



## **BACKGROUND INFORMATION DOCUMENT: 2013 BUDGET ANALYSIS FOR DEPARTMENTS WITHIN THE LAND AND ENVIRONMENTAL CLUSTER**

### **Introduction and background**

The Budget is the Government's most important economic policy tool and provides a comprehensive statement of the nation's priorities. As the representative of the people, Parliament is the appropriate place to ensure that the Budget best matches the nation's needs with the available resources. In virtually all countries, it is accepted that the Executive has a mandate to prepare the Budget, since it possesses the most comprehensive information on which to base revenue and expenditure decisions. The role of Parliament is to exercise oversight and to authorise the Executive to raise revenue and spend money. Furthermore, Parliaments have a stronger contact with citizens and interest groups, contrary to the Executive drafting process, which takes place behind closed doors.

Greater legislature involvement in the Budget is an opportunity for closer scrutiny, which is critical for inter and intra-departmental reprioritisation. Transparency and accountability are only achieved through independent checks on the integrity of a Budget. Parliament is an ideal space to promote openness and debate around Budgets. It also represents a process of encouraging greater civil society commitment to macro-plans. Nevertheless, it is important to recognise some constraints. It is generally accepted across countries that the preparation of the Budget is the prerogative of the executive, although this does not preclude contact with departments during the drafting phase. The acceptance of this principle may go some way to meeting concerns about the integrity of macro-economic policies. Second, the Executive will always have a greater information base than the Legislature and Parliament will enter the process at a later stage after roughly a year of departmental deliberations. However, unless legislatures are presented with sufficient information, they run the risk of not effectively utilising their powers or, even worse, utilising their powers to serve short-term partisan ends.

The Select Committee on Land and Environmental Affairs conducts oversight over the Departments of Agriculture, Forestry and Fisheries (Vote 26), Environmental Affairs (Vote 30), Rural Development and Land Reform (Vote 33) and Water Affairs (Vote 38). This document highlights the main issues from the budget for the Committee's consideration.

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## Main budget highlights for the Committee's consideration:

From State of the Nation Address, the following areas have been highlighted by the Committee to conduct oversight over:

- Land reform and land claims. Just and equitable principle will replace willing buyer willing seller with regards to land reform.
- Land Rights Act, addressing the beneficiaries that missed the 31 December 1998 deadline and looking at the heritage sites and historical land ownership.
- Adequate post-settlement support to beneficiaries
- Urban spatial planning, integrated urban development framework linked to the NDP.

## Department of Rural Development and Land Reform Budget analysis for 2013-2014

Table 1: Programme Appropriations from 2012/13 to 2015/16<sup>1</sup>

Programme	Budget		Nominal Increase / Decrease in 2013/14	Real Increase / Decrease in 2013/14	Nominal Percent change in 2013/14	Real Percent change in 2013/14
	R million	2012/13				
Administration	1 091.3	940.7	- 150.6	- 200.5	-13.80 per cent	-18.37 per cent
Geospatial and Cadastral Services	595.9	508.5	- 87.4	- 114.4	-14.67 per cent	-19.19 per cent
Rural Development	1 041.2	1 227.4	186.2	121.1	17.88 per cent	11.63 per cent
Restitution	2 961.5	3 388.0	426.5	246.8	14.40 per cent	8.33 per cent
Land Reform	3 284.2	3 395.1	110.9	- 69.1	3.38 per cent	-2.11 per cent
<b>TOTAL</b>	<b>8 974.1</b>	<b>9 459.7</b>	<b>485.6</b>	<b>- 16.1</b>	<b>5.4 per cent</b>	<b>-0.18 per cent</b>

Source: Adapted from National Treasury (2013a) - Vote 33: Rural Development and Land Reform

Table 1 above, indicates that the budget allocation to the Department in 2013/14 has increased by 5.41 per cent in nominal terms while in real terms it has decreased by 0.18 per cent from the adjusted appropriation of R8.98 billion in 2012/13 to R9.46 billion in 2013/14. The minor decrease in real terms reflects a decrease in the budget allocation for the Administration and Geospatial and Cadastral Services Programmes in 2013/14 compared to 2012/13, which is 18.37 per cent and 19.19 per cent respectively. This is influenced by significant decrease in expenditure for goods and services due to decrease in the use of consultants and more reliance on internal resources. The expenditure for goods and services is expected to decrease at the average rate of 12 per cent over the medium term. The noticeable increase is in the Rural Development Programme which is to increase by 17.88 per cent in nominal terms in 2013/14 compared to 2012/13. This is due to the implementation of CRDP with special increase in the number of new participants in NARYSEC and implementation of various projects including the construction of the Nkosi Dalibhunga Mandela legacy bridge.

The largest share of the Department's budget will be spent under Restitution and Land Reform Programmes, together accounting for 71.71 per cent of the

<sup>1</sup> Table 1 and information from Research Unit Budget Analysis Document

Department's allocation for 2013/14. This indicates that they are priority programmes and this is expected because they are responsible for the finalisation of restitution claims, land acquisition to speed up the land reform process and implementation of the recapitalisation and development programme, which are priorities of the Department over the medium term period.

Expenditure on goods and services is expected to decrease significantly over the medium term mainly through using fewer consultants and greater reliance on internal staff. The expenditure for compensation of employees is to increase due expected increase of employees to fast track service delivery on rural development, restitution and land reform. Expenditure for capital assets is expected to increase slightly over medium term as more projects are implemented over this period.

The Budget allocations for three programmes will be interrogated for oversight and accountability purposes. The three programmes that will be focused on are:

*Programme 3: Rural Development*

*Note the last three columns need to be populated by the as the details are not clearly provided.*

Objective	Measurable indicator	Budget allocated	Sub-programme	Provinces targeted
Reduce poverty in rural areas by ensuring households produce own food by 2014	2400 households			
Ensure economic sustainability by ensuring households have basic services infrastructure (clinics and sanitation)	7278 households			
Reduce spatial inequalities in rural areas by providing access to clean water and alternative energy to households by 2014	500 hh (clean water) 600 hh (alternative energy)			
Ensure skills development and sustainable economic opportunities by establishing:	3000 food gardens 4 agri-parks CRDP			

	4600 new youth added to youth corps  NARYSEC			
	400 co-operatives  30 enterprises			
	Bridge, road (Nkosi Dalibhunga Mandela Legacy bridge and access road)  Irrigation schemes			

The Comprehensive Rural Development Programme (CRDP) sub-programme accounts for about 28.5% of the budget allocation whilst the majority of the budget is allocated to the National Rural Youth Services Corp (40.9%) of R508.9 million. The priority is to now spend more on rural youth development rather than in the CRDP.

The Committee needs to get more information on which provinces will be targeted for the implementation of the sub-programme, specifically the National Rural Youth Services Corp.

The irrigation schemes that are highlighted in the budget need to be clarified, and the specific schemes need to be specified.

*Programme 4: Restitution*

*Note the last three columns need to be populated by the as the details are not clearly provided.*

Objective	Measurable indicator	Budget allocated	Sub-programme	Provinces targeted
Settling outstanding claims	Settling 480 claims			
	Finalising research on 3962 outstanding claims			
	Verifying claimants for			

	outstanding claims			
	Validating and gazetting ??? number of claims			
	Negotiating and settling claims on state land where there is no financial implications			

Most of the budget of this programme is allocated to the Restitution Grants sub-programme, an allocation of R3, 026.4 billion which is about 89.3% of the allocation.

The Committee would like more information on which provinces are being targeted for the finalisation of restitution claims and details on how the allocation will be divided amongst the provinces.

*Programme 5: Land Reform*

*Note the last three columns need to be populated by the as the details are not clearly provided.*

Objective	Measurable indicator	Budget allocated	Sub-programme	Provinces targeted
Ensure rural development and create employment opportunities in the agricultural sector	Recapitalising and developing 368 new farms			
	Acquiring 310 853 ha for redistribution			
	Training 400 farmers as recapitalisation and development mentors			

Issues for the Committee to consider include, 22.3% of the budget is allocated to the Land Reform Grants sub-programme (R 745.4 million) for the recapitalisation and development of distressed farms. The Department needs to clarify in which areas/provinces these farms are located and what criteria are being used to prioritise these projects.

What monitoring and reporting mechanisms are in place to track the R7.5 million being transferred to the Ingonyama Trust Board (ITB)?

A list of approved projects with allocated budgets needs to be provided by the ITB for the 2013-2014 financial year.

The majority of the budget (63.9%) is allocated to the Agricultural Land Holding Account sub-programme, which amounts to R2, 218.3 billion, which is used for recapitalisation, development and land acquisition. Can the Department provide specific details on the pro-active acquisition of land for this programme. Which areas/provinces have been targeted for this process?

What mechanisms are in place to monitoring and evaluate the impact this programme has on the re-distribution of land target?

Land Reform Provincial Office sub-programme, implementing land reform programmes and administrating state land in the provinces accounts for 9.6 % of the budget which amounts to R 300.1 million. The Department needs to provide details on how this budget will be allocated to the provinces?