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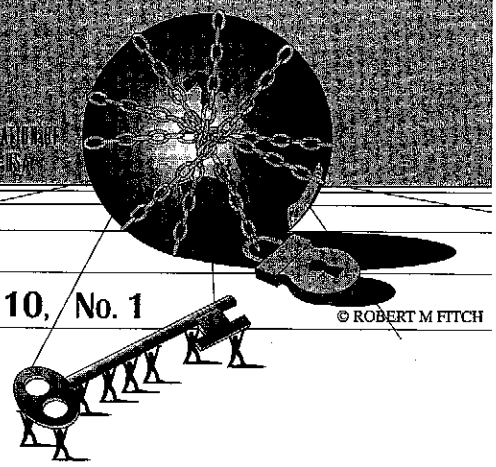

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Good News From Cape Town

New Tax Policy Approach to Promote Equitable and Efficient Economic Development

(This report is an edited version by Alanna Hartzok of a 1/4/97 email message from Godfrey Dunkley, President of International Union for Land Value Taxation and Free Trade.)

Municipal authorities from the Greater Cape Metropolitan Area (GCMA) in the Republic of South Africa have adopted a new urban finance policy approach which has the potential to both simplify and expedite local governance while promoting equitable and efficient economic development.

A major decision was recently made to move directly to so-called Site Value Rating (also known as "site or land value taxation") within eighteen months. Site Value Rating (SVR) streamlines the valuation and taxation process by shifting rates off of building and improvements and onto the site's land value only.

The newly formed GCMA includes thirty-nine former municipal areas with a total population of approximately two and a half million people spread throughout approximately 120km from north to south and 60km across.

The GCMA is 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. Cape Town had experienced a severe setback a few years ago when their new valuation roll was declared invalid by a court decision based on some technicalities. Both the complexity and urgency of the situation created the opportunity for introducing the SVR system. The Southern Sub-Structure, tentatively named South Peninsula, appointed a special Rating Committee under the chairmanship of Councilor W. Stibbe. Information about SVR was provided to him by citizen tax reform activist Godfrey Dunkley and presentations were made by a number of officials from Cape Town Planning and Rating departments who were in favour of going directly to SVR in order to simplify and

continued on page 12

This Place on Earth

Reviewed by Meta Heller, Washington State Georgist, Olympia

(On April 4 Durning will be speaking at Heller's Unitarian Universalist church in Olympia at their spring forum, which will be cosponsored by various local environmental and social justice groups. Heller has personally invited economists, public officials and lobbyists in state and local government to attend.)

When a friend in Ecology sent me a copy of a Seattle Journal of Commerce news story about the book, This Place on Earth, by Alan Thein Durning, I could scarcely wait to read it. The story begins with a Pop Quiz: What is the single largest threat to the environment? (a) Ozone layer depletion, (b) Deforestation, (c) Discharges of chemicals to lakes, rivers and streams, (d) Taxes. The answer: TAXES. What a pleas-

continued on page 11