

Economic code to promote property investment in rural areas

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The Property Charter, once gazetted, would seek to promote development and investment in rural areas through a new economic development code, Property Sector Charter Council chairperson **Saul Gumede** told *Engineering News Online* on Friday.

The Charter would provide a statement of commitment from all of the key role players in the sector to a growth strategy based on empowering a broad group of previously disadvantaged South Africans.

The economic development code would equate to 15 points out of the 107 points of the Property Charter scorecard, which also included elements of employment equity, socioeconomic development, enterprise development, preferential procurement, as well as ownership and control of enterprises and economic assets.

“The economic code is an important inclusion, as under Apartheid, development in these areas did not take place. Therefore, people in townships and rural areas had to travel distances for goods and services. The type of development we would like to encourage includes, for example, the Maponya mall, in Soweto,” said Gumede.

Special permission from the Department of Trade and Industry was required to implement the new code.

Gumede said that the economic code served to make the property industry aware of the market within rural areas and townships, and encourage investment in these areas. In doing so, the industry would attain the same returns as it would from property development in Sandton.

For example, developing a shopping centre in a rural area, coupled with other service offerings, would save on additional costs incurred by people to traveling to attain those services.

Further, such a development would create employment opportunities and start to create and build on local economies, with the potential for semi-industries to develop in these areas. “We think it will create local economies and it will bring work to people,” Gumede explained.

Public Works Minister **Gwen Mahlangu-Nkabinde** supported the Charter. “We believe that once you have, for example, a mall in a township, or any other property, other development would definitely follow.”

Once the Charter is gazetted, compliance with the Charter would be monitored, together with a yearly report on the findings, both quantitative and qualitative, about the process of transformation in the sector.

The charter also aimed to unblock obstacles to property ownership and the effective participation of South Africans in the property market, enable property development and investment in rural and

under resourced areas and achieve a substantial change in the racial and gender composition of ownership, control and management, among other principles.

The local property sector is estimated to be worth R4-trillion, with 49% attributed to commercial and 52% to residential sectors.