



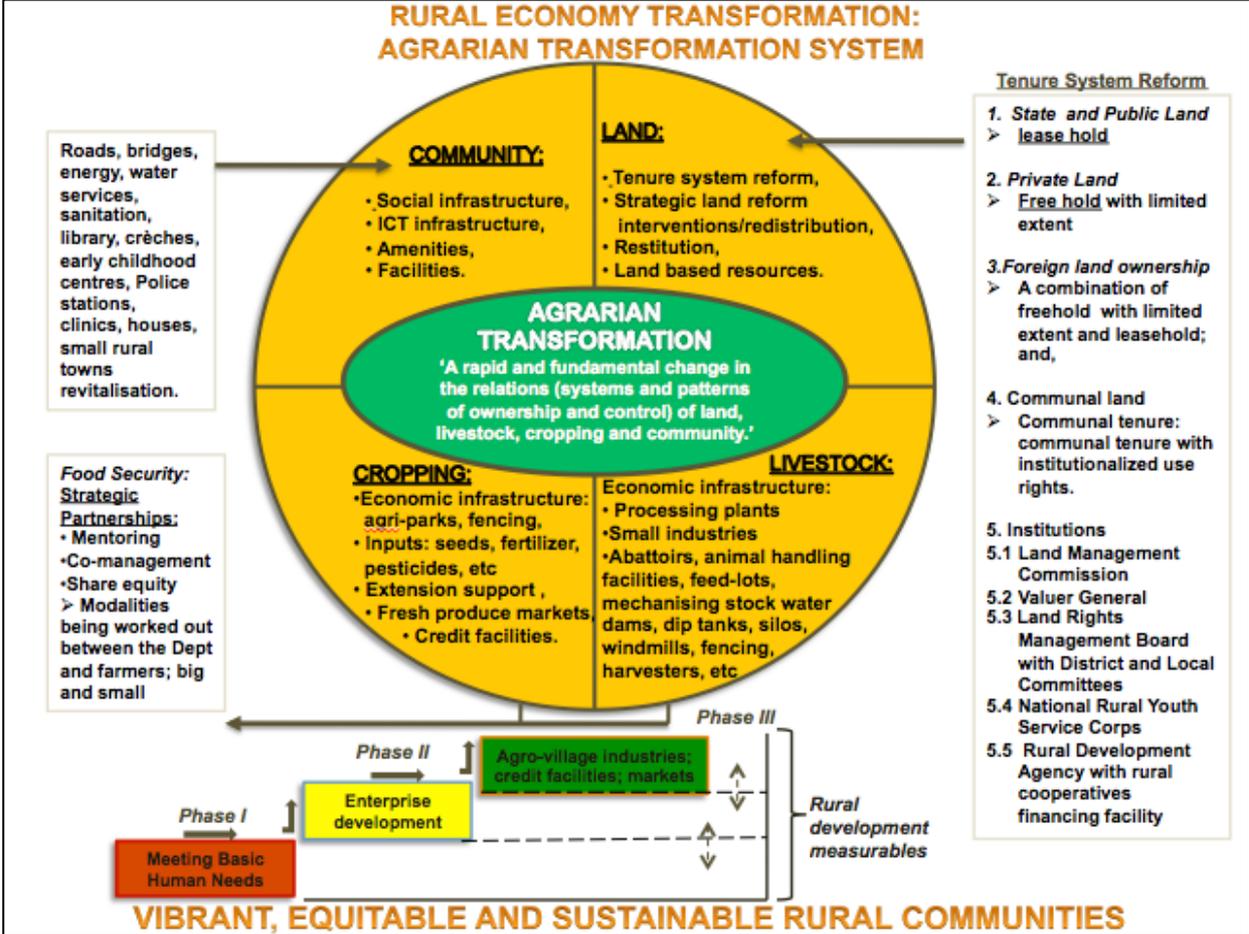
**BUDGET VOTE 39:**  
**DEPARTMENT OF RURAL DEVELOPMENT AND**  
**LAND REFORM**  
**2015/2016 FINANCIAL YEAR**

**BUDGET POLICY SPEECH:**  
**MINISTER G E NKWINTI (MP)**

**THE YEAR OF THE FREEDOM CHARTER AND UNITY IN**  
**ACTION TO ADVANCE ECONOMIC FREEDOM!**  
**FORWARD WITH RADICAL SOCIO-ECONOMIC**  
**TRANSFORMATION!**

***NATIONAL COUNCIL OF PROVINCES***

**23 JUNE 2015**



**Honourable Chairperson**

**Honourable Deputy-Chairperson**

**Honourable Members**

**Honourable MECs**

**Colleagues, Honourable Ministers and Deputy-Ministers**

**Esteemed Traditional Leaders**

**Ladies and Gentlemen**

June this year is a very important month for us.

We use this month to commemorate two of the most emotional events in our history. Both of these events recall pain and suffering of the people of our country - but both also provide us with comfort, hope and a sense of achievement. It is a month where we recall these events solemnly, and with great dignity and also with great pride.

It was 60 years ago that the Freedom Charter was launched in that dusty arena of Kliptown. This historical and groundbreaking document still serves as our moral compass, our blueprint for a better, more just and equitable future. It remains now, as relevant as it was those 60 years ago. We remember the visionaries, from all walks of life that contributed to this hallowed document for a better life for all.

June is also the month where we commemorate and celebrate the heroism of our youth as driving forces of change. We recall with pride the young lions, who nearly 40 years ago, sacrificed their lives and learning, so that future generations might see true liberation and enjoy quality education. We are forever indebted to their commitment and bravery.

These events are therefore forever etched in our minds as reminders of the needs, hopes and aspirations of the people of South Africa, whom we have the honour and duty to serve to the best of our abilities.

## **THE POLITICS**

### *Freedom Charter*

In its Preamble, the Freedom Charter says: “*South Africa belongs to all who live in it, black and white*”. Clause 4 of the Charter says the following:

*The Land Shall be Shared Among Those Who Work It!*

*Restrictions of land ownership on a racial basis shall be ended, and all the land re-divided amongst those who work it to banish famine and land hunger;*

*The state shall help the peasants with implements, seed, tractors and dams to save the soil and assist the tillers;*

*Freedom of movement shall be guaranteed to all who work on the land;*

*All shall have the right to occupy land wherever they choose;*

*People shall not be robbed of their cattle, and forced labour and farm prisons shall be abolished.*

It is the responsibility of the democratic, developmental state to translate this dictum into a socio-economic reality.

### *Ready to Govern*

As part of its work towards the installation of our democratic dispensation, the ANC developed the Ready To Govern Document, which has four pillars, being the following:

- a) to strive for the achievement of the right of all South Africans, as a whole, to political and economic self determination in a united South Africa;*
- b) to overcome the legacy of inequality and injustice created by colonialism and apartheid, **in a swift progressive and principled way**;*
- c) to develop a sustainable economy and state infrastructure that will progressively improve the quality of life of all South Africans; and,*
- d) to encourage the flourishing of the feeling that South Africa belongs to all who live in it, to promote common loyalty to, and pride in, the country; and, to create a universal sense of freedom and security within its borders.*

### *Constitution*

The Constitution of the Republic gives concrete expression to the Freedom Charter and the Ready To Govern Document.

In its Preamble it states that:

*We, the people of South Africa,*

*Recognise the injustices of our past;*

*Honour those who suffered for justice and freedom in our land; and*

*Respect those who have worked to build and develop our country; and*

*Believe that South Africa belongs to all who live in it, united in our diversity.*

*We, therefore, through our freely elected representatives, adopt this Constitution as the supreme law of the Republic so as to –*

*Heal the divisions of the past and establish a society based on democratic values, social justice and fundamental human rights;*

*Lay the foundations for a democratic and open society in which government is based on the will of the people and every citizen is equally protected by law;*

*Improve the quality of life of all citizens and free the potential of each person;  
and*

*Build a united and democratic South Africa able to take its rightful place as a sovereign state in the family of nations.*

Section 25(5) of the Constitution (Act number 108 of 1996) enjoins the State to “*take reasonable legislative and other measures, within its available resources, to foster conditions which enable citizens to gain access to land on an equitable basis*”. These constitutional imperatives are at the core of the mandate of the Department of Rural Development and Land Reform (drdlr).

## **THE POLICIES**

The litmus test to all policies, therefore, is whether or not they are redistributive in character. It cannot be that a democratic, developmental state would hope to achieve, as rapidly as possible, a fundamental reversal of the legacy of colonialism and grand Apartheid without being deliberately hands-on in the redistribution of means and factors of production.

In this regard, the government has developed a range of policies, with related draft legislation, which will be introduced to Parliament this year; and, has started implementing the laws that have been recently passed by this House.

Over the past few years we have been consulting with organized agriculture, farm-workers' unions, civil society organisations with interest on land and academics. We are now consolidating the inputs made by these partners. During his State of the Nation's Address, the President announced that the government will conduct fifty pilots on the policy on Strengthening The Relative Rights Of People Working The Land - popularly known as the 50/50 Policy Framework – by 2019; and, that the Regulation of Landholdings Bill, which will introduce land ceilings and prohibit land ownership by foreign nationals, will be submitted to Parliament this year. Policies to these Bills have been the subject of the intense consultations referred to above.

Some individual, as well as groups of, farmers have come forward volunteering to participate in the 50/50 Policy Framework. Proposals assume various forms, within this overall framework of strengthening relative rights of people working the land. We are going to prioritise the acquisition and provision of requisite strategic support to these farms, starting this financial year.

We have seen tremendous activity and interest from the sector: the use of annual rate of turn-over to determine the nature and extent of redistribution and equity (AFASA); an Idea Bank; and, inclusive social compacts (Agri-SA); social accords on living conditions, skills development, education and training and housing (SASA); a funding model - R1 billion for land reform, per year, for the next fifteen years - based on strong credit and business case approvals; the right to choose partners; and, adherence to Chapter 6 of the National Development Plan (BASA/AGBIZ); establishment of farmworkers' Trusts and farm villages, but without separate titles (Sesisonke); and, a 50/50 share equity model in the business, with government providing resources for the one 50% and the WRSA providing the other 50% at low interest rate - 2.5% per annum - and forty years repayment on bank loans (Wildlife Ranching South Africa). There are several other proposals which are being considered, including full land acquisition, followed by a joint venture company in which workers are the majority shareholder.

With regard to land ceilings and the prohibition of land ownership by foreign nationals, there has been outright rejection from the greater part of the sector. This matter has divided the sector across racial and class lines. The lines have become sharply drawn here. The prohibition of land ownership by foreign nationals has drawn a sharp response from, particularly, the Banking Association of South Africa / Agricultural Business Chamber (BASA/Agbiz) and Agri-SA. The basis of their rejection is that it will drive away foreign investment, not only in the agricultural sector, but in the economy as a whole. We certainly do not agree with this view. Our conviction is that any investor, whether foreign or national, wants policy certainty. Once they understand what the policy is, they adapt accordingly.

We have looked at South Africa's history of land ownership patterns, since the advent of the 1913 Natives' Land Act as well as experience elsewhere in the world, particularly Europe and a few countries in Latin America. Both scenarios are instructive!

The South African experience shows that the aggregate farmland over this period has generally remained stable, being disturbed by fluctuations in the number of people entering or leaving farming, influencing in turn, the fall of average farm size from 950ha

and 750ha (between 1918 and 1950); and, between 750ha to over 2 000ha, currently. In Europe, the general average farm size is 14ha, while in Latin America it ranges between approximately 72ha (Brazil) and 84 ha (Chile).

Closer to home, *that is, the Southern African Development Community (SADC)*<sup>1</sup>, the general trend is that of prohibition, unless foreign nationals joined up with nationals (*citizens*), provided the latter is the majority shareholder in such joint venture.

Taking these scenarios into account; the general views shared at our recent National Land Tenure Summit; the pronouncements by President Zuma during his State of the Nation's Address; and, the historical need to address the brutal legacy of colonialism and grand Apartheid, we have come up with the following policy proposals on the ceilings, for both natural and juristic persons:

- a) SMALL SCALE FARMS. The ceiling for a viable commercial small scale farm should be 1 000ha;
- b) MEDIUM SCALE FARMS. The ceiling for a medium scale viable commercial farm should be 2 500ha; and,
- c) LARGE SCALE FARMS. The ceiling for a large scale viable commercial farm should be 5 000ha.

Any excess land portions between each of these categories - small scale and medium scale; medium scale and large scale; and, above the 12 000ha maximum, shall be expropriated and redistributed<sup>2</sup>; and compensation will be on the basis of the '*just and equitable*' principle enshrined in section 25(3) of our Constitution.

We have come up with a SPECIAL CATEGORY to address the 12 000ha maximum announced by the President during his SoNA. We are proposing that this maximum applies only to three categories of land use: forestry, game farms and renewable energy farms, especially wind energy.

Secondly, we think there is merit in AFASA's proposal on the use of the rate of turn-over. We have come to the conclusion that this option would fit well in circumstances where sugar, grapes, vegetables, fruit and horticulture are concerned. In such cases, however, off-farm equity holdings would be more appropriate; and, we have set the rate of turn-over at R5 million per annum, provided that the share equity for workers is not less than 25% - reference Agri-BEE Code of Good Conduct.

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<sup>1</sup> Additions in italics for clarity of meaning.

<sup>2</sup> Any landholding between the 5 000ha and 12 000ha ceiling will be expropriated and redistributed as well.

We are of the strong view that these policy proposals would go a long way towards addressing the strategic thrust of land reform, namely, rekindling the class of black commercial farmers which was destroyed by the 1913 Natives' Land Act; that all land reform farms, including communal land, are 100% productive; and, achieving the objectives of the NDP, as rapidly as is possible.

Apart from redistributing land to deracialise ownership, we have to align land relations (patterns of ownership and control) in communal areas controlled by traditional institutions with the Constitution of the land. In this regard, a Bill will be submitted to this House as soon as consultations with all interested parties have been completed; and, a policy finalized. Similarly, a policy is being developed to give full title to households which have been given land under collectives, such as Trusts and Communal Property Associations (CPAs). This move has necessitated an amendment to the Communal Property Associations Act. The relevant Bill will be submitted to the House this year as well.

The Communal Land Tenure and Communal Property Associations policies seek to address the following:

- Clarify the role and responsibility of the State;
- Clarify the role and responsibility of governance structures;
- Establish the accountability system;
- Establish the Investment and Development entity;
- Institutionalise the land use rights of households;
- Clarify the role and responsibility of households; and,
- Protect the land from land sharks.

Here, the will of the people must be tested as to which institution should govern their land on their behalf. Secondly, the litmus test is the socio-economic impact of the institution so selected, on the lives of the people and their communities.

With respect to land controlled by CPAs and Trusts, a full title deed will be transferred to households, whereas in the case of communal land controlled by Traditional Councils, households' use rights will be institutionalised.

Both instances speak to the One Household One Hectare regime which seeks to address subsistence livelihoods at the household level.

## THE STRATEGY

After forming government in 2009, President Zuma established a National Planning Commission (NPC). In the tradition of the ANC, when it sought to collect views of all South Africans about their vision of a future South Africa, which became enshrined in the Freedom Charter in 1955, he assembled a broad spectrum of South Africans to constitute the NPC.

The Commission canvassed views of South Africans from all walks of life. In 2011 it released the Diagnostic Report which preceded the NDP that was released in 2012. During the same year, the nation adopted the NDP.

The NDP introduces its Overview by the following quotation from the Reconstruction and Development Programme (RDP), 1994:

*No political democracy can survive and flourish if the mass of our people remain in poverty, without land, without tangible prospects for a better life. Attacking poverty and deprivation must therefore be the first priority of a democratic government.*

The following are the targets and actions proposed by the NDP:

### **Targets:**

- *An additional 643 000 direct jobs and 326 000 indirect jobs in the agriculture, agro-processing and related sectors by 2030.*
- *Maintain a positive trade balance for primary and processed agricultural products.*

### **Actions:**

- *Rural economies will be activated through improved infrastructure and service delivery, a review of land tenure, services to small and micro farmers, a review of mining industry commitments to social investment, and tourism investments.*
- *Substantially increase investment in irrigation infrastructure in Makatini Flats and Umzimvubu River Basin.*
- *Create tenure security for communal farmers, especially women. Investigate different forms of financing and vesting of private property rights to land reform beneficiaries that does not hamper beneficiaries with a high debt burden.*

In pursuit of the ends of these targets and actions of the NDP, the Department developed the Rural Economy Transformation Model. During the SoNA, President Zuma announced that government has set aside R2 billion in this financial year for the

implementation of Agri-Parks in all 44 District Municipalities, with priority given to the 27 poorest ones. One percent (R20 million) of this amount will be allocated to institutional and capacity development, and/or skills acquisition, with priority given to the 27 most vulnerable ones. This is to address the question of equity.

These Agri-Parks are an integral part, and driver, of the Rural Economy Transformation Model, whose focus is the generation and stimulation of both subsistence and commercial enterprises. 70% equity in the Agri-Parks shall be owned by producers, with the State and other commercial interests anchoring the other 30%. The State's strategic support will diminish over a period of 10 years with producers taking full control.

This concept will ensure:

1. the achievement of our strategic thrust of rekindling the class of black commercial farmers destroyed by the 1913 Natives' Land Act;
2. that all land reform farms, including communal land, are 100% productive; and,
3. the achievement of the provisions of the NDP's "*Inclusive rural economy*" as rapidly as is possible.

The Springbokpan Agri-park in the Ngaka Modiri Molema District, North West, has already started, Ncorha in the Chris Hani District, Eastern Cape and Bushbuckridge in Mpumalanga are also on track.

## **LEGISLATION**

Section 25 of the Constitution, true to the letter and spirit of the Freedom Charter, empowers the State to intervene directly, where it deems it necessary.

In this regard, the President has recently assented to the following laws:

- Spatial Planning and Land Use Management Act (SPLUMA);
- Restitution of Land Rights Amendment Act;
- Property Valuation Act; and,
- Geomatics Profession Act.

These are transformative policies and laws. Consistent, and in pursuit of the Transformation agenda, these policies and pieces of legislation on the land question, will radically change the way land is valued, information on land is managed, in order to integrate and support economic development and an inclusive society. For example, the SPLUMA seeks to correct colonial and grand Apartheid spatial defects. It should be

treated not in isolation, but in conjunction with the Integrated Urban Development Framework (IUDF), which is championed by the Department of Cooperative Government and Traditional Affairs (CoGTA).

During this financial year, the Department, working closely with the CoGTA and the South African Local Government Association (SALGA), will ensure that all municipalities are ready to implement the Act.

Municipalities will focus on, particularly:

- The establishment of Municipal Planning Tribunals to approve land development applications;
- The adoption of Municipal Bylaws for Spatial Planning and Land Use Management; and,
- Adoption of delegations and Tariffs.

Traditional Authorities will participate in planning in communal areas under their control by being involved in the development of Spatial Development Frameworks (SDFs). Section 23(2) empowers them to form part of land use management processes; and, municipalities must ensure that they participate in the development of Land Use Schemes.

On the 30<sup>th</sup> of June, 2014, the President assented to the Restitution of Land Rights Amendment Act, paving the way for all qualifying South Africans who missed the initial 31 December 1998 deadline to lodge land claims.

As on the 15<sup>th</sup> of April 2015, a total of 55 973 claims have been lodged with the Commission. This represents 70% of the 79 696 claims lodged over a period of 4 years in the previous window, confirming that reopening the Restitution process was indeed the right thing to do.

Honourable Chairperson, as we speak, the mobile lodgement units are moving through the country, receiving claims – Gemsbok has been in the Free State from 28 April and will remain there until 10 July; Inkanyezi has been in the Eastern Cape since 6 May and will remain there until 30 July; Marupeng has been in the North West from 1 June up to 27 July and will then move to Gauteng for the month of August; Mabulandila-Vulindlela has been in Mpumalanga from 1 June and will remain there until 24 July. The mobile lodgement offices are supported by 9 Communication Sprinters informing communities on how to lodge a claim. *We are taking Government services to the people!*

Honourable Chairperson, we must, however, mention that there is a case before the Constitutional Court, brought by the Land Access Movement of South Africa (Lamosa), challenging the validity of the process, which culminated in the passing of the Amendment to the Restitution of Land Rights Act, 1994.

The Property Valuation Act, which establishes the Office of the Valuer-General (OVG), was assented to by the President in 2014. A rigorous recruitment process has been followed to appoint the Valuer-General who will head up this office. It is intended that the office will be fully operational, with the Valuer-General in office, by the 1<sup>st</sup> of August, 2015. The OVG will be responsible for the valuation of land, having regard to an equitable balance between public interest and the interests of those affected by the acquisition. In determining the value of land, the Valuer-General will take account of all the following 5 factors contained in section 25(3) of the Constitution, rather than confining the process to only the market value of the property:

- Current use of the property;
- History of the acquisition and the use of the property;
- Market value of the property;
- Extent of direct state involvement and subsidy in the acquisition and beneficial capital improvement of the property; and
- Purpose of the acquisition.

For the first time, these constitutionally entrenched considerations have now been embedded in our valuation legislation and will form the basis of the value determinations in respect of land related acquisitions in the public interest.

The South African Geomatics Council, established in terms of the Geomatics Profession Act 19 of 2013, has been appointed and its first sitting will be before the end of June 2015, giving effect to the Act. The Act provides for the transformation of the geomatics profession by regulating all geomatics practitioners, which include land surveyors, surveyors, survey technicians, Geographic Information Science practitioners and mine surveyors.

Honourable Chairperson, we are institutionalising transformation of land relations; we are moving South Africa forward! Siyaqhuba!

The following is an additional new battery of transformative legislative drafts which we are going to bring to this House:

- Electronic Deeds Registration Bill;

- Regulation of Land Holdings Bill;
- Land Commission Bill;
- Extension of Security of Tenure Amendment Bill;
- Communal Property Associations Amendment Bill; and,
- Communal Land Tenure Bill.

The e-Cadastre Programme that started in 2010 has been put on hold due to pending litigation. Unfortunately, until the matter before Court has been finalised, it is not possible to proceed with the e-Cadastre Programme. However, in the last year, rescoping and re-planning exercises were undertaken resulting in a roadmap with a 6 to 10 year horizon.

## REVENUE

Programme	2015/2016	2016/2017	2017/2018
R'000	Allocation	ENE Indicative	ENE Indicative
1. Administration	1 264 265	1 318 356	1 389 131
2. National Geomatics Management Services	799 903	830 383	875 221
3. Rural Development	1 975 739	2 187 472	2 263 862
4. Restitution	2 602 669	3 181 357	3 340 957
5. Land Reform	2 737 108	2 874 440	3 019 527
<b>Total</b>	<b>9 379 684</b>	<b>10 392 008</b>	<b>10 888 698</b>

## CONCLUSION

Honourable Chairperson, this is the year of the Freedom Charter and unity in action to advance economic freedom. In this regard, this is what the Ready To Govern Document anticipated about the Transformative agenda of South Africa's democratic, developmental state:

*Legislation on economic matters shall be guided by the principle of encouraging collaboration between the public, private, co-operative, communal and small-scale family sectors with a view to reducing inequality, promoting growth and providing goods and services for the whole population.*

*The Bill of Rights shall establish the principles and procedures whereby land rights will be restored to those deprived of them by apartheid statutes. A land claims tribunal, functioning in an equitable manner according to principles of*

*justice laid out in legislation, will, wherever it is feasible to do so, restore such rights. In doing so, it will take into account the role of compensation to be paid by the state to those whose existing titles are affected. Provisions relating to property rights and compensation will have to be applied in such a way that they are not manipulated so as to frustrate a national land reform programme.*

Honourable Chairperson, we are moving South Africa forward! Siyaqhuba!

I thank you.