

# A NINE XURE A



## MINISTRY RURAL DEVELOPMENT AND LAND REFORM REPUBLIC OF SOUTH AFRICA

**MANAGING CHANGE: Strengthening Relative Rights Of People Working The Land (SRR or 50/50). From An Individual Ownership To A Collective One. An Analytical Framework.**  
14 June, 2016.

- 1 As the heading of this input illustrates, we are moving from old material conditions to new ones. We are moving from a single-owner system to a collective ownership one. We must take this material fact into account when taking decisions; any decision.
2. MEANS OF PRODUCTION: land, labour, capital and business.
  - 2.1. *Land.* This is owned by the government, either fully or partially. That is, either fully nationalized or partially so.
    - 2.1.1. Where it is owned by the government, the title deed belongs to the government.
    - 2.1.2. Where the title deed is shared between government and the former sole owner, a new dynamic is thrown in. What form of title deed is created?
    - 2.1.3. Where the government owns the land (even a portion of the whole), the workers are given a Land Use Right Certificate (LURC), which they use to enter into a new business arrangement with the erstwhile sole owner of the farm.
    - 2.1.4. Such a business arrangement gives birth to a new company (the NewCo), jointly owned by them plus NEF
  - 2.2. *Labour.* Establish the material facts in each case, before taking any critical step!

We know that in an unfettered capitalist market system, like South Africa, workers are generally exploited. What we don't know in each case are the facts. In other words, the form and extent of such exploitation.
  - 2.3. *Capital.* The 50/50 Model is, essentially, a joint venture capital sponsored by the government on behalf of farm workers, on the one hand, and the private owner of the farm so acquired, on the other. The latter brings in the business, entrepreneurial know-how and the market; and, the workers bring in their labour power, raw skill and the LURC, which is sponsored by the government. It becomes clear, therefore, that a lot of resources accrued from the business will have to go into the training and development of the farm workers, in terms

directorship, management and operations. The first five years of the NewCo are going to be extremely testing.

2.4. *Business.* The state of the current company has to be critically analysed, so that the facts around threats or risks and opportunities (the business environment) are well understood, as we enter into the new situation. Each business is unique; and, must be treated as such. It would be unscientific to adopt a one-size-fits-all approach to all of them. Establish the facts in each case; and, take informed decisions, as we transcend into the new conditions. We should not overburden the NewCo, particularly during its formative years. It must succeed!

3. **FACTORS OF PRODUCTION:** tools, equipment, factories, machines, etc The question before us is: **WHAT IS THE STATE OF THESE PRODUCTIVE FACTORS?** We must establish the facts here as well, so that we know what needs to be replaced or repaired; and, at what cost, from the outset.

#### 4. **CONCLUSION**

4.1. What we know, in each case, is the price and state of the land because we have valued it. Therefore, it is possible to set the rental price. We have set this price at 2% of the price of the land.

4.2. What we do not know in each case, is the net annual profit of the land, given the fact that workers, who had been surviving on exploitative wages and living conditions, are now going to be co-owners of the business; and, might opt for corrective measures in this regard. The government cannot charge the NewCo a rent based on net profits that are unknown!

4.3. Therefore, only 2% rental shall be charged, based on the price and state of the land, as reflected in the valuation outcome.

**THESE ARE THE BASICS. THEY MUST INFORM EVERY DECISION WE TAKE. WE MUST MAKE THE NEW SYSTEM WORK. THERE IS NO ROOM FOR FAILURE!**



**NKWINTI, GE (MP)**

**MINISTER: RURAL DEVELOPMENT AND LAND REFORM**

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# ANNEXURE B.



**MINISTRY  
RURAL DEVELOPMENT AND LAND REFORM  
REPUBLIC OF SOUTH AFRICA**

Private Bag X833, Pretoria, 0001 Tel: (012) 312 9300 Fax: (012) 323 3300 / 323 4323  
Private Bag X9133, Cape Town, 8000 Tel: (021) 461 1301 Fax (021) 461 0898

**ONE HOUSEHOLD ONE HECTARE: Eradicating Poverty And Creating A Class Of Black  
Smallholder Farmers, Producers And Agro-manufacturers.  
VERSION THREE.**

1. There is a lot of land that is lying fallow across the length and breadth of the country - both private and public - amidst hunger, poverty and unemployment. There are several reasons for this, which I will not go into here. This Programme is meant to be a catalyst for change in this regard. It is targeting particularly state-owned and what could at best be described as traditional communal land.
2. In both instances, land will be made available on the basis of "institutionalised use right." Use Right Certificates (URCs) will be issued to these landholders, which they will be able to use as collateral when they seek loans from financing institutions, particularly state-owned development finance institutions.
3. But there will be strict conditions underlying these URCs:
  - 3.1 they will be non-transferable, unless holders ascended to higher rights, including larger farms;
  - 3.2 they may be "willed" provided such a "will" shall not discriminate against female household members;
  - 3.3 these URCs shall be registered with the Provincial Deeds Registries; and,
  - 3.4 the "Use-it or Loose-it" principle shall apply.
4. These production sites will supply raw materials to District Agri-Parks (DAPs), which are currently being rolled out by the Government, led by the Drdlr. District Agri-Parks will, in turn, provide smallholder farmers, producers and agro-manufacturers with markets, credit facilities, retail facilities, logistical and other strategic support and share-equity opportunities. These smallholder farmers, producers and manufacturers will own 70% equity in these DAPs; and, government and other strategic partners will share the remaining 30%.

4.1 The District Agri-Parks will, in the short run, be governed through District Municipal Councils, working with District Agri-Parks Management Councils (DAMCs) that are composed of persons drawn from organs of civil society with demonstrable or expressed interest in agriculture and Agri-business. This governing structure will be overseen by, and be accountable to, the Drdlr and the Member of the Executive Council (MEC) responsible for agriculture and rural development in each Province. At the administrative and technical level, it will be supported by a team of capable individuals selected by the lead department, the Drdlr, working closely with offices of MECs.

4.2 In the long run, however, these District Agri-Parks will be owned and managed by the smallholder farmers, producers and manufacturers, on their own, or in partnership with public business entities (PBEs) and strategic partners, as competitive and profitable Agri-businesses.

4.3 There will be a National Agri-Parks Advisory Council (NAAC), which will provide strategic advice to the Political Authority; assist with policy development and its socio-economic impact assessment; provide support, on request / whenever necessary, to District Agri-Parks Governing Structures, including research, development and innovation information, quality control with respect to products, health and safety conditions in production and processing sites, establish market opportunities, domestically and internationally.

5. The Drdlr has budgeted R2bn this financial year for this Agri-Parks Programme; and, will do so for the next ten years. Part of what the money will do is strengthen the technical capacity of municipalities and improve social infrastructure, relevant to attracting and unleashing further economic investment in the 44 District municipalities which are home to South Africa's asset and income poverty. Rural roads networks will receive particular attention in this regard. These rural roads, both in farms and villages, must be seen not just as "Access Roads", but "Economic Roads." We must make it easy for goods and services to move from production sites to markets. That is how we will grow rural economies / develop underdeveloped areas.

#### 6. 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-manufacturing), employing millions of people; and, research, innovation and information and technology centres.



**NKWINTI G.E. (MP)**

**MINISTER FOR RURAL DEVELOPMENT AND LAND REFORM**

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