

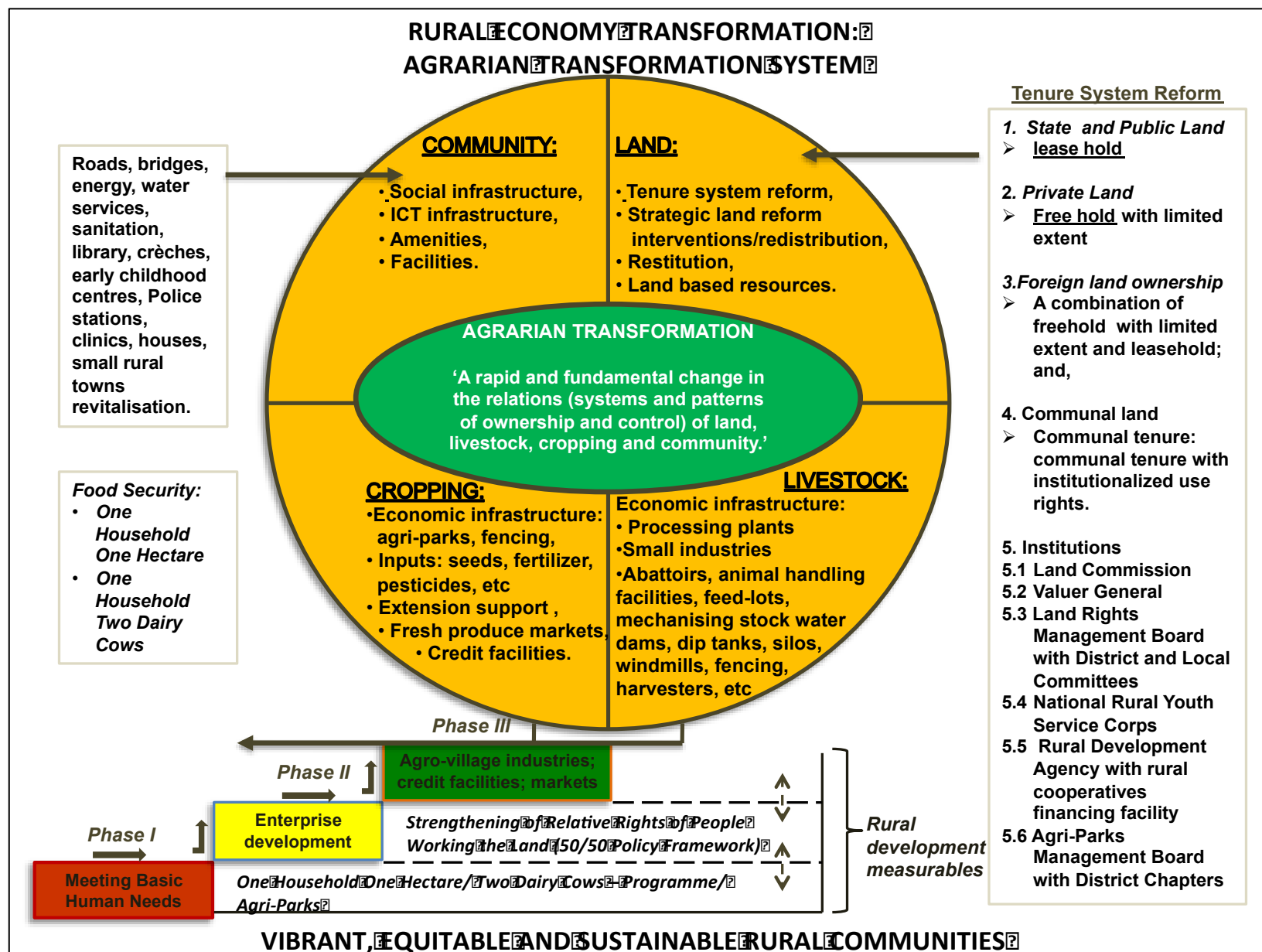


**BUDGET VOTE 39:**  
**DEPARTMENT OF RURAL DEVELOPMENT AND**  
**LAND REFORM**  
**2017/2018 FINANCIAL YEAR**

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

***NATIONAL COUNCIL OF PROVINCES***

**13 June 2017**



**Honourable Chairperson**

**Honourable Deputy-Chairperson**

**Honourable Members**

**Honourable MECs**

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

**Esteemed Traditional Leaders**

**Ladies and Gentlemen**

## **1 INTRODUCTION**

The governing Party, the ANC, declared 2017 The Year of Oliver Reginald Tambo: The Year Of Unity In Action By All South Africans. Together, we continue to move our great country towards the vision of a united, non-racial, non-sexist, democratic and prosperous society – the strategic objective of the National Democratic Revolution (NDR).

The Ready to Govern Document sets out the ANC's policy objectives as follows:

- 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;
- d) To encourage the flourishing of the feeling that South Africa belongs to all who live in it, to promote a common loyalty to, and pride in, the country; and,
- e) To create a universal sense of freedom and security within its borders.

In pursuit of these objectives, President Zuma established the National Planning Commission and charged it with the task of putting together a national development plan. The National Planning Commission came up with a comprehensive plan, the National Development Plan (NDP): Vision 2030, which was widely canvassed among South Africans; and, was adopted by this august body, the Tribune of the people of South Africa. This NDP was adopted by the governing Party, the ANC, in its 53<sup>rd</sup> National Conference in 2012.

The NDP prefaces its objectives by the following quote from the Reconstruction and Development Programme (RDP), 1994:

*No political democracy can survive and flourish if the masses 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.*

Developing and upgrading capabilities to enable sustainable and inclusive development requires a new approach and a new mind-set.

The story we propose to write involves:

- (a) creating jobs and livelihoods;
- (b) expanding infrastructure;
- (c) transitioning to a low-carbon economy;
- (d) transforming urban and rural spaces;
- (e) improving education and training;
- (f) providing quality health care;
- (g) building a capable state;
- (h) fighting corruption and enhancing accountability; and,
- (i) transforming society and uniting the nation.

## **2 THE MEDIUM TERM STRATEGIC FRAMEWORK (MTSF 2014 - 2019)**

In pursuit of these NDP objectives, Cabinet set the following six priorities in its Medium Term Strategic Framework (MTSF):

1. **Improved land administration and spatial planning for integrated development in rural areas.** (DRDLR): The Spatial Planning and Land Use Management Act (SPLUMA); and, the Communal Land Tenure Bill which will soon be released for public comment, before it is introduced to Parliament.

The administration of the SPLUMA has been transferred to the Presidency.

2. **Sustainable land reform (agrarian transformation)** (DRDLR): The Rural Economy Transformation Model (RETM), which provides a development framework in this regard; and, the Strategic Farmer Support Services Programme.

3. **Improved food security.**(DAFF/DRDLR): Agricultural Policy Action Plan (APAP) and Strengthening Relative Rights of People Working the Land (50/50 Policy Framework) (SRR). The SRR is one exciting example or model of inclusive agricultural development, wherein the state owns the land, but transfers use rights to the farm workers to use as their contribution to the business partnership with their former employers on a 50/50 basis.
4. **Smallholder farmer development and support (technical, financial, infrastructure) for agrarian transformation.**(DAFF/DRDLR): One Household One Hectare; and, One Household Two Dairy Cows. Both programmes form part of the Household Sector of the economy, with a special focus on food security and employment creation. The special groups targeted are women, people with disability and the youth.
5. **Increased access to quality basic infrastructure and services, particularly in education, healthcare and public transport in rural areas.** (Various departments lead; DRDLR supports): The National Development Plan; Turning South Africa Into A Construction Site, with Rural Infrastructure Development (RID) and Rural Enterprises and Industrial Development (REID) as the catalyst.
6. **Growth of sustainable rural enterprises and industries characterised by strong rural-urban linkages, increased investment in agro-processing, trade development and access to markets and financial services resulting in rural job creation.** (DSBD leads; DRDLR supports): The National Development Plan; Turning South Africa Into A Construction Site, with District Agri-Parks and Farmer Production Support Units (FPSUs) as the catalyst.

The key Agrarian Transformation Measurables in this regard are the following:

1. Meeting basic human needs (reference: the Reconstruction and Development Programme – the RDP);
2. Proliferation of agro-village enterprises and industries, including agro-manufacturers and retailers, sustained by credit facilities, markets and other strategic logistics; and,
3. Improved land tenure system.

### 3 CHALLENGES AND MITIGATION THEREOF

**The road is long and full of difficulties.** At times we wander from the path and must turn back; at other times we go too fast and separate ourselves from the masses; on occasions we go too slow and feel the hot breath of those treading on our heels. **In our zeal as revolutionists we try to move ahead as fast as possible, clearing the way, but knowing we must draw our sustenance from the mass and that it can advance more rapidly only if we inspire it by our example.**

Che Guevara

It is against the recognition of this fundamental truth that the 53<sup>rd</sup> National Conference (2012) of the governing Party ushered in what it called the Second Phase Transition of the NDR, that is characterised by radical economic transformation. Economic transformation, however, is not for itself, but for changing the social conditions of our people for the better. In that context, radical socio-economic transformation is more appropriate, which is defined as ***a fundamental change in the structure, systems, institutions and patterns of ownership, management and control of the economy.*** Contrary to the prevalent public narrative, this is a succinct and actionable definition. What it requires is political will to drive it.

Our biggest challenge remains the answer to the question – Who owns South Africa? In terms of Phase 1 of our Land Audit, it became clear that we still needed to conduct an audit in terms of land ownership by race, gender and nationality. We have just concluded the latter process. However, there are still huge challenges because of gaps as a result of the absence of information in respect of institutions, such as trusts, private and public organisations and companies, as well as sectional title holdings. The source of this enduring challenge is incoherent institutional transformation, both within and external to the DRDLR, for example:

- The absence of a dynamic, interactive relationship between the National Geomatics Management Services (NGMS) and the Deeds Registration system. Yet, the former feeds into the latter; and,
- We have projectised the land claims process. This was a strategic error, which did not take into account fiscal constraints, complexities associated with verification/validation of claims, court challenges and internal capacity constraints.

In terms of moving forward, we are working on transforming the Land Claims Commission into a Chapter 9 Institution. The NGMS, Deeds Registries and Office of the Valuer-General will be listed as Schedule 2 entities in terms of the Public Finance Management Act, 1999.

A further challenge relates to water rights being allocated to individuals, not to the land. When an individual sells the land, he/she leaves with the water rights. Furthermore, subdivisions and changes of land use are happening at a rapid pace. An audit needs to be conducted in respect of both these issues, because they negatively impact on land reform farms. Although regulated by laws, compliance with and enforcement of such legislation needs to be strengthened. A lot is happening in these functions with minimal accountability.

The second institutional challenge is that, unless an owner expresses a need to change and submits information voluntarily, our current legal system is unable to compel him/her/institution. They deliberately withhold information about the changes on land and, or, property. At present we have no institutional mechanism to enforce disclosure.

Cabinet is considering the report of Phase 2 of the Land Audit and we are expecting strong decisions to address all these institutional challenges; and, the Land Commission provided for in the Regulation of Agricultural Land Bill, will enforce disclosure of ownership of land and landed property.

#### **4 BUDGET ALLOCATION 2017/18**

##### **MTEF Budget Allocation 2017/18**

<b>PROGRAMME</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
Administration	1 721 620	1 799 848	1 876 667
NGMS	672 117	701 531	754 099
Rural Development	1 914 896	1 951 240	2 069 006
Restitution	3 247 384	3 441 300	3 651 154
Land Reform	2 578 417	2 689 402	2 872 068
Office Valuer-General	49 806	70 108	67 740
<b>TOTAL</b>	<b>10 184 240</b>	<b>10 653 429</b>	<b>11 290 734</b>

## Provincial Breakdown of the Budget Allocation for the current financial year

PROVINCIAL OFFICE	Final ENE allocation	% allocation to provincial budget
	R'000	%
National Office	3 742 840	36.8%
Eastern Cape	712 716	7.0%
Free State	441 955	4.3%
Gauteng	412 278	4.0%
Kwa Zulu Natal	1 282 698	12.6%
Limpopo	925 414	9.1%
Mpumalanga	1 047 484	10.3%
Northern Cape	448 736	4.4%
North West	644 362	6.3%
Western Cape	525 757	5.2%
<b>TOTAL</b>	<b>10 184 240</b>	<b>100.0%</b>

## 5 CONCLUSION

BY 2030, SOUTH AFRICA SHOULD:

Experience more integrated, vibrant, equitable and sustainable rural-urban (Rurban) communities (urban locations / townships, rural towns, agri-villages and farms), that are supported by requisite logistics (including warehouses, cold-storages, processing plants, managerial, technical and vocational training colleges); social and economic infrastructure (including road, rail and air); inclusive economies, development finance institutions (DFIs) and credit facilities; bustling markets, small, micro, medium and large-scale enterprises and industries (including agro-enterprises, agro-industries and agro-manufacturers), employing millions of people; and, supported by research, innovation and information and technology centres.

I thank you.