

**Notes from the Agricultural Working group meeting  
held 23<sup>rd</sup> August 2006 at SLP, Pietermaritzburg.**

**1. Present:** N Whitehead  
S la Marque, Kwanalu  
A Stephanson, SAIV  
L Pienaar, LGTA  
J Channing, LGTA

**Apologies:** M Fitchet, SAIV  
R Godsmark, KwaNalu  
L Couzens, LGTA  
R Barnsley

2. The minutes of the previous meeting held 14<sup>th</sup> July 2006 were read and accepted as a fair reflection of the matters discussed at that meeting.

**3. Appointment of the SAIV to compile valuation methodology guidelines for Municipal Valuers.**

Mr Whitehead indicated that there had been a delay of over 2 months while the Department deliberated over the appointment of a service provider to compile guidelines to assist with achieving a standard approach for the valuation of agricultural land. Mr Peinaar responded that the Senior General Manager, Mr Johnson, had expressed concerns regarding the compilation of these guidelines. Mr Johnson had canvassed opinion from various stakeholders within the valuer profession and concluded that such guidelines may infringe on the professional integrity of the valuers. Mr Johnson had convened a meeting to be held on 6<sup>th</sup> September 2006 with all the affected stakeholders to resolve this matter and find a way forward. Other quality assurance issues would also be discussed at this meeting.

A Stephanson proposed that the SAIV convene a workshop with agricultural valuers to ensure that there was a standard interpretation of the legislation. This would not be prescriptive but a pro-active approach by the profession towards standardising the approach to valuing agricultural property. The issues which require clarity are:

1. The manner in which farm sales are recorded, going concern vs rateable value
2. The assessment of standing crops
3. The definition of plant and equipment which are to be disregarded.

The meeting felt that such guidelines should be made available to the municipalities to ensure that municipal valuers met a minimum standard with respect to the service delivered. It was felt that guidelines should not interfere with the integrity of valuers but safeguard vulnerable municipalities against excessive objections and appeals. The extension to the right of objection means that municipalities could face major class actions if equity is not achieved.

The meeting considered the added value which the proposed guidelines would contribute towards the process. It was agreed that guidelines would standardise the approach and given these motivated recommendations all valuers would tend to embrace a similar methodology when valuing agricultural property. In terms of Section 81, MPRA, the MEC of the province has a responsibility towards achieving this end.

The issues regarding who would compile the guidelines, own them and bear the costs would be considered at the meeting to be held on 6<sup>th</sup> September 2006. Mr Stephanson was requested to make a brief presentation at this meeting outlining the problem with specific reference to agricultural land. The output from this meeting would be a common agreement between all the valuer stakeholders towards a way forward.

### **Other possible platforms**

Mr Pienaar proposed that the MEC exercise his mandate to establish a forum between all municipalities and their appointed valuers. This forum would consider aspects of quality assurance towards achieving equity and a similar approach to similar properties. All appointed municipal valuers would be obliged to affiliate and attend these meetings. The drawback to this suggestion was a matter of cost.

## **4. Items for discussion**

### **4.1 SALGA platform**

J Channing reported that the proposed SALGA programme where the agricultural working group had the opportunity to present their perspective to and engage with municipalities had been postponed.

### **4.2 KWANALU**

S la Marque reported that Kwanalu continued to keep their members updated and informed regarding the MPRA developments. There was a close liason between the agricultural valuers and Kwanalu to afford opportunities for introduction and engagement where possible.

### **4.3 Draft document: Agricultural rebate application form**

J Channing presented the draft document which had been prepared by the Department. It was requested that this draft be circulated to members electronically and discussed at the next meeting.

### **4.4. Bona fide farmer definition**

The best definition is " the owner of agricultural land which is predominately used for agricultural purposes". Members asked for the opportunity to make input towards a more comprehensive definition.

### **4.4 Game farming**

S la Marque indicated that this constituency had been informed that this sector **would not** be considered as agriculture in terms of the MPRA. Kwanalu would follow up this issue up with the National Game Ranches Association.

#### 4.5 Provincial Treasury

Kwanalu indicated that they had set up a meeting with Mr Dorning in this regard.

#### 4.6 Case studies: Impact of rating on agricultural land

This report had not yet been submitted to Kwanalu but the information would be shared with the working group in due course.

#### 4.7 Base data sets

The meeting was presented with a brief update on the base data sets which were being distributed to the various municipalities to support the preparation of their Municipal Register of Properties.

5. **The date of the next meeting: 10h30, 27<sup>th</sup> September 2006**, 7<sup>th</sup> floor boardroom Southern Life Plaza, Pietermaritzburg.

6. Having no further business the meeting was closed with thanks at 12h30.

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Accepted as a fair reflection of the matters discussed at the meeting held 23<sup>rd</sup> August 2006.

Signed: \_\_\_\_\_ (Chairman)

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

### 8. Summary

Action	Responsibility	Time frame
Presentation on the problems associated with valuing the agric sector	A Stephanson, SAIV	6 <sup>th</sup> September
Convene meeting of all valuer stakeholders to resolve need for guidelines and other QA issues	J Channing, LGTA	6 <sup>th</sup> September
Convene SAIV workshop with agric valuers	A Stephanson	Urgent
Kwanalu case studies	S la Marque	
Rebate questionnaire, circulate electronically to all members	J Channing	With notice of the next meeting
Bona fide farmer definition	All	For consideration at the next meeting
Game farming members: follow up with Nat Game Ranches Association	S la Marque	Report back at next meeting
Provincial Treasury intervention with KwaNalu	R Barnsley, Kwanalu	

