

# Good news as Cape Town chooses SVR

A miraculous turn of events has led to a major decision to change Cape Town's mixed bag of rating systems directly to Site Value Rating within eighteen months. This is not for a town or a city, but for a complete metropolitan area. Valuation rolls will be updated in 1997 and SVR will be introduced in July 1998.

A greater Cape Metropolitan Area has been established which has brought together thirty-nine former municipal areas with a total population of approximately two and a half million people. This covers an area of approximately 120km from north to south and 60km across. It includes all townships bordering on Table Bay and False Bay, such as Cape Town, Simons Town, Strand and Gordons Bay, and inland areas like Bellville and Somerset West.

This Cape Metropolitan Area has now been subdivided into six substructures, some still unnamed. Each includes a mixture of different rating structures with different percentages of composite rating and flat rating. Valuation rolls vary vastly in age and accuracy. This has created the opportunity for introducing Site Value Rating.

Change started when the Southern Substructure, tentatively named South Peninsula, appointed a special Rating Committee under the chairmanship of Councillor W. Stibbe. I was fortunate in making contact with him, providing him with information, and sitting in on some of their earlier meetings, but with little opportunity to speak. Presentations were made by a number of officials from Cape Town Planning and Rating Departments who were in favour of going directly to SVR and simplifying the updating of the valuation rolls on an urgent basis. Cape Town had experienced a severe setback a few years ago when its new valuation roll was declared invalid by a court decision based on some technicalities.

After a few meetings, the Rating Committee agreed to recommend Site Value Rating, to be introduced in July 1998. This was then approved by the South Peninsula Council.

The above mentioned Rating Committee in turn influenced the Cape Metropolitan Council, which then adopted the same measure in October 1996 and then persuaded the other five substructures

to agree to adopt the same measures.

The following was agreed upon:

- ▶ The Property Valuation Ordinance to be revised to allow for rating of land values only and to remove technical obstacles to revaluation of all metropolitan properties. This to be completed by the end of 1996 (not yet confirmed).
- ▶ Revaluation of all six substructures by the end of 1997, with emphasis on land values only.
- ▶ That nothing be done to preclude a possible return to a land and improvements valuation system.
- ▶ That the Metropolitan Council should set the valuation base date and the methodology. The individual municipalities will carry out the valuations and maintain valuation rolls, levy rates and decide on rebates and remissions, if any.

There already is, and there will continue to be, a fair amount of opposition to the agreed changes. Former municipalities varied considerably in their system of rating: from Flat or Total Value Rating in the case of Cape Town, to as high as thirty times the amount on land as on improvements in the case of Milnerton. None were on SVR. An extra complication is that the Cape Town valuation roll is now sixteen years out of date and reflects wildly inaccurate values which vary between some 5% and 50% of the actual market value. In many cases slumlords have been having

a field day, and will be threatened by the change which will take place. In the past they have presented a very powerful lobby, prepared to take strong action to protect their unearned income.

The changes which have already taken place will make it almost impossible to compare post-1998 to pre-1997 municipal and city statistics. It will take a considerable time to ascertain growth trends. However, it may be possible to arrive at a comparison between the relative number and value of building plans passed within given periods, provided the new local authorities are prepared to co-operate.

When the above changes have taken place, there will be only one major city in South Africa still on Flat Rating, namely Port Elizabeth. The subjects of a land tax and of Site Value Rating are more in the public dialogue now than in many a decade, and large numbers of people in government realise that something has to be done about distribution of land ownership and land tenure, both urban and rural. It is only a pity that there is not a strong organisation in RSA to lobby the cause of a land tax to replace all existing taxes, and to help consolidate SVR, which could now come under threat in other parts of the country. This could happen because of the radical changes in local government officials who may not yet understand the effects of various systems of rating.

GODFREY DUNKLEY

## TRADE, LAND, PEACE

*Continued from page 6*

when measured per head of the population, is vastly higher than that of any major state in the world.

At the other end of the scale, some parts of Africa are currently witnessing an extension of the Sahara which is turning fertile land into desert, and is bringing massive poverty and actual starvation. Nobody can blame the people living on the Sahara fringes for the disasters they have sustained, any more than the great boom which the Kuwaitis have experienced owes much to Kuwaiti efforts. When disparities of this kind appear, it is hardly surprising that tensions arise between people living in different places.

In the end, peace can only be guaranteed when an international system is devised which draws on the essential principle behind the 'national' policy of land value taxation. This requires that nobody should derive great benefit, or sustain great loss, through the accident that he, or the nation of which he is a member, happens to sit on one piece of land rather than another. Equal access for all peoples to the world's goods through Free Trade, and equal access for all peoples to the benefits attaching to land worldwide, are two aspects of the same principle. In the last analysis, a policy which is morally right is also expedient.