

Minutes from the meeting with Agricultural Working Group
11th April 2006, 2nd floor, Southern Life Plaza, Pietermaritzburg

1. Welcome

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

2. Programme update

2.1 DPLG Inter Provincial Task Team report back

J Channing presented an overview of the outcomes of the DPLG Inter Provincial Task Team meeting held in Johannesburg, 22nd and 23rd March 2006. The Provincial Dept of KwaZulu Natal is developing strategies to support municipalities in the implementation of the Act. DPLG congratulated the team on their initiative which clearly places KZN ahead of the rest of the country in terms of the roll out progress to date.

2.2 Implementation workshop, 24th March 2006

The feedback from the municipal delegates who had attended the workshop on 24th March 2006 has been encouraging. The agricultural working group presented an overview of best practise valuation methodology for the agricultural sector. (Alan Stephanson) Neil Whitehead spoke on the policy issues attached the rating of the agricultural sector. R Godsmark stated that the presentation, which had been edited by the Department, was inadequate and had not appraised municipalities of the impact which inappropriate rate randages would have on this newly incorporated rates sector. He felt that this was disappointing. The working group was urged to discuss how to engage with municipalities in a constructive manner around this sensitive issue.

J Channing reported that the roll out workshops which would be convened mid April until the end of June within each municipal district would 'unpack' the recommended rebates for rating of agricultural properties. There would

be a clear message that implementing too high a rate randage on this category of property would be unsustainable. Once again the Department cautioned that their role was to support municipalities not prescribe to them.

The CFO Forum was considered as a proposed platform for this intervention. The Dept was asked to approach Joey Krishnan in this regard. Ms Krishnan was to be invited to the next working group meeting in order to better understand the requirements of the working group.

It was noted that poorly prepared valuation rolls and inadequate workshopping around rates policy issues could result in litigation. This was a costly option for all concerned. The costs of these actions should be communicated to municipalities.

3. Work programme: Report back on progress to date

3.1 SAIV valuation methodology guidelines:

The Department reported that funding had been secured for the drafting of the valuation methodology guidelines through DBSA (Development Bank of South Africa). The process was awaiting the registration by the SAIV on the Provincial data base and the approval of the service provider's brief by the Head of Department. Following this the appointment could proceed. It is critical that the guidelines are presented to prospective valuers at the compulsory tender briefing sessions to be held during July/August 2006.

There was concern regarding the reasoning why the National Executive of the Institute of Valuers failed to endorse this provincial initiative from the KZN branch. It was clarified that they haven't refused to endorse it, they had merely not responded. The guidelines would form a blue print for the rest of the country. It was an initiative which had been well received by DPLG.

3.2 Bio-resource programme

The invitation to attend training sessions about this software had been well received by the valuers. Training sessions for valuers would be held on 9th and 16th May at Cedara. Thanks were extended to the Department of Agriculture for this facility and to the SAIV for co-ordinating the workshops.

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.

The working group felt that the opinion provided by Cathy Dalby was insufficient. The Department was requested to revert to Heinz Kuhn for further advise in this regard. The response should be tabled at the next working group meeting.

In addition the group was asked to consider appropriate mechanisms for addressing the application of this rebate structure.

R Barnsley suggested using the BBBEA score cards as a rebate tool. The core elements are similar and this option could prove to be less bulky than the rebate structure. The meeting felt that the submission of this scorecard could entitle farmers to an additional rebate and was an issue which could be discussed by municipalities in their deliberations over their rating policy.

The meeting was advised that KwaNalu was proceeding with a roadshow at District level which would cover the issue of municipal property rates amongst over issues.

4. **Date of next meeting:** 23rd May 2006, 7th floor boardroom, 10h30.

5. **Closure**

Having no further business the meeting was closed.

Signed as an accurate reflection of the matters discussed at the meeting held 10th April 2006.

Signed: _____

Proposed: _____

Seconded: _____