definition of "bona fide farmer". We believe that reverting to farmers only, coupled with the application of, I think, clause 3(2)(a), would be more acceptable. However, this request from the DA and the agricultural sector was accepted at first, but at a later stage rejected by the majority party's committee members. Unfortunately, special treatment in terms of the Bill has consequently also excluded game farming as an agricultural activity. It's mind-boggling, but it happened.

The DA disagrees with the prescription of rates based on either the improved value of

the property or a flat rate for a property within a specified valuation band. The DA believes in allowing municipalities a local option with regard to determining the tax base to be used, including the improved capital value, the land and the annual rental value. The DA disagrees with the implementation of a flat rate, given that it does not encourage the development of a property market in those categories. It is notoriously difficult to phase this out, but we agree with the proviso that when a flat rate is applied, it should only be applied at the lowest end of properties valued.

However, a major concern, hon Minister, apart from the problems that we have with some clauses in the Bill as the DA, is still the fact that many municipalities do not have the capacity, or sometimes the will, to implement a Bill; a problem with many other laws too. We've seen that. Stakeholders will have to make use of the necessary mechanism built into this Bill to safeguard their interests. Therefore, they must become actively involved in the activities of their respective municipalities. Provision is made for mechanisms such as petitions to the MEC and the Minister if they feel that the municipalities have not fully complied with the norms and standards provided in this Bill. Therefore, it is very necessary for them to participate in the ward committees, etc.

Die gebrek aan belangstelling van die ander politieke partye in dié belangrike wetsontwerp was opvallend. Nie een opposisieparty—ek sê weer—nie een, behalwe die DA, het die afgelope maande aan die proses deelgeneem nie. G'n wonder dat die NNP se leier, Van Schalkwyk, 'n growwe onwaarheid oor 'n radioprogram gaan staan en kwytraak het as gevolg van sy onkunde nie, want sy man, Durand, was nie daar nie.

Volgens hom, dis nou Van Schalkwyk, het die NNP daarin geslaag om die ANC te oorreed om die wet—luister na die woord "wet"—op eiendomsbelasting "geammen-

deer" te kry—wat 'n verkragting van Afrikaans in die eerste plek—om die boere, nie boerderygemeenskap nie, teen onnodige eiendomsbelasting te vrywaar. Asseblief, mnr Van Schalkwyk, ek hoop u luister. Daar is nog nie 'n wet nie, en ons is nog besig met die konsepwetgewing, en ons debatteer dit eers vandag. So asseblief moenie ... Laat ek dit liever nie sê nie. As daar wel 'n party is wat werklik omgee vir die boerderygemeenskap—luister, mnr Odendaal ... [Tussenwerpsels.] (*Translation of Afrikaans paragraphs follows.*)

[The lack of interest by the other political parties in this important Bill was remarkable. Not a single opposition party—I repeat—not one, except the DA, participated in the process during the past few months. It is no wonder that the leader of the NNP, Van Schalkwyk, uttered a blatant untruth on a radio programme because of his ignorance, because his man, Durand, had not been there.]

According to him, that is Van Schalkwyk, the NNP succeeded in convincing the ANC to have the law—listen to the word "law"—on property rates "amended"—what a violation of Afrikaans in the first place—to exempt the farmers, not the farming community, from unnecessary property taxes. Please, Mr Van Schalkwyk, I hope you are listening. There is no law yet, and we are still busy with the draft legislation, and we are only debating it today. So please don't ... Let me rather not say it. If there is a party that is really concerned about the farming community—listen Mr Odendaal ... [Interjections.]]

The DEPUTY SPEAKER: Order, hon members!

Mnr G A J GROBLER: ... en die ander organisasies, dan is dit die DA. Ons was daár waar dit saak maak. G'n ander party het gekom nie. En as ek so na julle klein groepie kyk aan my linkerkant ... [Tussenwerpsels.] [... and the other organisations, it is the DA. We were there

where it mattered. No other party came. And if I look at your small group on my left ... [Interjections.]]

The DEPUTY SPEAKER: Order!

Mnr G A J GROBLER: ... dan kan ek net sien julle is besig om te verdwyn. Julle gaan verdwyn. En julle is nie eers besig om te sterf nie. Julle is klaar dood. [Tussenwerpsels.] [... then I can see you are disappearing. You are going to disappear. And you are not even dying. You are already dead. [Interjections.]]

The DEPUTY SPEAKER: Order! Hon member your time has expired.

Mr G A J GROBLER: Suid-Afrika verdien beter! Baie dankie. [South Africa deserves better! Thank you very much.] [Time expired.]

Mr J M NGUBENI: Madam Deputy Speaker and hon members, municipalities derive their powers to levy property rates directly from section 229 of the Constitution. However, these powers are subject to regulation in terms of national legislation.

The Local Government: Municipal Property Rates Bill before us today is a perfect instrument that progressively gives effect to these constitutional provisions. The transformed developmental system of local government is geared towards a more efficient and responsive system of governance that is transparent, accountable and delivery-oriented.

In addressing the huge challenges faced by municipalities, property rates represent a significant and a major source of revenue that supports sustainable municipalities to fulfil their priorities and constitutional obligations. It is unavoidable that the current system of property rating is characterised by the four different ordinances of the old order. Provinces must be reformed in order to allow municipalities to broaden their tax base and have a stable predictable revenue source within the discretionary control of municipal councils.

This Local Government: Municipal Property Rates Bill will bring about stability, sustainability, certainty, a uniform rating system and promotes local economic development. This will enable us to push further the frontiers of poverty and adequately intervene to address the imbalances of the apartheid system.

Historically, property rates were levied differently in the various provinces. Even today, provinces have their own systems of valuation and rating. Currently, municipalities use different valuation and rating methods, that is land only or land and land improvements at the same or different rates.

The Local Government: Municipal Property Rates Bill mandates a simpler uniform rating system in the whole country and a general basic valuation that is market-related, that is the amount the property will have realised if sold on the date of valuation in the open market by a willing seller to a willing buyer.

This system of rating is progressive as it will guarantee every category of owners of properties to receive the same fair treatment with regard to their properties. This Bill will not necessarily effect any dramatic increase or decrease, as that is influenced by the normal regular property revaluation and actual rating municipalities set. In fact, there are checks and balances that protect all categories of properties. For example, the rate policy of the council, at its formulation, demands community participation and consultation with all stakeholders; the rate policy also takes into account the impact of rates on property owners; there is limitation on levying of rates; constitutionally impermissible rates; limits on annual increases of rates; compulsory phasing in of certain rates and representation to the Minister if any sector is adversely affected.

Apart from the checks and balances mentioned, municipalities will still exercise their constitutional right to grant exemption or rebates and reductions. Whilst the right to levy property rates is derived from the

Constitution, the Constitution restrains municipalities from exercising their fiscal powers in a way that will materially and reasonably prejudice the national economy, economic activities across municipal boundaries, the national mobility of goods, services, capital or labour.

Taking into account this provision of the Constitution to demonstrate the progressiveness of this Bill, let us pay special attention to these two important categories, that is the Public Service infrastructure and the category of agricultural property. Public Service infrastructure, according to the present rating system, was either not rated in some municipalities and inconsistently rated in others. In this proposed uniform rating system, Public Service infrastructure will be subjected to property rating. It is morally incorrect to rate public schools and hospitals, for instance, and exclude entities such as power stations or railways.

Public Service infrastructure, such as public roads, water, dams, power stations, liquid fuel, national railway systems, communication infrastructure and runways at airports are meant to service the public. As you may have noticed, these are very important and critical elements of our economy.

This Public Service infrastructure is linked to entities such as Eskom, Telkom, Umgeni Water, Rand Water and the others, including municipal and Government entities.

The portfolio committee has for the past eight months engaged all these stakeholders, including organised agriculture. Workshops, public hearings, private and direct meetings were held. In fact, representations continued until this past Sunday. These extraordinary maximised engagements resulted in a Local Government: Municipal Property Rates Bill that has balanced concessions. These concessions demonstrate the commitment of the ANC to stabilising and growing this economy. And truly so, as the ANC leads, it is obliged to enter into a contract with the people to fight poverty and create jobs.