



# Ministry of Lands, Resettlement and Rehabilitation

The Role of Land Taxes in Redistribution: Experience  
in Namibia

Symposium on Land Redistribution in Southern Africa

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# Outline

## ∅ Land Re-distribution Tools

### ∅ Taxation of Commercial Farm Land

- ∅ Legal Frame Work
- ∅ Activities
- ∅ Challenges

## ∅ The Way Forward

# Re-Distribution of Commercial Agricultural Land

## § Options/Tools

- § Market Approach - Willing Buyer – Willing Seller
- § Underutilised State Owned Land in Communal Areas
- § Affirmative Action Scheme
- § Land Tax



# Framework and Context for Land Tax

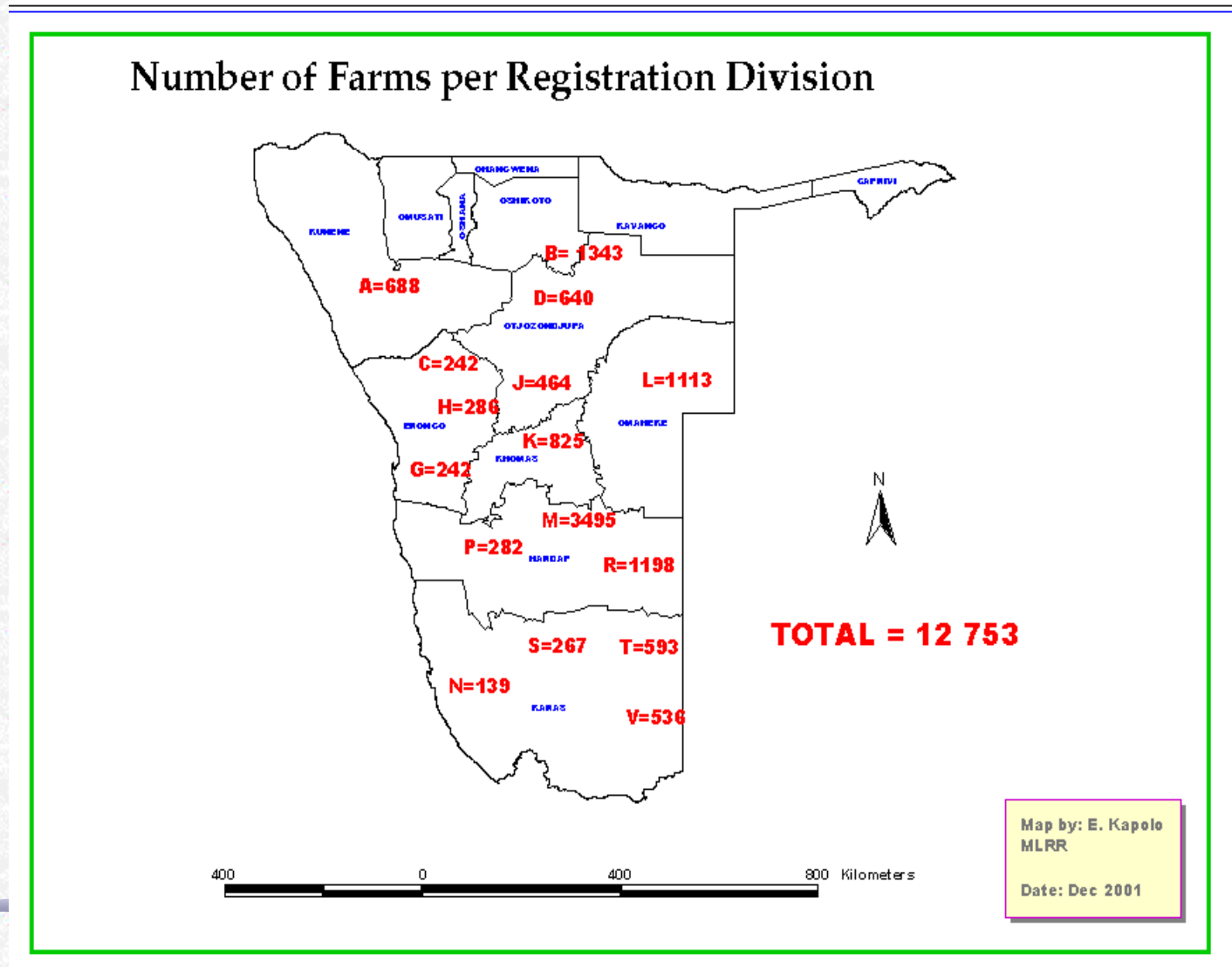
- q The Constitution
- q National Conference on Land Reform, 1991
- q The National Land Policy, 1998
- q The Agricultural (Commercial) Land Reform Act of 1995
- q The Land Valuation and Taxation Regulations, 2001

# Current Status

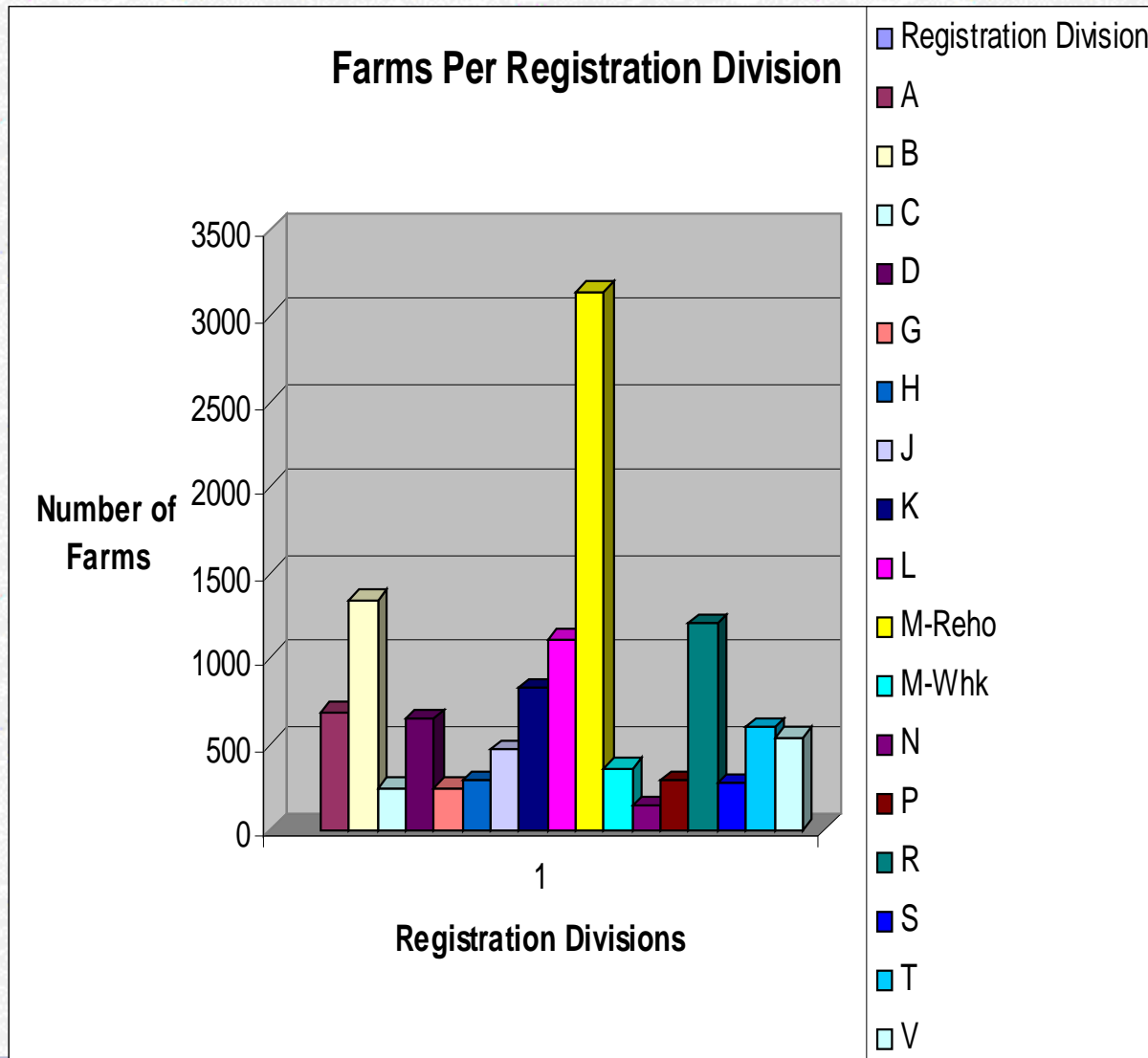
- q Total Farms 12626
  - q Smallest farm owned 0.1 ha
  - q Largest farm owned by one person 65 178,1415ha
- q Owners 5700 (*Aug 2002*)
  - q *GRN* 899 (*110 purchased after independence*)
  - q *Blacks* 1194 (*400 acquired under affirmative action scheme*)
  - q *whites* 4440
  - q *Unidentified Group* 4689
  - q *Foreign* 231
  - q *Companies* 1300
- q Single ownership 2672
- q Multiple ownerships 2028
  - q *largest single owner 32 farms*
  - q *Number held on average 2.24 farms average*

q Source Ministry of Lands Resettlement and Rehabilitation Land Tax Project October 2002

# Number of Commercial Farms in Namibia



# Farms Per Registration Division



## Key Words

The Bar Chart represent the total number of Farm officially registered per Registration Divisions in Namibia.



# WHY LAND TAX?

## **Goal:**

- *To encourage release of land*
- *To generate revenue*

## **Who will pay tax?**

- 12626 farms will be taxed
- Namibian individual farmers
- Namibian registered companies/close corporations

## **Basis**

- *Unimproved site value (USV)*
- *Tax Payable = USV × Rate*

## **Exemptions**

- Candidates of Affirmative Action
- Churches and the like

## • **The rate**

- To be determined by National Assembly
- levied progressively (0.75 on 1<sup>st</sup> farm) on the number of farms owned by one person(0.75 + .25) on 2<sup>nd</sup> farm etc).

## **Valuation Date**

- tax is calculated as from 1<sup>st</sup> April 2002 .



# Process

- Identification of Sources of Data –
- *Filed Survey*
- Data Analysis
- Valuation Model
- Prepare Valuation Roll
- Appeals
- Valuation Court
- Billing
- Collection

# Data Capture

## Sources of Data

- Deeds Office, MLRR
- Ministry of Agriculture Water and Rural Development (veterinary services, research etc)
- Other Sources:
  - Postal Services
  - Inland Revenue
  - Voter Registration

## Data Verification

- Registrar of Deeds
- Surveyor General
- Land Owners

This process continue with the data verification form

## Farm Transactions 1999 - 2001

- Farm transactions map presents farms that were transferred as from 1999 up to 2001.
- These farms were used as the representative sample of all commercial farms in Namibia for the purpose of National Land Tax.



## Field Survey

### ☞ *Inspection Teams*

There were 10 field inspection teams comprising five persons

☞ 5 qualified valuers covering the whole country( each supervising two teams)

☞ Each team was composed of

- an agricultural extension officer (Ministry of Agriculture Water and Rural Development),
- Land-Use Planner (team leader),
- Valuation Technician and
- Driver.



## *Field Survey (cont)*

### *• The main responsibilities of the teams in the field survey*

- Property inspections,
- Measurements of buildings and other permanent improvements including sketches of the farm plans and buildings,
- Assessment of land use patterns of farms (visa-vis usable and non-usable land, grazing, land under cropping and/or irrigation, actual carrying capacity, verification of soil types, rainfall amounts and patterns in the last 3 years,
- Estimation of the length and type of fencing and camp/kraal developments,
- Other projects e.g. ascertaining whether mining operations exist, other agro-economic activities (since these have a bearing on value) etc.

### *• The inspection Period of farms for valuation*

- was 12<sup>th</sup>-31<sup>st</sup> March, 2002 (3 weeks)
- including weekends and public holidays.
- A total of 295 farms spatially spread across Namibia's commercial farming area were inspected'





# Growing Period Zones

## Map Description

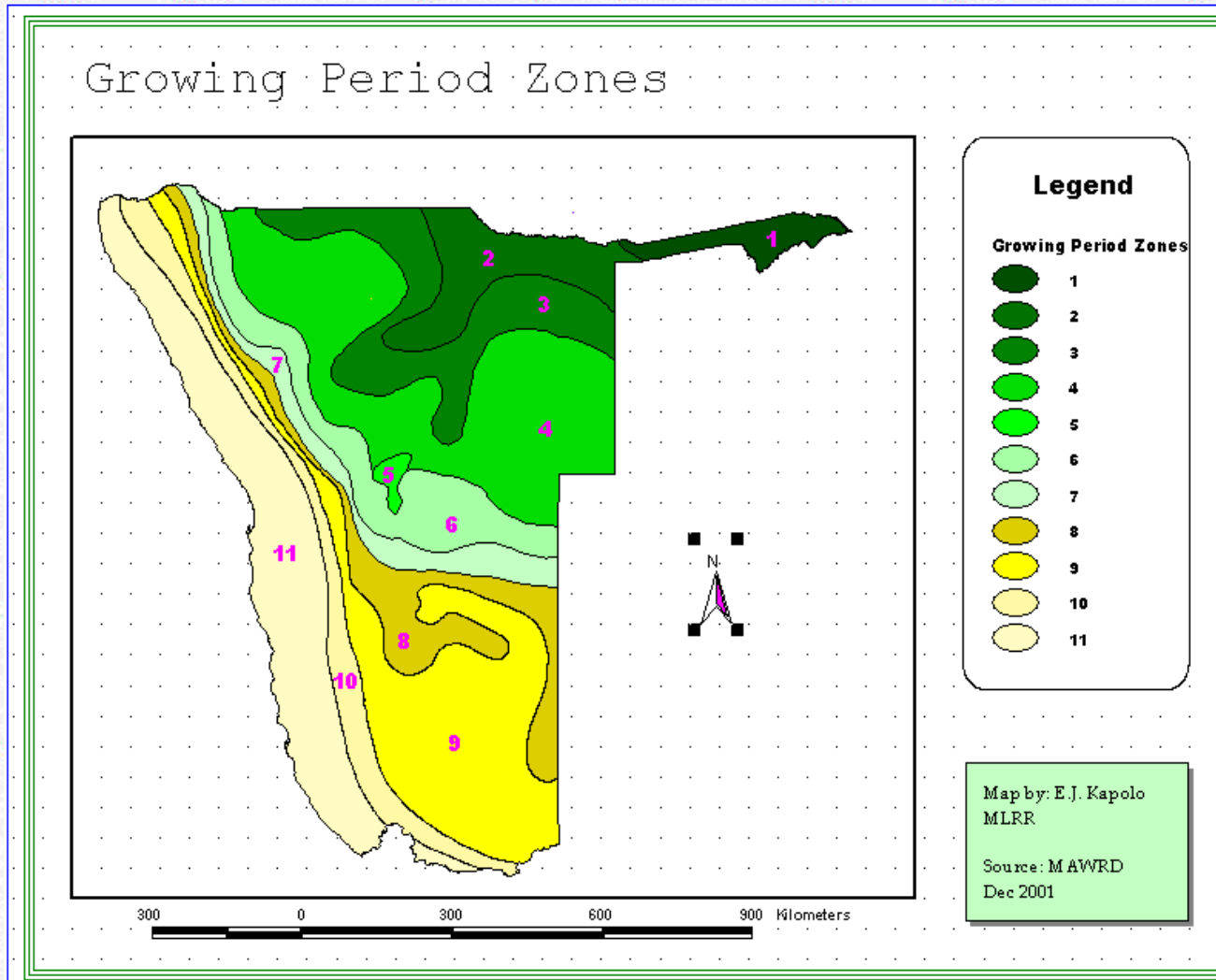
In general, the Growing Period is the time during a growing season when air temperature, soil temperature & soil moisture permits crop growth.

## Growing Period Zones

GPZ – 1&2, true humid period and consequently have a normal growing period. E.g.. GPZ 1 Andara & Katima Mulilo GPZ 2 G/fothein & Tsumeb.

GPZ – 3 to 10, have intermediate growing period with average monthly rainfall exceeding half the average monthly potential evapo-transpiration for some period, but never exceed full evapo-transpiration

GPZ – 11, Is an example of All Year Round Dry Period as average monthly precipitation is always lower than half of the average monthly potential evapo-transpiration



# Data Analysis

- ☛ *Collation and synthesis of field inspection results.*
  - *calculation of gross areas and the estimation of current replacement costs of the permanent farm improvements, confirmation of construction details (i.e. quality, condition/age, state of repair and maintenance etc.), type, capacities and conditions of water reservoirs, water tanks, water troughs, boreholes, windmills, piping, pumps, fencing (external and internal including type and length) etc including dates of acquisition and installation.*
  - *Layout plans and field inspection notes of permanent farm improvements were also completed on the farm valuation survey cards during the field exercise*
  - *Furthermore, company/close corporation searches were conducted in order to investigate any possible vested interests in close corporations/companies shareholding structures with the aim of establishing whether relations exist between previous owners and shareholders of new companies/close corporations*
  - *The nature of transfer was also scrutinised in order to ascertain whether the comparable sales evidence was at arm's length*



# Analysis

- The calculation of the gross replacement costs of all farm buildings and other related farm improvements
- Determine the depreciated replacement cost (DRC) of improvements from the inflation adjusted price of each property surveyed so as to arrive at the value of bare land.
- A correlation analysis was carried out to investigate the relationship between adjusted purchase price and the level of improvements as reflected via the DRC.
- Consideration was given to agro-ecological zones, growing periods, farm ranking and carrying capacity

# Establishment of the Land Tax Data Base

- In Microsoft excel, data pertaining to each comparable farm was recorded according to the following categories:
  - Administrative Region
  - Registration Divisions
  - Classification of comparable properties (by i.e.. Registration Division, good or bad ).
  - Individual agricultural property file information
  - Statistical analysis

## Development of a Valuation Model

- The comparison price per hectare provided the basis for the creation of a schedule of unimproved land values (presented on an Excel spread sheet) and land value (Iso-value) map showing zones (as a “tone of the list” using Arc View).



# Valuation Roll

- Details of owner
- Details of farm
- Taxable value
- Carrying Capacity
- Must be open for inspection 21 days
- Owners can appeal

# Billing and Collection

- Amend the Law
- Adjust IT System
- Create linkages between valuation Roll and billing systems

# Land Acquisition and Development Fund

- ∅ The Fund was established by an Act of Parliament in 2002 to provide a legal framework of generating own resources towards land reform.
- ∅ It provides for the money collected from land tax, rentals of resettlement allotments, donations and others to benefit the Fund.
- ∅ Money will be collected through the Ministry of Finance
- ∅ The Funds will be used to purchase more land for resettlement, to develop the commercial areas and to assist the beneficiaries of resettlement.



## Involvement Of Stakeholders

- ✓ Political Will/Leadership
- ✓ Sensitisation and Consultations
- ✓ Media Campaign
- ✓ Radio /Television /Print Media
- ✓ Agricultural Unions(NNFU,NAU)

# Lessons Learned

- ✓ High Political Will and Support
- ✓ Provide Politicians with real well documented facts
- ✓ Point out options, limitations and involve them in sourcing resources and reaching consensus
- ✓ Government has valuable resources scattered in various sources
- ✓ Response from funding partners was incredibly fast and timeous
  - FAO coordinated effort
  - SADC Food and Agriculture Hub/WB
  - others indicated willingness to support through FAO/UNDP

# Limitations

- ☞ sales evidence revealed that some of the recorded transactions were
  - not at arm's length thereby reducing the sample size
  - some properties were outside our comparable time framework
  
- ☞ Personnel(Government had to source out the function of farm inspection, valuation and analysis)
- ☞ Time
- ☞ Form in which data is packaged
- ☞ Laws and Regulations can impede implementation
- ☞ The form in which property data is stored made property identification very difficult
- ☞



# Outstanding Issues

- § Release Valuation Roll for inspection
- § Finalise Arrangement for the collection by Ministry of Finance (IT and Legal Framework).
- § Prepare for objections:
  - § Recruit Staff to screen objections and to verify disputed values
  - § Re-engage Private Contractor
  - § Set Up operations and Logistics of Valuation Court
  - § Prepare for Implementation of Lease Structure on Communal Land
  - § Media Campaign

## *Vision 2030*

- § *The land issue is looked at and analyzed in the context of its role in poverty alleviation economic empowerment and growth.*
- § *These are the essential ingredients of –Namibia’s Vision 2030.*
- § *Vision 2030 is Namibia’s strategy toward the status of a developed country by 2030*



**Thank You for Your  
Attention**