

This is by no means an exhaustive analysis of the Environmental Effects of the proposed Land Tax, further investigation is vital to ensure that crucial conservation issues are not inadvertently missed.

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The new Land Tax and possible environmental effects

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The land tax is a reality, the so-called municipal rates to be levied by all of the new municipalities countrywide. It has been developed without a thought about its impact on biodiversity conservation or rural landuse decisions and could quite conceivably have major unforeseen consequences. There are, however, a few provisions that could be used to have a very positive effect on biodiversity conservation in South Africa- if applied correctly. This article explores some alternatives that the National Government must seriously consider if it is to provide the right kind of incentives it itself has identified as being crucial to the long term conservation and sustainable use of our rich natural heritage.

Government needs to find ways to finance Local Municipalities and make them accountable, effective agents of social development. New frameworks and planning structures will be created at local authority level. The new systems will be more open to public scrutiny, accountability and involvement in planning and decision taking. To fund the operation of new systems, rural municipalities (B and C types) will be able to levy additional rates. The rating basis of property will be based on a **Use Value** (based on **economic activity**) or, where this cannot be determined, by a **Market** or **actual land value**. Each poses problems in correct determination, the capacity to levy and collect, and the likely consequences of each. There is little doubt that any new rural tax will radically alter landuse decisions and the status of idle land, as well as the financial viability of marginal agricultural enterprises.

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Threats to Conservation-worthy Land:

Government has long undervalued idle or agriculturally unproductive land. It is seen as a wasted opportunity rather than a crucial ecosystem element, producing water, preventing soil erosion, acting as a wildlife corridor and pollinator refuge etc. In South Africa, by far the greatest percentage of our rich plant Biodiversity and Natural Heritage falls outside formally protected areas in the hands of private landowners and farmers. The fear is that with the advent of taxes on “unproductive” land, many areas which contribute significantly to biodiversity conservation, particularly in the Lowlands of the W Cape and other agricultural areas, will be put to the plough.

Alternatively, if property value is used as the basis for the rate, then this may foster poor land management practices by penalising farmers or landowners who have invested heavily in maintaining productive systems, and benefiting those who have let their lands be overrun by invasive plants or desertification. If farmers or other landowners are levied per hectare, then they will attempt to generate returns from as many hectares as possible, even marginal areas, creating a perverse incentive to clear natural veld and create marginal agricultural economies. Currently, the **greatest threat** to Biodiversity in southern Africa is habitat loss through weeds and ploughing.

The White Paper on Biodiversity mentions the use of **Incentives** as a powerful tool to engender landowner co-operation in safeguarding our natural heritage. The injudicious application of a land tax would be a significant perverse incentive not to conserve and would seriously hamper Government’s efforts to preserve natural systems and comply with the International Convention on Conservation of Biodiversity, which it signed in 1998.

Municipal Systems and Property Rates Bills (2000)

New local government legislation presents opportunities to prevent poor land use decisions, and the encouragement of bad land practices. We must ensure that environmental principles are enshrined at local level planning and development. Further, the new rural rates could be used to create Local Authority environmental capacity, particularly to manage municipal conservation functions (such as fire protection, alien clearing). A further function of these positions

could be to accurately and equitably determine the correct rating basis for levying a rural tax, and auditing compliance for exemptions based on conservation worthiness of properties.

Opportunities for Local Authority conservation measures:

If local authorities will be held accountable for their tax income expenditure, then the possibilities of them contributing to the conservation of local resources may well increase, and could guarantee rural service provision. If, for example, a certain portion of the rates is earmarked for conservation projects (such as LandCare and Working for Water) or the support of local “Conservancies” then this could create local ownership of resources and foster good land management. Over-stretched Provincial conservation agencies would be relieved as capacity could be created at the local authority level. Thus, it is vital that environmental safeguards are put in place before the introduction of rural rates and that devolution of environmental functions are carried out with the necessary diligence.

Other suggestions as to what could be done?

- 1- Full or partial exemption from land tax for properties of significant conservation value, provided they are identified as such by provincial authorities, fall into a specified conservation area (e.g. the core of a Biosphere, Natural Heritage Site) **and** are managed according to an accepted plan (including alien weed removal, fire regime and soil erosion control).
- 2- Local authorities (LAs) could employ full time conservation officers from levied rates to manage land under their control and supervise rural service provision
- 3- LAs donate portion of levies to local conservation structures such as conservancies, working for water teams, soil conservation (LandCare) committees etc. and monitor the employment of such funds.
- 4- LAs create local capacity to manage Natural Disasters (floods, drought, fires etc.) and support Catchment Management Agencies and Fire Protection Associations. Rural Services, especially road maintenance, road fencing, fire control etc. could be guaranteed by strategic budget allocations based on environmentally sound Integrated Development Plans.