

**Minutes from the meeting with Agricultural Working Group**  
**28<sup>th</sup> February 2006, 7<sup>th</sup> floor, Southern Life Plaza,**  
**Pietermaritzburg**

**1. Welcome**

Mr Whitehead chaired the meeting and welcomed everyone present. See attached attendance register.

**2. Programme update**

The working group was invited to make a presentation at the MPRA Implementation workshop to be held on 24<sup>th</sup> March 2006. The presentation should cover the following aspects:

- Valuation methodology guidelines for valuing agricultural property.
- To provide local municipalities with information about rating agricultural land. This presentation would also to consider the proposed rebates contained within the DPLG guidelines.

The second aspect of the presentation was to be dealt with carefully as the Department could not be seen to be prescriptive. The hostile reception by local municipalities representatives to the presentation by KwaNalu made at the Provincial Steering Committee meeting, 24<sup>th</sup> February 2006, was an indication of the sensitivity of the matter. Mr Pienaar stressed that in no way could the position of the Provincial Steering Committee be compromised and the Department should avoid taking the position of referee between the stakeholders. The brief for the presentation was to provide relevant information about rating agricultural land to local municipalities to use in their deliberations when preparing their rating policy. The proposed agriculture rebate structure (DPLG guidelines) should be unpacked to enable local municipalities to engage with these principles when determining the criteria for rebates within their rating policies.

There was a proposal that the working group approach SALGA KZN to assist with providing a platform for organised agriculture to engage with municipalities when preparing their rating policies. The purpose of this intervention would be towards ensuring that a sustainable level of rating applied to the agricultural sector. The Department was tasked to request that Mr Hari, SALGA KZN, attend the next working group meeting to discuss this proposal further.

### **3. Work programme: Report back on progress to date**

#### **3.1 SAIV valuation methodology guidelines:**

Mr Stephanson reported that it was not yet possible to proceed for the following reasons:

1. The proposal by the KZN branch of the SAIV had not yet been fully endorsed by the National Executive of the Institute of Valuers.
2. Mr Fitchet, SAIV, had met with DPLG, who had welcomed the initiative. The SAIV, KZN, was in the process of drafting a submission to the Minister requesting funding assistance to roll the model out across the entire country.
3. Way forward: It was requested that the Department would have clarity regarding the funding before the next meeting of this working group:  
11<sup>th</sup> April 2006.

#### **3.2 Agricultural resource base**

C Botha proposed that the agricultural resource base (Bio-resource units) compiled by the Department of Agriculture be made available to municipal valuers to support the preparation of the general valuation rolls. This information could also be used to assist municipalities with the spatial development frameworks. It was GIS based. The proposal was accepted. It was suggested that Mr Botha be invited to attend the Property Rates Management Information System working group meetings in order that this

resource be accessed through the proposed information system. Mr Stephanson endorsed this initiative saying that this information was useful in terms of assessing the potential and productivity of agricultural land. The SAIV was to be alerted to this resource in order that Municipal Valuers are aware of it's availability. Mr Botha further advised that dedicated training sessions could be convened for valuers to train them on how to use the software.

### **3.3 Farms versus small holdings**

Mr Stephanson requested that the methodology guidelines provide clarification as to the respective extent of a small holdings for rating purposes. Often farms are made up of smaller cadastral units which are operated as a consolidated whole. How will these separate portions be valued?

### **3.4 Agricultural rebates**

This matter refers to the DPLG guidelines, Section 11 concerning the granting of rebates to farmers. The DPLG guidelines refer to rebates being made to individual farmers or to individual properties.

Eg. "if a farmer is providing residential property to farm workers....."

Eg. " an x% rebate can be granted if there are no municipal roads on the property."

The MPRA allows municipalities to grant 'rebates or reductions' to categories of property or categories of owners not to individual properties or individual owners.

C Dalby was requested to get urgent legal opinion on this matter towards assisting municipalities with the preparation of their rating policies.

**4. Date of next meeting:** 11<sup>th</sup> April 2006, 6<sup>th</sup> floor boardroom, 10h30.

## 5. Closure

Having no further business the meeting was closed.

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Signed as an accurate reflection of the matters discussed at the meeting held  
28<sup>th</sup> February 2006.

Signed: \_\_\_\_\_

Proposed: \_\_\_\_\_

Seconded: \_\_\_\_\_