

# Portfolio Committee: Rural Development and Land Reform

## Budget and expenditure trends

Presented by:  
5 April 2016



**national treasury**

Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA

# Vote 39: Rural Development and Land Reform

Aim: Create and maintain equitable and sustainable land dispensation and act as a catalyst in rural development to ensure sustainable rural livelihoods, decent work and continued social and economic advancement for all South Africans

Alignment to the NDP and 2014-2019 MTSF:

- Chapter 6 of the NDP, An inclusive rural economy
- Outcome 7 of the Medium Term Strategic Framework, Comprehensive rural development and land reform

# Departmental Expenditure Outcomes: (2009/10-2014/15)

R'000	2009/10			2010/11			2011/12		
Programme	Total Adjusted Appropriation	Audited Outcome	Percentage of Actual Expenditure	Total Adjusted Appropriation	Audited Outcome	Percentage of Actual Expenditure	Total Adjusted Appropriation	Audited Outcome	Percentage of Actual Expenditure
Administration	698,884	574,849	82%	770,768	686,646	89%	911,837	914,080	100%
National Geomatics Management Services	361,351	310,961	86%	486,738	371,681	76%	555,548	603,297	109%
Rural Development	262,637	76,803	29%	342,431	360,491	105%	901,868	786,252	87%
Restitution	2,107,435	2,331,633	111%	3,574,221	3,766,833	105%	2,497,293	2,376,289	95%
Land Reform	2,971,081	2,569,601	86%	2,119,224	1,937,205	91%	3,270,151	3,317,807	101%
<b>Total</b>	<b>6,401,388</b>	<b>5,863,847</b>	<b>92%</b>	<b>7,293,382</b>	<b>7,122,856</b>	<b>98%</b>	<b>8,136,697</b>	<b>7,997,725</b>	<b>98%</b>
Economic Classification									
Current payments	2,046,088	1,533,019	75%	2,384,967	2,136,770	90%	3,137,551	2,714,809	87%
Compensation of employees	954,808	760,896	80%	1,196,815	946,678	79%	1,307,226	1,373,266	105%
Goods and services	1,091,280	772,123	71%	1,188,152	1,122,897	95%	1,830,325	1,334,820	73%
Interest and rent on land	-	-			67,195		-	6,723	
Transfers and subsidies	4,323,697	4,240,329	98%	4,880,556	4,167,529	85%	4,955,785	5,104,381	103%
Payments for capital assets	31,602	35,577		27,859	81,5713		43,361	175,313	
Payments for financial assets	1	54,922		-	28,44		-	3,222	
<b>Total</b>	<b>6,401,388</b>	<b>5,863,847</b>	<b>92%</b>	<b>7,293,382</b>	<b>7,122,856</b>	<b>98%</b>	<b>8,136,697</b>	<b>7,997,725</b>	<b>98%</b>



# Departmental Expenditure Outcomes: (2009/10-2014/15)

R'000	2012/13			2013/14			2014/15			Average Expenditure
Programme	Total Adjusted Appropriation	Audited Outcome	Percentage of Actual Expenditure	Total Adjusted Appropriation	Audited Outcome	Percentage of Actual Expenditure	Total Adjusted Appropriation	Audited Outcome	Percentage of Actual Expenditure	
Administration	1,091,274	1,076,682	99%	1,169,694	1,238,799	106%	1,314,869	1,382,197	105%	97%
National Geomatics Management Services	595,932	575,107	97%	814,813	814,553	100%	779,689	732,537	94%	94%
Rural Development	1,041,208	1,075,587	103%	1,792,423	1,700,797	95%	2,011,619	1,800,988	90%	83%
Restitution	2,961,519	2,865,734	97%	2,916,838	2,836,702	97%	2,680,742	2,997,937	112%	108%
Land Reform	3,284,152	3,326,457	101%	2,765,972	2,863,205	104%	2,668,386	2,482,096	93%	96%
<b>Total</b>	<b>8,974,085</b>	<b>8,919,567</b>	<b>99%</b>	<b>9,459,740</b>	<b>9,454,056</b>	<b>100%</b>	<b>9,455,305</b>	<b>9,395,755</b>	<b>99%</b>	<b>98%</b>
Economic Classification										
Current payments	3,516,472	3,180,062	90%	4,599,153	3,722,173	81%	3,675,491	3,139,697	85%	83%
Compensation of employees	1,880,555	1,727,823	92%	1,965,363	1,541,261	78%	1,999,753	1,791,559	90%	87%
Goods and services	1,635,917	1,416,551	87%	2,633,790	2,175,153	83%	1,675,738	1,342,464	80%	81%
Interest and rent on land	-	35,678		-	5,759		-	5,674		
Transfer and subsidies	5,420,519	5,604,935	103%	4,819,833	5,470,892	114%	5,721,864	5,458,275	95%	100%
Payments for capital assets	37,094	124,193		40,754	254,463		57,950	793,422		
Payments for financial assets	-	10,387		-	6,528		-	4,361		
<b>Total</b>	<b>8,974,085</b>	<b>8,919,567</b>	<b>99%</b>	<b>9,459,740</b>	<b>9,454,056</b>	<b>100%</b>	<b>9,455,305</b>	<b>9,395,755</b>	<b>99%</b>	<b>98%</b>

# Departmental Expenditure Outcomes: (2009/10-2014/15)

- Overall, the department has spent an average of 98 per cent of the total Adjusted Appropriation over the period under review.
- Programme 4: Restitution and Programme 5: Land Reform continues to account for the largest share of the department's allocation.
- Expenditure under these programmes is mainly attributed to land reform grants, the finalisation of backlog of restitution claims and the reopening of new claims as per the Restitution of Land Rights Amendment Act, 2014.

# Ingonyama Trust Board Expenditure Outcomes: (2009/10-2014/15)

	2009/10			2010/11			2011/12			2012/13			2013/14			2014/15		
	Budget	Audited Outcome	Percentage of Actual Expenditure	Budget	Audited Outcome	Percentage of Actual Expenditure	Budget	Audited Outcome	Percentage of Actual Expenditure	Budget	Audited Outcome	Percentage of Actual Expenditure	Budget	Audited Outcome	Percentage of Actual Expenditure	Budget	Audited Outcome	Percentage of Actual Expenditure
R'000																		
Other non tax revenue	47,488	46,785	99%	46,952	40,810	87%	27,136	34,973	129%	43,670	53,102	122%	89,782	8,997	10%	47,379	83,788	177%
Transfers received	3,056	3,056	100%	9,156	9,157	100%	13,034	13,043	100%	16,237	18,816	116%	7,500	14,500	193%	7,950	17,294	218%
<b>Total Revenue</b>	<b>50,544</b>	<b>49,845</b>	99%	56,108	49,967	89%	<b>40,170</b>	<b>48,016</b>	120%	<b>59,907</b>	<b>71,918</b>	120%	<b>97,282</b>	<b>104,497</b>	107%	<b>55,329</b>	<b>101,082</b>	183%
Current expenses	39,208	39,361	100%	56,108	43,377	77%	40,164	45,985	114%	59,907	92,119	154%	97,282	75,025	77%	55,329	83,995	152%
Compensation of employees	3,459	2,991	86%	5,760	5,833	101%	8,851	8,857	100%	10,432	11,156	107%	50,054	14,620	29%	14,637	17,118	117%
Goods and services	35,642	36,287	102%	49,816	37,138	75%	30,831	35,829	116%	48,993	79,145	162%	43,461	57,402	132%	37,637	63,888	170%
Depreciation	107	83	78%	532	406	76%	482	1,299	270%	482	1,818	377%	3,767	3,003	80%	3,055	2,989	98%
<b>Total expenses</b>	<b>39,208</b>	<b>39,361</b>	100%	56,108	43,377	77%	<b>40,164</b>	<b>45,985</b>	114%	<b>59,907</b>	<b>92,119</b>	154%	<b>97,282</b>	<b>75,025</b>	77%	<b>55,329</b>	<b>83,995</b>	152%

- The Board's revenue is mostly generated from lease income. Transfer from the department account for an average 18 per cent of total revenue. The entity incurs surpluses throughout the years, except for 2010/11.

# Ingonyama Trust Board cont.

- The Board is responsible for providing land tenure rights to approximately 4.5 million people living on 2.8 million hectares of land under the jurisdiction of 241 traditional councils.
- From 2012/13-2014/15, a total of 159 land tenure rights were captured at a cost of R79 million and 4 200 land tenure rights are expected over the medium term.
- Over the medium term, the Boards receives transfers of R59 million from the department (R18.8 million in 2016/17, R19.7million in 2017/18 and R20.7 in 2018/19) respectively.

# Restitution Programme

- The Restitution of Land Rights Act (1994) provides for the restitution of rights in land to persons or communities dispossessed of such rights after 19 June 1913. The Restitution of Land Rights Amendment Act (2014) extended the lodgement of land claims until 30 June 2019.
- A total of 130 000 new claims have been lodged since 2014 and the number is expected to increase to 397 000 claims during the extension period. In order to accommodate the volumes, claims are made through an electronic system in 14 lodgment service centers and in mobile lodgement offices.
- Over the medium term, R10 billion has been allocated towards the programme (R3.2 billion in 2016/17, R3.3 billion in 2017/18 and R3.5 billion in 2018/19) respectively.



# Recapitalisation and Development Programme

- The Recapitalisation and Development Programme is responsible for making redistributed land productive and profitable by providing mechanized irrigation, farmer mentorship and farm inputs to beneficiaries.
- Since inception in 2008/09, approximately over 4.5 million hectares of land have been acquired for redistribution and 1 496 farms have been created.
- Over the medium term, the department aims to acquire about 1.14 million hectares of strategically located land and create 11 017 productive and profitable farms.
- The estimated cost over the period is R4.5 billion (R1.5 billion in 2016/17, R1.5 billion in 2017/18 and R1.6 billion in 2018/19) respectively, which is budgeted for through the Agricultural Land Holding Account (ALHA) under Programme 5: Land

# Comprehensive Rural Development Programme

- Programme 3: Rural Development, facilitates, coordinate and act as a catalyst for the implementation of a Comprehensive Rural Development Programme (CRDP) that leads to sustainable and vibrant rural communities.
- Through
  - Rural Infrastructure Development
  - Rural Enterprises and Industrial Development
  - National Rural Youth Services Corps
- Over the medium term, Programme 3 receives an allocation of R1.9 billion in 2016/17, R2 billion in 2017/18 and R2 billion in 2018/19 respectively.
- In 2014/15, a total of 6 841 jobs were created through rural development and land reform initiatives and giving support to 442 rural enterprises.

# National Rural Youth Service Corps: NARYSEC

- The programme supports youth working on several projects to promote sustainable rural livelihoods, including implementing the animal and veld management programme and fencing scheme and supporting agricultural enterprises.
- The NARYSEC subprogramme receives an allocation of R1.3 billion (425.9 million in 2016/17, R451.4 million in 2017/18 and R395.1 million in 2018/19 — Transfers amount to R987.1 million (R337.1 million, R356 million in 2017/18 and R294million in 2018/19 ) respectively.
- In 2014/15, the department provided 2 211 community members and 3 145 rural youth with skills through the NARYSEC programme.
- Over the 2016 medium term, the corps expects to increase the number of new participants by 10 210 to reach a total of 15 000.

# Budget Review Recommendations Reports

## 2011

- Over the 2012 MTEF, R3 billion was allocated for the Comprehensive Rural Development Programme, to build rural infrastructure and to establish National Rural Youth Service Corps, a further R400 million was allocated the corps programme.
- Reprioritisation from under-performing programmes to Restitution amounted to R2 billion to settle backlogs of commitments. The Recapitalisation and Development programme was allocated R10.5 billion for distressed farmers over the MTEF period.
- Over the MTEF, Geospatial and Cadastral Services was allocated R1.5 billion towards compensation and implementation of the immovable asset register.

## 2012

- NT and DRDLR agreed to the review and finalisation of the Restitution programme once the backlog of claims had been quantified. Further agreement was to reprioritise funds from underperforming programmes to Restitution.
- Over the 2013 MTEF period, R10.4 billion had been allocated to the Recapitalisation and Development programme for farmer support. A total of 696 farms has been recapitalised at a cost of R1 billion.

# Budget Review Recommendations Reports (cont.)

## 2013

- NT and DRDLR agree to engage to find possible areas for reprioritisation from underspending programmes once the Restitution of Land Rights Amendment Bill, 2013 is passed into law. The reopening of lodgement of claims is estimated to cost government R179 billion for the estimated 397 000 valid claims to be lodged.
- Further reprioritisation towards the Recapitalisation and Development programme was recommended.
- NT and the DRDLR agree that Spatial Planning and Land Use Management Act is paramount in addressing inequalities in spatial and settlement patterns. An amount of R286 million was reprioritised for the implementation of Spatial Land Use Management Act.

## 2014

- Reprioritisation towards the reopening of the lodgement of land claims was recommended.

## 2015

- DRDLR is allocated R31 billion over the MTEF period (R10 billion in 2016/17; R10 billion 2017/18; R11 billion 2018/19), the bulk of the allocation is towards the Restitution programme. It is estimated that this allocation will be enough to settle commitments relating to restitution claims and enable the Commission of Land Rights to operate autonomously by the end of 2016/17.
- The Minister of Finance is in the process of engaging with the Ministers of Agriculture, Forestry and Fisheries and Rural Development and Land Reform on the development of the integrated funding and support model to land reform beneficiaries, smallholder farmers and emerging back commercial farmers.

# Budget Allocation Over The Medium Term

Programme R'000	Main Appropriation	Revised Appropriation	MTEF			Average growth
	2015/16	2016/17	2017/18	2018/19	2015/16-2018/19	
Administration	1,264,265	1,314,944	1,462,058	1,547,700	1,644,079	7.7%
National Geomatics Management Services	799,903	748,063	817,913	755,171	785,403	1.6%
Rural Development	1,975,739	1,984,577	1,914,367	1,995,818	2,030,767	0.8%
Restitution	2,602,669	2,602,669	3,168,208	3,346,035	3,545,202	10.9%
Land Reform	2,737,108	2,537,108	2,761,799	2,904,726	3,073,299	6.6%
<b>Total</b>	<b>9,379,684</b>	<b>9,187,361</b>	<b>10,124,345</b>	<b>10,549,450</b>	<b>11,078,750</b>	<b>6.4%</b>

- The department receives an allocation of R31.7 billion over the 2016 MTEF period
- DRDLR will focus on:
  - Recapitalising and redeveloping redistributed farms
  - Establishing agri-parks, (R2 billion per year over 10 years)
  - Extending the lodgement of land claims
  - National Rural Youth Service Corps
  - Implementation of the 2015 Extension of the Security Tenure Amendment Bill

# Way Forward

There will be engagements between DRDLR, NT and DAFF on the overlapping functions between DRDLR and DAFF.

**THANK YOU**