

Report on REDI's Spatial Inequality Conference

Introduction

More than 70 people attended REDI's Spatial Inequality Policy Workshop held at UCT on August 17 and 18, 2015.

Participants were drawn from the research community, government, and a range of NGOs who are involved in urban or rural development.

The workshop was held in the gallery of the Centre for African Studies, where we installed an abbreviated version of Professor Edgar Pieterse's and Tavengwa Tau's exhibition on the City of Cape Town, "*A City Imagined*".

The exhibition at the REDI workshop featured six out of the ten themes: Work, Well-being, Vulnerability, Mobility, Education and Diversity.

The key question the workshop confronted was why, two decades after the end of apartheid, do urban spatial planning and rural land relations seem to re-inforce old apartheid patterns rather than break them down, and what effects this had on policies to combat poverty, inequality and unemployment.

According to the National Development Plan, South Africa has a youthful and urbanising population. Today about 60% of South Africans live in the cities, and by 2030 about 70% of the population is expected to.

The workshop began with a welcome by **Murray Leibbrandt, REDI's director**, and then an overview of some of the key policy challenges by Andrew Donaldson of the National Treasury.

Andrew Donaldson

National Treasury/GTAC

Key points:

- What municipalities constitutionally have a say over, or don't, for example: education.
- The co-ordinating mechanism in government is missing: it is not easily constructed.
- The migration of people to cities has meant there is a set of trade-offs between the kinds of investment you need to make for example between infrastructure and social services
- The ways in which private finance is channelled is very important

- Housing subsidy policy: not much progress there at all. Fiscal mechanisms need examining
- Cities and regions that are able to accommodate private investment will do better than those who only rely on public funds
- We are not making much progress with demarcation in rural areas

Michael Noble *

Southern African Social Policy Institute/HSRC

Michael Noble of the Southern African Social Policy Institute (SAPRI) began with a broad mapping of income poverty and inequality drilling down to ward level in his study. His study shows the spatial pattern of poverty and the relationship between inequality and poverty. A key point he made was that equality, in some areas, means that people are equally poor. A greater measure of inequality may mean there is more wealth in the area. "Inequality and poverty do not have a simple relationship with each other."

Poverty and inequality were "invariably" spatially differentiated. Largely this is because of South Africa's history of colonialism, segregation and apartheid. He and Dr Wanga Zembe (who was unable to attend the workshop) have measured Multiple Deprivation and income poverty at ward level in South Africa. The South African Index of Multiple Deprivation 2011 include a range of measures such as material deprivation, unemployment, lack of education and access to services such as adequate water and sanitation. In addition ward level income poverty measures has been produced. These small area measures "have consistently shown the persistence of spatial differentiation in terms of social and economic segregation into the democratic era."

A central finding is that the poorest provinces in the country (in terms of both the "upper" and "lower" bound poverty levels) are those that contain the former apartheid "Bantustans". For instance, the ten district municipalities with the highest "lower-bound" poverty rates in the country are all in the Eastern Cape or KwaZulu Natal, with the exception of one in Limpopo. (The highest rate of poverty, at 81,6%, is in the Alfred Nzo district municipality in the old Transkei, now the Eastern Cape).

Of the 20 poorest local municipalities, 18 are in the Eastern Cape or KZN, all in old "Bantustan" areas, and one in Limpopo and one in North West. The highest poverty rate (at 86.7%) is in Port St Johns, and 20th on the list is Nkandla in KZN (at 81.4%)

In his presentation, he showed poverty maps, province by province, which illustrate clearly that the poorest areas are still the old homeland or Bantustan areas.

* The presentations marked with asterisks are available on the REDI website

In all, 73,4% of people in the former homelands fall below the lower-bound poverty level, and 81,7% are below the upper-bound poverty level, compared with 46% and 55,3% respectively in the rest of the country.

Commensurate with the levels of absolute poverty are the levels of inequality – the poorer an area is, the more equal in terms of income distribution. So people in the area are equally poor.

Noble referred to research he is doing with the HSRC to examine inequality at small area level, as well as the relationship of poverty to violent crime in some areas in Khayelitsha in the Western Cape.

His key conclusions were that:

- Income Poverty is highly spatially differentiated and still reflects the historical legacies of colonialism segregation and apartheid
- The highest poverty levels are in the former homelands
- Inequality and poverty do not have a simple relationship with each other
- More sophisticated accounts are necessary to reflect the lived experience of inequality

Among points and questions that were raised in discussion were:

- Infrastructure, such as roads in rural areas, can improve the delivery of other services
- The effect of “co-living” in rural and urban areas
- The need for a Spatial Investment Map: in some areas that are income-poor, there is a lot of investment
- Urban and rural areas are not alternatives to each other: we are suffering a sort of retarded urbanisation
- The question of how to define households in former homeland areas
- The way the rates and revenue bases of municipalities is affected by tenure.

Policy Challenges: Urban development to promote inclusive growth

Edgar Pieterse*

African Centre for Cities, UCT

The keynote address, to go with the exhibition, was given by Edgar Pieterse who spoke principally about spatial inequality in Cape Town.

“We are not radical enough in how we are thinking” about city planning, he said.

He said post-apartheid urban planning had consolidated the spatial legacy of apartheid. Central to his message was that densification was the route to better living spaces, especially for the poor who now are housed in either informal settlements or rows of “RDP” houses.

Although South Africa has had, on the face of it, a prolific public housing programme, providing over four million subsidies and three million housing units since 1994, it has had the paradoxical effect of worsening urban segregation and inequality by locating the poorest people the furthest away from job opportunities with the consequent massive public transport costs.

An example of how quickly the “township” areas densify is the example of Du Noon, north of Cape Town. It was planned in 1995 for 2000 households and now houses 16000. So the pockets of high density are concentrated in the poorest areas.

It is not, either, that government is unaware of some of the policy paradoxes. There has been a plethora of plans and laws including the New Growth Path, the Integrated Urban Development Framework and the National Development Plan.

In terms of compliance with many of the national expectations, Cape Town metro is one of the best, he said.

Yet the legacy of apartheid planning is still deeply etched in the city. The question was how to undo it without heavy reliance on technocratic plans that took too long to implement.

One of his key recommendations was to integrate the city more on cultural and educational levels, as well as residential. His proposals included:

- Pursuing social housing through radical infill
- Minimum inclusionary requirements (20%)
- Appropriate & expropriate land for public housing
- Ensure 20% ‘free’ seats for poor in private & Model C schools
- Making isiXhosa a compulsory subject in schools.
- Cross-subsidize free art and culture education for all children & youth linked into society-wide campaigns and festivals to stitch the spiritual and cultural fabric of the city.

He also called for “reimagining the townships as the real city”.

Townships are excluded from most economic hubs of the city and the economy of Cape Town is structured in such a way that when there is growth (for instance in the financial sector), it serves to further entrench their marginalisation. They were also

the places where youth unemployment is highest (about 40%) and where the schools were the worst.

Pieterse showed, from his exhibition, three examples of how a greener, more integrated city could be planned in two developments.

The one is in a yet-to-be suburb called Two Rivers Urban Park. He called this planning with “gees” (spirit or soul). TRUP is in the heart of Cape Town and comprises the Liesbeek and Black Rivers. It is relatively close to the city centre and also includes a large greenfield area. It could be, he shows in the book that goes with his exhibition, a “green and aqueous part of town six times the size of Green Point but much more effective and accessible.”

Housing would be both social and market-oriented; transport rather than making neighbourhoods insular (in other words going from particular areas to a city centre) should serve to connect the area. Water from the now polluted Black River should be treated, household water recycled etc. All this could boost a “bio-based job economy”.

He also developed a vision of what the relatively central suburb of Maitland could become. Maitland is also close to the CBD “and has a great and well-integrated diversity of people, programmes, urban heritage and forms of housing”. It already has a much higher population density than the average in the rest of Cape Town (39.97 per hectare as opposed to 15,2 people per hectare) and is a central hub for transport.

He showed a proposed plan for a cluster housing project near Maitland Station, where different sorts of housing could be built around several green public spaces. Low-cost student housing could be built around sports fields, adding to the diversity of the area.

The last example he showed of how housing could be reconfigured was in Lotus Park, an informal settlement next to the Nyanga train station. It was settled only in 2003 but today has about 1200 houses and nearly 5 000 inhabitants.

There are no formal jobs in the area but a significant informal economy.

Lotus River has a relatively high density of 220 people per hectare. The aim of those who have work in the area, including the Violence Prevention through Urban Upgrading, which was also represented at the workshop, and forms part of a research project called the Density Syndicate, is to improve the quality of life while maintaining the same density. Houses could be clustered around public and private yards. Informal businesses could be organised at the edges of the neighbourhood, as well as market and recreational spaces.

“Projects like this one in Lotus River might have the potential of creating an alternative planning process, not only improving the informal settlements but hopefully adding to the creation of the post-apartheid city.”[†]

Crucially, the success of such plans depends on the strength and capability of civil society, and of leaders working together.

Planning cities in the post-apartheid era

Chair: Khulekani Mathe

Presidency/NPC

Stephen Berrisford *

African Centre for Cities, UCT

Berrisford spoke about land use management and how it impacts on public finance. In theory, the “virtuous cycle of urban management hinges on land use management AND secure land tenure/ title. This cycle is symbiotic with the housing/property finance cycle.”

If the value of land goes up, then so should tax revenues and subsequent investment. But in practice in South Africa it does not work that way. There is a need for “radical change” in the way municipalities manage land.

Land use management system depends on the underlying cadastre. But there are large numbers of poor people with RDP houses who don't have title deeds. Local governments are unable to translate urban land use management into revenues. So at a very fundamental level our system breaks down.

There are a series of interventions that can start to fix it, but in large parts of the city municipalities are unable to do that.

There are difficulties with municipal capacity in spite of the new legislation, SPLUMA. The problems include an unresolved understanding of land-use management and land markets.

We are trying to introduce a virtuous cycle into a context where there is an entirely different source of authority.

There is an ongoing frustration that we are unable to capture some of the value that we see in our land markets even if those markets are unequal. Although there are parts of the city that very expensive, and parts that have no value at all, there is a middle, and yet there is an inability to draw on that value.

[†] Ed: Michelle Provoost: **Cape Town: Densification as a Cure for a Segregated City** (International New Town Institute, 2014)

The Spatial Land Use Management Act (SPLUMA) effectively overrides 100 years of practice that put town-planning powers at provincial level, allowing provinces to devolve powers. Now all of those powers are at a municipal level (with some room for provincial involvement).

SPLUMA is impressive in its ambition but less in its attention to detail. The only city that has arrangements in place is Cape Town (and Swartland)

Municipalities see the informal settlements as a drain.

“Is this killing the goose that lays the golden eggs? But the problem is the eggs are getting smaller anyway in relation to the size of the farm.”

If we are to use land-use management to finance development, this hinges on a clear system and on municipal budgeting.

Shaakira Karolia*

Chief Economist of the Tshwane Municipality

She spoke about Tshwane’s plans to implement the NDP vision in two timelines – the NDP timeline of 2030 and a Tshwane timeline of 2055.

She said it was important for cities to be at the forefront of service delivery.

Tshwane had drawn up a plan that matched the NDP goals. These included:

- A resilient and resource-efficient city
- Quality infrastructure, development that supports livable communities
- An African city that promotes excellence
- A growing economy that is inclusive, diversified and competitive
- An equitable city that supports happiness, social cohesion, safety and healthy citizens
- South Africa’s capital city with an active citizenry

The population of Tshwane is projected to reach between 4,3 and 5,2 million by 2030 (the NDP “goal” deadline), and between 5,9 and 8,1 million in 2055. This was in line with the national and continental trend of increasing urbanization.

Globally, 80% of GDP is expected to be generated by cities by 2025.

Cities, through densification, have, and will continue to transform economies. For instance, it is expected that over \$10 trillion investment will be needed in cities by 2025 (world-wide), and in the same period, new emerging market cities will create one billion new consumers.

The City of Tshwane thus set out a work plan to drive sustainable growth across the city. The goal is to create a “livable, resilient and inclusive” city and the plan maps out a set of actions to reach this.

She said although Tshwane had the second highest growth rate (of metros) in the country, and the biggest pool of people with higher education (23%), employment did not grow as quickly as GDP and the unemployment rate is about 21%.

The largest and most resilient employers in Tshwane are in retail, education and health. But in the “tradeable” sectors – such as fishing and aquaculture and manufacturing - employment has contracted.

Meeting the NDP target of 5.4% growth rate by 2030 will require more than doubling the city growth rate in the next 15 years. In meetings with various stakeholders, Tshwane decided on a plan that would emphasize the growth of the tradeable sectors as a catalyst for growth.

Karolia emphasized the importance of education in Tshwane, which is home to many tertiary establishments. The relationship between education and economic growth is too important ignore, she said. Currently there is a shortage of 66 000 student beds within the city. Expanding infrastructure for education is one key to growth.

Others are to be found in agriculture, tourism, the Research and Development sector, and in building a “green” economy.

So “high case” growth scenarios could be pursued in agriculture, tourism and education in the hope that growth in these sectors could be catalytic for the rest of the local economy.

The potential in 15 years was for Tshwane to generate R300 billion in gross value added and one million more jobs.

If this were successful, it would lead to increasing population pressures on “hard” and “soft” infrastructure, mirroring some of the challenges in the major metros around the world. “Hard infrastructure includes water, electricity, roads and waste management, while “soft” includes classrooms, hospital beds, and police and fire officers.

In addition to the plan, there needs to be a carefully crafted implementation structure that will focus on co-ordination between levels of government and with the private sector, citizens and donor bodies, as well as strong leadership in those sectors. This is largely because at many levels of government organisations, hamstrung by bureaucracy, have failed in implementation. Moreover, silos within government prevent working together for a common goal.

In some other countries special “delivery units” have been set up to implement growth and development plans and to deliver “big results” quickly.

In this case an implementation “arm” could partner with other government departments to ensure delivery.

The City of Tshwane has established various “dashboards” so the executive can monitor progress and intervene if necessary in the growth plans. The City has drawn up “horizons” for delivery, and its costings in the four major areas identified:

Education, tourism, agri-business and R&D.

Details of the implementation plan are expected to be completed this year. And continual government-to-government engagement needs to occur throughout.

“Everybody wants to contribute to the NDP. It’s just a question of them being comfortable,” she said.

Michael Krause*

Violence Prevention through Urban Upgrade

Michael Krause from the Violence Prevention through Urban Upgrade (VPUU) spoke about his organisation’s work in Khayelitsha.

The thrust of the organisation is to improve local infrastructure in an attempt to decrease the rate of violence. He said key to the VPUU’s philosophy was that negotiation and trust building with communities should precede “social engineering”. Government policies, in spite of their good intentions, have not generally improved the quality of life for citizens.

The VPUU’s contribution is about partnership between government, the community and an intermediary to effect spatial transformation on neighbourhood level. It is about creating a new service delivery model defined by citizens.

The legacy of South Africa is a fractured and insecure society with an inability to communicate. The basis of transformation therefore has to be through negotiation as partners.

The VPUU works with municipal and provincial government on a community action plan. Its goals include lifelong learning, from early childhood education onwards, building community social capital, establishing safe communities and doing the research that will help evidence-based policy making.

The VPUU has a focused project in the Harare area of Khayelitsha.

Violent crime is a major problem in the area: about one third of residents in Khayelitsha have been a victim of robbery or violence in the past six months. Also, the murder rate is one of the highest in the country: about a third happen in public spaces and about two thirds in private homes.

The VPUU, which was established with grant from the German Development Bank, is involved in upgrading infrastructure and improving the safety of public spaces in

designs it says are worked out in consultation with the community. “We are like a property developer with a social conscience,” said Krause.

Evidence is that the rate of violence in the VPUU intervention areas in Khayelitsha has dropped. VPUU’s research shows that 24% of household respondents had experienced an incident of violence in a non-VPUU area, compared with 14% in an area where there had been a VPUU intervention.

The satisfaction rate with infrastructure (roads, street-lighting, water, toilets and electricity) was also significantly higher than those in non-VPUU areas. The VPUU says its total costs in Harare in the past eight years have been R200 million, of which R130 million has been spent on infrastructure.

Public Transport: What it costs the country

Andrew Kerr*

Data First, UCT

Kerr, of DataFirst at UCT, focused on public transport in Cape Town. He has done intensive research on the minibus taxi industry, travelled on about 100 routes and established a website (www.taximap.co.za) that maps routes, fares and trip durations.

He said post-apartheid cities were of low density with the poor living furthest away from work opportunities. The average commute for black South Africans was twice as long as for that of US commuters and 2.5 times as long as for EU commuters. Black commuters spent an average of 96 minutes commuting compared with 60 minutes for white South Africans. Moreover new evidence suggests that trip times have increase by eight minutes (in 2013) since 2003.

In 2013, the most frequent modes of getting to work were driving, minibus taxis, or walking (in that order). Kerr said the use of cars as opposed to public transport is strongly correlated with race. So is time in commuting.

He said long commuting times for black workers ‘are a kind of a tax’ on them. So burdensome is it that most workers in the lowest quintuple are actually walking to work. In effect, commuting costs take an average of 30% off an average hourly wage.

In terms of how public funds are targeted towards transport, there is also an imbalance in terms of what commuters use. Apart from the recapitalization programme, minibus taxis are not getting any funding from the state.

Most cities see the BRT system as the way forward for public transport. But the taxi industry is powerful and violence is frequently used to counter other forms of transport (or rival associations).

There is not even sufficient basic public spending on taxi ranks (which are in public places), and the lane design is “terrible”: the result is congestion and long waits for commuters.

The BRT, which is many cities’ favoured option, has worked well in densely populated cities such as Bogota in Columbia but it may not work as well in sprawling cities such as Cape Town. Bogota is 13 times more densely populated than Cape Town.

With regards to the Cape Town BRT, Kerr said the revenues had been lower and the costs higher than expected. Because the city did not want taxis to compete with the BRT, “they have had to pay taxis to go away.” The 2012/13 budget allocated R632m to taxi license holders to pay them to give up routes.

The taxi industry itself is made up of associations that are “self-regulating local cartels” that set monopoly prices on each route. So they are generally more expensive than the buses. However, commuters are more protected from crime because they can drop them closer to their homes.

Business Day has described taxis as “the purest form of capitalism in the country”. Yet it is hard to regulate the industry. The Competitions Commission ended its probe into the industry when death threats were made against investigators.

The major constraint on pricing is competition from the train and bus and BRT systems.

Kerr spoke about the case of the violence on the Retreat/Vrygrond route as an example of the work that still needs to be done to understand the dynamics of violence in the taxi industry.

The violence left eight dead last year in fighting over the Vrygrond/Retreat-Blue Route Mall route. RETA (the Retreat Taxi Association) had operated the route in both directions, but a new association linked to CODETA which is based in Khayelitsha, was started by Vrygrond owners.

Partly, this was fuelled by an influx of taxis that had been operating in Du Noon, a route that was taken over by the BRT.

As a result of the violence, RETA is now only able to drop commuters on the outskirts of Vrygrond and return empty, leading to longer commuting times and higher costs for both commuters and taxi owners.

In conclusion, Kerr said that city government’s prioritization of the BRT had had unanticipated outcomes for other parts of the public transport system. He asked whether the BRT was worth it, and said more work needed to be done to study public transport options.

Phil Harrison*

University of the Witwatersrand/National Planning Commission

Harrison said transport was central “in the making of place.” He posed the question about whether investment in public transport was the next important wave in impacting on the current spatial form.

Harrison, a member of the National Planning Commission, said the National Development Plan had been clear in stating that efficient and affordable public transport could address some aspects of inequality and poverty. It runs as a thread throughout the NDP even though there is no separate chapter on it. “But concerns with transport are prevalent across every chapter.”

Transport affects social cohesion, the environment, the economy, spatial inequality and was also a question of governance.

He said our current public transport system is “incredibly fragmented”. One of the key problems is around governance. On the one hand, the National Transport Act was very progressive but yet there had been little progress. It was also true that around the world, transport is a key function of metro governments.

The NDP provided a compelling account of transport as a cross-cutting issue affecting everything from housing projects to employment and affecting the environment.

On the question of affordability, he called for more innovative ways to expand public funding such as carbon taxes that could “expand the resource envelopes”. There was also the question of integrating various transport systems which would “hugely expand the impact of public spending”. In this way, we could push the resource envelope.

He said public transport should be seen as an economic asset.

He did a quick “tour” around some of the other BRICs countries and developments in their public transport systems. The pictures are available on REDI’s website in Harrison’s presentation, but some key points include:

- In Shanghai, the public transport ticketing system allows commuters to use the same tickets for both public transport and private taxis. In one generation the city had gone from having hardly any cars on the road, to massive congestion because of use of private cars, to the use of high-speed railway networks which had unblocked roads.

- The most congested railways system in the world was in Mumbai which also has over 1,000 local sub-authorities for transport. Now, however, new high-speed trains have been introduced which are also more spacious, relieving some of the pressure on commuters.
- In Brazil, public transport has been a major political issue with protests over it and of the severe congestion in some of the urban areas.
- Moscow has also been plagued by traffic congestion in spite of a good working metro system. Now there are plans to build “park-and-ride” garages around the edges of the city in a bid to reduce that congestion.

In South Africa, the key question was why there was not more social mobilization “around something so fundamental to our lives.”

Ronette Engela*

GTAC

Engela introduced GTAC and the Performance for Expenditure Reviews which have drilled down into various aspects of public spending to see both how effective expenditure is in meeting policy goals and also what the real cost has been. She cautioned at first that there were limits to how much fiscal policy could reduce poverty and inequality: there was a need to focus on wage-earning capacity. However, that said, the quality of public expenditure was also critical.

She highlighted two parts of the PERs: housing and transport, as these were critical to the urban landscape and should be considered as key guides to the policies that can effectively reduce spatial inequality.

She explained the methodology of reviews, noting that expenditure reviews were done at all levels of government.

In terms of housing, GTAC looked at six programmes that comprise 60% of the budget. Key points here were that delivery was slower than expected -- 153 000 housing units were delivered as compared with 254 000 estimated over the Medium Term Expenditure Framework by the National Department of Housing. All of these cost more than the subsidy with the difference being carried by municipalities. To meet the backlog within ten years would require spending of R60 billion per annum as compared with the current budgeted R15 billion per annum. The average unit cost per RDP house was about R253 000, while the subsidy for these houses is R90 000. (2012/13) (the average cost in KZN and NW is slightly lower).

On public transport, she said that existing delivery was limited by the legacy of apartheid’s spatial planning. Poorer households tended to spend a much greater proportion of their income on transport costs. To deflect some of this, the

government spent about R10,2 billion a year on operating subsidies. However, government did not subsidize the minibus taxi industry, although 60% of people relied on this for transport.

The policy issues that arose from the patterns of expenditure were the following:

- The need to densify cities
- That Land Use Planning management and public transport policy needs to be better integrated
- There should be consideration about whether to devolve all housing and transport decisions to city level.
- There should be innovative solutions to some of the problems that have emerged in the Rapid Bus Transport industry
- There also needs to be careful policy on the taxi industry and a consideration about how government deals with its status outside of the formal sector.

Her key conclusions were that policy and implementation programmes were developed without understanding the costs and that there were limitations on both expenditure and on the capacity to implement.

There was also a divergence between policy intention and implementation. “There are sometimes good policies and bad implementation.” The stop-gap funding measure that subsequently arose, increased pressure on the fiscus.

There was a lack of integration and co-ordination between national and local government. And she pointed out that a lack of leadership and “bureaucratic capture” led to funds been spent without the necessary policy effects. A large amount of money of some of the bigger government organisations were spent on their internal operations and staff.

It was essential to have better planning in government: “Where there is no plan, the budget becomes the plan.”

Questions and Discussion

Questions and discussion centred principally on the question of planning and how to co-ordinate it.

Stephen Berrisford noted that no one from the UCT Planning school was there. He said the “trick with planning” was to tie various strands together.

Every city does an IDP and spatial development framework

There were a number of densification initiatives happening across the Tshwane, area, which was the third largest metro area. Today, the north-south corridor from Soshanguve southwards to the city is one of the busiest in the country. A system is

required in the city to try to create densification...most of the people who live far out of city (such as Soshanguve) are poorer.

But judging by applications for RDP housing, the same apartheid spatial patterns are being replicated because land close to the city is less affordable. We have to more effectively leverage our asset base.

Michael Krause, who has worked on building small businesses in Durban in addition to the work in Khayelitsha, pointed out that 80% of new jobs could come from SMMEs.

Other points raised:

- Increasing densification of cities is a positive development. It was happening formally and informally. Cities have become more vibrant.
- The challenge is that we have been through 20 years of rapid population growth in cities. But like Brazil, urban growth rates are going to start to decline. So it may not be possible to achieve the visions that municipalities have of densified cities.
- Emphasis should be on urban planning. In East Asia, urban planning is far more powerful today than it was than under state socialism.

Andrew Kerr expanded on his presentation about the taxi industry:

He said the provincial taxi license board thinks that some routes are overtraded.

It was not necessarily easy to enter the industry: it cost R60 000 to join taxi associations and R350 000 for a new taxi.

He said to understand some of the dynamics in the taxi industry, it may be that the province needed fewer planners and more anthropologists.

Ronette Engela commented that in the PERs, GTAC had integrated transport and housing studies. Yet in the interaction around housing with government, transport seldom got mentioned. However, in interactions around transport, housing did. Gauteng was very different from other cities because it contained three major cities, possibly four. It was important to see how transport and rail links, both existing and planned, impacted businesses in the north of Pretoria.

Policy Responses

Chair: Francis Wilson

SALDRU, UCT

The National Spatial Economic Opportunity Atlas: Sue Bannister and Michael Sutcliffe*

City Insight

This is a new government initiative undertaken by consultants Sue Bannister and Michael Sutcliffe, who has many years of experience in running a municipality. Its main aim is to collect and co-ordinate information that will make planning more effective and integrated.

South Africa comes from a fragmented past, with 11 Bantustans scattered around the country that still impact on economic growth. The areas with the biggest economic decline or lack of growth are in the former homelands of the Eastern Cape and KwaZulu Natal.

Bannister, who presented, said that in spite of a history of post-apartheid development plans, there continued to be fragmentation and lack of knowledge in various tiers of government about these. Many were in the form of conditional grants. "Our language of development has become less about integration."

The National Spatial Economic Opportunity Atlas focuses on policy alignment and integration, as well as better public access to information.

The National Development Plan provides a framework for integration. The Spatial Land Use Management Act (SPLUMA) defines the responsibilities for planning, and the National Spatial Development Framework "must concretise" the spatial frameworks at all levels of government.

It was important to have regular access to updated information, and for it to be disaggregated at least to a municipal level.

The National Spatial Development Atlas aims to tackle spatial divisions, to unlock development potential and to guide infrastructure investment, to manage economic shifts and to facilitate co-ordination. "The Atlas will provide a common reference point for uniform geo-spatial information."

The Atlas is intended to help with the effective and efficient implementation of SPLUMA at all three levels of government.

Sustainable production and selection of information is important and sharing the information is vital.

Richard Ballard*

Gauteng City Region Observatory

Richard Ballard of the Gauteng City-Region Observatory presented a detailed study of Gauteng and its current and planned housing developments. Official policy of the national department is to move from smaller projects to mega-projects of “mixed income” housing.

However, as we showed on a map of the province, the planned mega-projects tend to be clustered mainly in the north, south and west of the region far away from existing businesses and employment opportunities.

The thinking behind this policy shift is that the Department of Human Settlements feels the current housing delivery model has been ineffective. There has been sporadic planning and lack of co-ordination, the tenure form was often unsuitable and infrastructure did not keep up with new settlements.

According to the Minister of Human settlements, these shortfalls resulted in an increase in service delivery protests, sub-standard housing products, and an increase in the backlog.

There were several ambiguities in policy and in the vision: for instance, do we promote “brownfield” or “greenfield” communities – in other words to densify existing sites or to build new developments on undeveloped land.

There were other ambiguities too in the conceptualisation of policy, such as whether to develop settlements close to existing job opportunities or to promote a type of economic self-sufficiency in the larger new housing areas some distance away from the centre.

Yet cities drive economic growth and the concentration of people in limited areas make it cheaper to provide services and infrastructure.

Ballard reported on the Gauteng government’s proposal for five corridors or hubs – the central, the northern the southern, the western, and the eastern as part of its plan to transform, modernize and re-industrialise the region.

He raised the question of what type of urban settlements we should be building, and quoted Solly Angel, a senior research scholar at the NYU Stern Urbanization Project and leader of the Urban Expansion Initiative as saying that the current urban planning paradigm of cities in the developed world is inappropriate for the rapidly growing cities in Asia, Africa and Latin America..

“Cities need to secure the lands for essential public works — an arterial infrastructure grid and a hierarchy of public open spaces — well in advance of their expansion for them to become more efficient, more equitable, and more sustainable.”

Maps of the Gauteng region show a striking parallel between race and income segregation. The poorer areas are largely still inhabited by black people.

Debates about new urban developments are still often a “dialogue between the deaf” with people from entrenched positions often arguing on the basis of lack of evidence. We should also recognize that lines of debate are less clear.

For example, it is not automatically cheaper or faster to build new developments on the edge of urban areas; likewise compacting the core saves transport costs but can also drive up the housing prices there in the longer term.

There are also “real and competing” interests in inter-governmental space. “The only way forward is much more co-operative government through various modes of co-planning in which evidence is taken seriously.”

Ivan Turok*

HSRC

Turok spoke about the densification through backyard dwellings. Is this what's driving the mega-cities, he asked?

The other key question is whether backyard shacks are a viable alternative in terms of housing?

Density is important, he said.

It has great economic significance because it meant more intense and efficient use of land and also less pressure on open space. “Proximity enhances productivity,” he said.

Compact arrangements also improved the options of finding a job for unemployed people. It also meant that the delivery of services was more cost-effective.

Socially it's also important because of integration and the possibilities for social interaction.

Density is defined by the number of units or jobs in a geographical area. He pointed out it is critically important to think about vertical dimension

But also key was whether there was a threshold beyond which density was not good. Some of the negatives are that taller buildings are more costly, living environments are more cramped, there is congestion of public spaces, and water, sanitation and electricity systems get overloaded.

“We don't have a good understanding about trade-offs people make between private space and convenience,” he said.

In informal settlements in South Africa, there is an added risk of fire and flooding. There is also a health risk because of living in such congested spaces.

“Density in informal single story shacks is problematic.”

There are a number of economists who see informal settlements as positive in terms of access to the labour market, but for the poor there are also several disadvantages of being in informal settlements: for instance, there is a lack of access roads, basic services and public spaces, there is competition for well-located land the market is dysfunctional and unregulated.

Since 2001, there has been a big growth in backyard dwellings and drop in shacks in informal settlements.

In Gauteng, backyard dwelling have increased by 65%, while the number of shacks in informal settlements has declined. In Cape Town, there has been 128% increase in backyard dwellings, but the number of shacks in informal settlements has also increased.

The numbers alone are “quite a nice argument for taking backyard dwellings more seriously” he said. Overall, in the metros, there had been a 65% increase in backyard dwellings and a commensurate decrease of 7% of other informal dwellings. Some of the advantages of backyard dwellings could be:

- Safety
- Access to jobs
- More cost-effective public transport
- Sub -division of under-used properties
- A rental income for poor RDP house owners.
- Co-financing which effectively expands housing stock.

In terms of employment status, those who live in backyard shacks are slightly less likely to be non-employed than those living in RDP houses or informal settlements (68% as compared with 70% and 69% respectively). Those living in formal houses have the highest rate of employment at 57%.

Household income tends to be similar to those living in RDP houses or informal settlements. But access to services is much better than those living in informal settlements.

Yet dissatisfaction with their standard of living is much higher for backyard dwellers than it is for those in RDP houses or formal houses – 47% as compared with 36% and 21 % respectively. It is higher still for those living in informal settlements: 53% of people said they were dissatisfied with their standard of living.

But although backyard dwellings are on the increase, official policy does not recognise them as a way to increase housing stock. The Presidency, in a 2010 document, said it would not account for them because they were illegal and did not conform to minimum standards.

Although backyard structures were not necessarily the answer to improved urban development, it was hard to ignore them, he said. In some places they had potential if there was a policy focus on improving living conditions (for instance through subsidized building materials), better security of tenure, and managing risks (such as fire) better.

But there was a need for policymakers to focus on denser settlements with a diversity of people, but to improve safety, living conditions and access to jobs and amenities.

DINNER

Guest speaker: Minister Pravin Gordhan, Minister of Co-operative Governance and Traditional Affairs

Minister Gordhan was the keynote speaker at the conference dinner. He had attended the final session of the workshop on that day. In a wide-ranging conversation with workshop delegates he made some of the following points:

- The discussion at the workshop was about inclusive growth: we need to think about the era of austerity we are in now and what impact that has on jobs.
- Too many of our people live in miserable conditions. So what can we do especially with resources of R1 trillion, which is a lot of money? You can't have kids playing in the streets in sewerage, or one municipality losing 40% of its water through leaks.
- 20 years into democracy and the townships haven't disappeared.
- I am not sure whether we need a TRC for planners to deal with the Bantustan effect: because the spatial arrangements are still there so what is it that we haven't done right?

The reality is quite stark especially in relation to the NDP. There are local government elections next year. How do we get a better grasp of reality; what are the current objective facts that limit change?

The second question is the political economy of transformation. But political economy needs to be revived.

What does it take to muster social forces? New vested interests have emerged as well; to what extent do they facilitate change and to what extent do they limit it

What are the drivers of policy choices?

Policy choices that people make are the key factor in what is the change in people's lives.

Research suggestion: take two municipalities and check their decisions in the last ten years.

Edgar spoke about participatory decision-making in a democratic context: how do we get that sort of participation. How do we give people enough information to make choices?

At a gathering of municipal leaders, we learned that we had R2,5 billion unspent in infrastructure, but what is shooting up is the compensation of employees

Are we becoming a state where there is bureaucratic capture, in other words where insiders are benefitting? Tried to see what kinds of harm this causes.

What kind of grip do old interests have?

Why do we have the smallest small business sector in the world, and the smallest informal sector?

Part of the job of academics is to get the questions out in the public narrative

The other problem is the capitalist values that infect our society: greed, accumulation and conspicuous consumption.

Have to think about the role of state versus the role of the private sector.

Public expectations: how do we understand them and how do we create them and manage them?

(Like one political party saying if you sign up for membership you'll get R20 000)

We need more evidence about change strategies and change methodologies.

It's about proposing strategies for change.

On state capacity – we have 1.4 million bureaucrats in provinces.

We have bureaucratic leaders and political leaders who don't want to see capable leaders.

What would an inclusive institution look like in the SA? If we can model some of this: and see what an inclusive municipality would look like in SA.

There is a poverty of opportunity in SA: if we could solve some of this, how do you engage with the democratic state?

On the Municipal Integrated Development Plan: our culture is not one of integration. People want jobs or job opportunities....we are not getting there.

And on the mega-cities: do you want to put 100 000 housing units in one locality: is this a way of creating a community?

Questions:

Question: on "Bantustan effect": it seems we have a fourth tier of governance, as the bill currently exists

Minister:

Section 2(11); 2 (12) of Constitution... gives (power) to traditional leaders who operate under customary law. But that's all it says.

We need in our "back to basics campaign (to work for) harmonization between municipal and traditional leaders. Until now much more emphasis on what can I get.

Some contradiction for now, that's not devoid of any development.

But that's outside the rates base of the municipality

Q: on productive income in Bantustans?

Minister:

We need a more agile state

Question: The former homelands haven't changed

Minister

In the political economy, the forces we have had to deal with are not easy

Who is benefitting, who is interfering?

R250bn total municipal expenditure, but in a lot of municipalities, where does it go?

Labour absorption is low and savings are low.

We need low-skilled, high intensity manufacturing jobs, but no-one is able to identify what they are.

Day Two: Spatial Inequality Workshop

Policy Challenges: The Rural Economy

The session on the rural economy was opened by **Professor Lungisile Ntsebeza** **Director of the Centre for African Studies at UCT.**

He spoke about the legacy of colonial and apartheid land laws that deprived the majority of access to land and which undermined agricultural productivity.

Looking at the situation in the post-apartheid era, he said the legacy was still very much with us. There were also key policy issues to address. One was the “thorny issue of traditional leaders” and their rights over land and land allocation.

It appeared as though the new legislation of the ANC government was favouring chiefs, over ordinary people on the land.

Can land be turned into an economic asset for development and who will benefit?

Chair: Joel Netshitenzhe

MISTRA/NPC

Joel introduced the session saying many dynamics were attached to the issue of land. It was not only a rural issue. Some of those dynamics relate to history of dispossession, and some relate to policy decisions and questions around land today.

He reminded delegates that the NDP said the country could create 1 million more jobs in agriculture by 2030. That was a contested statement though and the policy researchers and makers need to investigate that possibility.

He said it was a truism that land is an economic asset for development but the questions are if it were an asset only for those who own it and who should benefit from it.

But what are the constraints?

Dr Moshe Swartz*

Land Redistribution and Development Branch, Department of Rural Development and Land Reform

Dr Swartz said it was a “privilege” to be in the presence of Joel Netshitenzhe.

He began by speaking about his recent experiences and visits to Western Cape rural areas in the context of the big problem of rising inequality we are faced with.

He said he had visited Khayamandi (near Stellenbosch) and Mbekweni (near Paarl), both major farming areas in the Western Cape. People living on farms in those areas (or working on farms and living in those townships) lived in poverty.

Their animals didn't even have enough to eat.

He had travelled to Giyani in Limpopo too where one sees significant land hunger.

The Agrarian Transformation Strategy of the Department was "trying to respond to a complex world," he said, "trying to get relations to change among people."

He said it was important to take into account what he called the "African Cosmological Perspective", which meant "looking at life as an indivisible whole...There is a god for every facet of living"

Land was not only a spatial issue. There was a social economy embedded in land, a moral economy, an institutional economy, an industrial and environmental, and an "aesthetic relational economy". All were connected.

He said when we plan, we must be careful to distinguish between "reactive planning", which was aimed at restoring the past, "inscribed planning", which was aimed at preserving the status quo, and "proactive planning", aimed at accelerating change, and interactive planning aimed at co-visioning and co-creating a desired future – "an anchored future".

Referring to the history of dispossession and the maldistribution of land, he said one could not address spatial inequality without addressing uneven development.

The NDP has emphasized the importance of spatial development planning, especially as many households today are asset poor. This was the reason for land reform and for SPLUMA.

There had been a systematic process of land alienation, even preceding the 1913 Land Act.

"We are really dealing with a system of policies, and a burden of history".

Today, about 45% of the population live in poverty. 65% of these poor live in the communal areas of Limpopo, the Eastern Cape and KZN. He made the following points:

- Land can be used as a key economic asset capital for poverty reduction to alleviate "Asset Capital Poverty"
- Rural Poverty cannot be alleviated so long as land remains an unproductive asset

- A transformed rural economy is also inclusive of communal areas, commercial farming areas, rural towns and villages that can be organized to support both agricultural and non-agricultural sectors

The guiding national framework is the NDP, which tells us that we have to create 1 million jobs in agriculture by 2030.

The 2011 Green Paper on Land Reform called for a new and inclusive agrarian order: this was a “guiding national framework”.

But it was not easy to reach that goal. Today, there is controversy over the Communal Land Tenure bill.

One proposal from policymakers is a single land tenure framework, so that people have “institutional rights” over land.

But there could be variations in land-tenure policy: for instance a land-tenure security policy for commercial farming areas, and a communal land tenure policy in old homeland areas. But there had to be better regulation of land holdings.

The NDP proposed that 1 million jobs could be created in agriculture. There were various ways of doing this.

These included:

- Create opportunities for 300 000 households in agriculture smallholder schemes and 145 000 jobs in agro-processing by 2020;
- Effect improvement in the social, industrial, working conditions for 660 000 farm workers.

The Department was working on a new and inclusive “land and agrarian order” with a single land tenure system but one that encompassed four tiers, which included state land, privately owned land, foreign-owned land and communal land. The Department has key planning points for each of these tiers.

SPLUMA aimed to correct the fragmented planning that characterizes rural spaces.

Key to employment creation was a focus on agri-parks policy – the aim is to create rural industries. It wants organised rural communities to own 70% of these parks and 30% to be owned by commercial agriculture

Agri-parks must be farmer-controlled. Agri-parks could help support the economy of small rural towns. They would start on state-owned land in 27 “priority district municipalities”.

Government hopes to launch the first agri-park in the North-West province by the end of October. It will be integrated with a rural-urban market centre, and a total of R2 billion has been set aside to do this.

An agri-park in the Free State is already operating.

Dr Aninka Claassens

CALS, UCT

Claassens said current laws and policies set the former Bantustans apart from the rest of SA. They were based on authoritarian laws of the apartheid era, especially from the 1950s. Those contestations and struggles were still relevant.

What is at stake here is a model of inclusive growth and accountability rather than an opaque set of laws that result in such deals as mining rights being awarded.

She said there had been a breakdown of old tenure laws. Today there is a “scale of unlawful land sales” as well as traditional tributes, known as “khonza”

Tribal levies are also imposed and if people don't pay then, they can't get proof of address, and without that they can't get vital documents such as ID book.

Claassens said the spatial focus of this workshop is “incredibly welcome”. Professor Noble had sketched the extent of poverty in the former homelands: “It starkly shows levels of inequality across the country.

“So what is the mechanism of maintaining those levels of inequality?’ And what has maintained that poverty? We would argue it is these traditional laws,” she said.

Traditional leaders are saying they own the land, they have right to allocate it, and they should be a fourth tier of government. “None of that is a given; all of that is contested.”

There had been struggles around chiefs owning land since the 1860s, stretching over a century into the major anti-Bantustan rebellions in the 1960s and later. For example there was a time when homelands such as KwaNdebele and Lebowa were “no-go zones.’

The struggles were against chiefly rule and about citizenship.

Traditional councils are also, to some extent, inventions of the apartheid era. They were designed by the 1951 boundaries of the old homelands. In the Eastern Cape and KZN Bantustans, those coincided with broad traditional areas but not in the old Transvaal where Bantustans were created out of removals of people from areas declared white. For instance, the KwaNdebele Bantustan was only created in 1980s, and half of the people in Boputhatswana were not Tswana

The Constitution says no one can be deprived of land without their consent.

So the basic argument against communal land laws is that it would undermine security of tenure.

What the proposed (Traditional Leaders) law would have done is to take communal ownership and vest it in one powerful leader.

The new bill proposes that land now be transferred to traditional councils, which equate the old Bantustan councils.

The minister has said there will be no more CPAs. (Communal Property Associations). So in the NW where there are platinum mines, the chief routinely litigates against local people.

The same thing is happening in KZN.

People wake up in the morning and find a bulldozer in their yard to prospect, without them consenting. It is not only dispossession, but there are increasing levels of violence in these struggles, and things are made more difficult for rural people because of the chaos in the land administration system.

In most areas, the way people get land now is to pay money to traditional leaders.

People paying between R65000 and R300 and all they get is a receipt.

So when King Goodwill Zwelithini made his comments about foreigners, he was talking about selling citizenship rights.

So we have separate register being compiled as basis of a separate tax system

We are seeing the development of a system that locks people out of development and deprives them of their ability to prove their land ownership

Siyabu Manona*

Phuhlisani Solutions

Can land be used as economic asset particularly in the former homelands?

In 1994 when the new government came in, there was an entity called TRACO. (Transkei Agricultural Association) which performed agriculture on behalf of the people. There was a similar organisation in the former Ciskei.

In Cofimvaba, the maps show close to 3000 hectares of high potential agricultural land.

But when we took over government we destroyed these institutions (that could help.)

What happened with most of these smallholder irrigation schemes, agriculture died.

One used to have extension services to help small farmers.

The agri-parks (mentioned by Dr Swartz) is a rerun of the old Bantustan agricultural system.

It's a repeat of what the new government tried to destroy in St Marks. Now there is one scheme and one private investor. Part of the investment is three hydro-electricity generation points

The concept of commercial development

The plan is to push about 1000 cattle through cattle feed lots, which may create about 500 jobs.

The only thing this investor requires from government is policy clarity

DRDLR is the nominal owner of the land but the paralysis in the department means discussions have been going on for nine years (around this investment). Land in the old homeland areas CAN be turned into an asset but we have to solve policy problems and strengthen institutions.

Another case is in Sterkspruit in the north of the old Ciskei I've been working in this area for ten years. The town of Sterkspruit is choking with the migration of people from rural areas.

Communal tenure is put as a problem when it is not. We have a state lethargy problem, and policy blind spots. If we are not going to revive our civil service, then we are not going to resolve these problems

Sorry that this is depressing but this is reality we have to live with. The Constitution very clear: the government is obliged to put legislation in place. We need to focus on recognition of peoples' rights. An incremental upgrade of tenure is one way of doing that. But civil servants are too afraid. In the Eastern Cape, I have seen an official being suspended for taking bold decisions. So now officials do not want to take decisions

Questions and discussion

Among the key questions raised were the following:

Joel Netshitenzhe

Can we "unscramble" this Bantustan egg? In whom does land ownership vest and does that matter

Marie van Blerk (DPSA)

What is the situation in small towns as a result of the rural areas?

Michael Aliber

Are these agri-parks a good thing or bad?

Andrew Donaldson

There seems to be an immense clash of ideologies that are setting us down a dangerous path. We have Dr Swartz setting out an almost utopian vision for agrarian reforms. But then Aninka has shown us the implications of mineral rights potential. And Siyabu is optimistic about the role of private investors. In the old Transkei, TRACO never made profits. So how will capital coming in be affected by local land rights, and will it rely on the state or on private investors

We need real property rights. You can't go down that utopian socialist route. You have to come back to the strength of reinforcing local property rights that are not reliant on state...because that's an implausible route

Francis Wilson

The concept of an agri-park is not a bad one. For instance there is a flower-growing and selling operation in Nelspruit that is based on that concept and is successful, so we should not just throw that out

Ben Cousins

If transferring ownership to traditional leaders is not going to work, what is the alternative?

Moshe Swartz

A lot of companies are knocking on the door of rural development. To think that government on its own can resolve this, is to be playing with fire (in some areas, there is too much in-fighting). We need dialogue with those companies. We need a communal spirit...we need some kind of spirituality... (Because) there is a tendency of thinking of these communities as just structures...

40km out of Cape Town is huge farm where farmers have listened to the 50-50 call by government (for farmers to share farms with their workers).

We are saying *umhlaba esithi*

The soil is us.

Land cannot be owned by anybody... that is our perspective.

Joel Netshitenzhe

Agreed that we need a spirit of communalism not only with regard to elements of land ownership, but also in the tone and substance of intellectual and policy discourse. The outcome of such discussions have to be translated into legal frameworks and laws; and it is therefore critical to take up the offer from the Department of Land Affairs to hold consultations with researchers and academics on an ongoing basis. Ultimately, whatever frameworks are decided upon would need to be interpreted by the judiciary.

Commercial agriculture: the options for development, spreading ownership and employment

Chair: Joel Netshitenzhe

Michael Aliber*

University of Fort Hare

Aliber showed that between 1971 and 1993, there had been a sharp drop in agricultural employment associated with technological change. This was particularly so for dryland agriculture.

There had also been an increase in casual or seasonal employment as opposed to regular employment in the period from 1955-2011.

However, since last year, there has been a rise in agricultural employment, particularly in the Western Cape. In the past 18 months, employment has gone from a low of about 650 000 to just over 850 000. (Although he queried the accuracy of the statistics, from the QLFS)

He said the “inexorable process” of technological change will continue to result job shedding.

He looked at whether Land Reform could halt this shedding of jobs.

However, he said, about half of all Land Reform projects fail and displace more jobs, particularly in restitution

This was because the main strategy of Land Reform projects was to carry on with previous owners farming system. It could be argued that Land Reform halts the bleeding of jobs but said this was hard to assess.

He said it was possible that Land Reform could create jobs, if it targeted idle land, and if it broadened the idea of commercial agriculture to encompass small-scale commercial as well as large-scale commercial.

On the possibilities of agricultural development in the former homelands, he said the country had not been very good at promoting commercial agriculture in those areas. We are not very good at promoting agricultural development in former homelands

Comparing South African land reform to the situation in Zimbabwe, he said that country’s fast-track land reform programme had created 160 000 “self-employment opportunities”.

Moreover, farm jobs increased from 300 000 to 1 million. But it was difficult to distinguish the subdivision effect from "desperation" effect.

Broadening ownership

He said Land Reform could effectively broaden ownership through equity schemes. Land Reform funds could be used to help workers purchase equity on the farms where they work.

In the past, these equity schemes have been used on very expensive farms where outright purchase is too expensive. There had been some celebrated successes such as on the Thandi and Solms Delta wine farms but generally the performance has been unimpressive.

The proposed 50-50 system...looks like a plan to aggressively scale up equity schemes

He said the new 50-50 proposal from the DRDLR could increase jobs due to recapitalization but it was effectively a plan to upscale equity schemes.

Conclusion

In conclusion, he looked at where new opportunities in agriculture may be. He said land redistribution could be reconfigured to accommodate diverse land needs, such as differentiating between food/security of tenure and commercial farming.

Accelerated land acquisition would require more budget and a tweaking of policies.

He said new land acquisition should target under-utilized land and sub-divide it, creating new opportunities and jobs.

It was important to realise that most people want land for tenure security.

New commercial farmers had to realise that failure may be “part of the bargain”.

Dr Loyiso Ndlovhu*

Land Bank

Dr Ndlovu said that at the Land Bank, there had been many challenges about creating an institution that has been able to align itself with challenges of the sector. Those challenges included that agriculture was a risky and seasonal enterprise. There had been positive growth in net farm income but a decline in employment. Part of the Land Bank’s role was to enable emerging farmers to graduate to commercial farmers.

She said academics had the capacity and space to be able to hold up a mirror to see how institutions were doing.

The Land Bank has grown to about R35m in Assets. “The question is: are we financing the correct things.”

The NDP makes the assumption that growth in the agriculture sector is going create 1 million jobs. But there has been no evidence of that so far

The agricultural sector is notoriously difficult to work in. It was at risk from extreme climatic conditions, diseases, environmental factors, and from security issues.

“It's a layered approach.”

She said food security was not a high priority area for government.

She asked what the space was that organizations such as the Land Bank and Development Bank could use.

“It's about allocation of money in a way that is sustainable.’ But the Land Bank had the ability to bring together private sector commercial farmers and policy makers, innovators, and emerging farmers.

“The challenge is how to make financing relevant in markets.”

She said of about 122 million hectares of arable land, 82% was owned by commercial farmers, the state and churches. She said the role of agriculture in the economy was generally understated. Although its contribution to GDP and employment had dropped, it still constituted 2.5% of GDP and about 5% of employment with forward and backward linkages in the economy.

The Land Bank's role was to mobilize funds in the capital markets as well as in multi-laterals and government, and to lend to agri-businesses, commercial farmers and emerging farmers. It does this through 27 Agricultural Finance Centres.

Its role was also create responsive finance mechanisms.

“We need to look at how to put together products that are relevant in a climate of policy ambiguity. We need to know how to define security,” she said.

The Bank's final role was to challenge some of the assumptions in the agricultural sector. Among these was to look at whether farmworkers can be entrepreneurs (as in the 50-50 plan), to look at communal ownership vs communal use rights, to examine the “paralysis” of state machinery, and to see to what extent rural communities need to be protected from private investors.

Ben Cousins*

PLAAS, University of the Western Cape

It is a time for new creative thinking, a bit like the early 90s, he said. But the state, he said, has also done some creative thinking and some of it – such as mega-housing projects and agri-parks was just unrealistic. “They are never going to happen.”

He added that current land reform was dysfunctional and that it mainly benefited white farmers in debt. The re-opening of restitution claims were virtually all claims for cash compensation. This put pressure on the budget.

“How can we afford to carry on this path?” he asked. “What kind of re-thinking is required?”

He outlined his talk with the following points:

1. Paradigm of property rights
2. Agrarian structure as the object of policy
3. Economic opportunities: building on what people do

Property rights: he said there was a “fundamental disjuncture” in the thinking as about 60% of people are currently outside the formal property market. But private ownership registered in the cadastre – the deeds office – was strongly recognised by law and took precedence over other property rights.

The predominant policy was that we need to give people individual title. Private property must work for everyone. “But it's a fantasy.”

The second response was incremental tenure.

The third response was to win legal protection for those whose property rights were not protected. He said it was “absolutely appropriate to defend people’s rights but it's a temporary solution.”

The fourth option was fundamental legal reform. But currently the emphasis was on protecting people against dispossession

The fifth response was to ignore the informality

Agrarian structure: The object of agrarian reform

A recent ILO report shows how jobs are lost to mechanization in agriculture.

This had been the trend in South Africa.

In terms of commercial farming enterprises by annual turnover, he said about 5 000 out of 35 000 productive enterprises produce most of what we eat, “but probably 10 000 farmers produce 60%.” This means that 80% of private agricultural land was contributing “little to our economy.” Thus redistribution of this land would not threaten food security.

Of the small-scale black farmers, there were about 5000 small-scale capitalist farmers, and another 5000 smallholders in tight value chains.

The key beneficiaries of land reform were thus not only chiefs, but a small number of black capitalist farmers.

His proposal for land reform is to redistribute 80% of the farms to the approximately 200 000 market-oriented smallholders in loose value chains. “The political fact of the matter is we have to do land reform.”

New economic opportunities:

New economic opportunities were emerging in this sector.

For instance, Msinga in KZN, where he has done research, is the fourth poorest municipality in SA.

It comprised 37 000 households, nearly 20 000 of which were engaged in agriculture.

In terms of livestock, goats were very important, and the key owners of those were female-headed households

There were major export opportunities in this sector: for instance there was the possibility of the export of 1 million live goats to Saudi Arabia and another 200 000 to China, with an export potential of R2 billion.

There were also smallholder irrigation schemes in Msinga: 800-1000 producers were the most successful growers, producing an annual income per household of about R18 000.

The aggregate gross value of production around was about R20m.

Most of the crops were marketed to “bakkie traders” that supplied small rural supermarkets.

There were possibilities for the proposed Tshwane agri-processing industries, which would involve peri-urban land reform. “Why don’t we have black smallholders producing produce for small traders?”

The key policy implication was that if, as the NDP suggests, 1 million more jobs should be created in agriculture, government should help develop 300 000 ha of additional irrigation for smallholder farmers

Ruth Hall*

PLAAS, University of the Western Cape

Hall said land redistribution in South Africa has tended to “create little pockets of land reform farms” in commercial farming areas. It was unlike in Zimbabwe where there were big land reform schemes that encompassed the country. “There are no efficiencies. It’s like getting an architect for every RDP house

Hall’s research covered various land redistribution projects in the Eastern Cape. All of them had been problematic in different ways.

In one case, a fruit exporter had sold a farm to the state, and then leased it back. He employed a “small number of farmers”.

It was accredited as BEE, even though the company was based offshore

There had also been cases where farms had been sold and farm workers were abandoned on the farms.

In some cases, the state was buying farms for farmworkers. In one case, at a farm near Grahamstown, the state bought a farm and leased it to a businessman from East London who employed the former owner to run it. All the farmworkers lost jobs

Some beneficiaries were investing their own labour in farms. But the Department of Agriculture (DAFF) had not invested anything. “There are key questions to be resolved between the two departments (DAFF and DRDLR).

In 11 case studies, we did not find a single case where beneficiaries had land rights. A lot of people are in limbo.”

She said the focus had been on how to create a supply of land without looking at demand for land.”

Questions and discussion

Among the questions raised were:

- A CAS student asked why had there been no mention of power relations on farms.
- A representative from the Department of Agriculture in the Western Cape government suggested not enough focus was being given to peri-urban areas, such as Philippi in Cape Town, where encroaching pollution impeded small agricultural plots.
- A student asked if there was room for new entrants into the agricultural sector.

Dr Swartz replied to some of the criticisms of the Department:

Agri-parks would be an outlet for food production and they have the advantage of external marketing,

On Hall’s research he said: “For every case Ruth has presented going wrong, I can present those that are going right. There is a complexity in all these things.”

Policy challenges: the link between the countryside and cities

Chair: Lungisile Ntsebeza

Centre for African Studies, UCT

New patterns of rural-urban migration: Case studies on migration out of the Eastern Cape

Leslie Bank*

FHISER, University of Fort Hare

Bank presented his research on migrant culture in the Western Cape. His case study is that of Imizamo Yethu, an informal settlement in Hout Bay. Those who live there are drawn mainly from one area in the Eastern Cape.

He said perhaps planning had failed in South Africa because it was too “technocratic”. It did not place enough emphasis on what Edgar Pieterse had called “meaning, belonging and security” in cities. “Place-making” was a critical part of development. He said: “We know too little about the subjective, tacit and the cultural character and potential of places and local practice – which includes rural areas.”

He said his research showed that rural landscapes of the old homelands were being reconstructed as “home”.

There had been a resilience of migrant culture and identity politics as shown in Marikana and the factors that had contributed to the explosion of violence there. There had also been a “splintering” or “displaced” urbanism.

In his study of Imizamo Yethu, he found it to be a “city of migrants”. But various factors had led it to be a “slum of despair” – including crime, xenophobic and vigilante violence.

The community had demanded the destruction of some of the symbols of criminal violence and drug gangs such as the infamous “White House”, a well-known drug den in the area.

A large proportion of people come from one district in the Eastern Cape.

In people’s “home area” in the Transkei, it appears that new homesteads are being built there, financed by jobs in Cape Town

“Is this suburbia or rural Transkei?” he asked

A process was happening whereby suburban- type homes were being built in clusters – like homesteads. People were building multiple homes on one plot and consolidating their capital in homes.

“It’s a process of anchoring...it’s about identity linkages and has nothing to do with agriculture.”

If they are farmers at all, they would fall into the category of what Cousins calls “loose value chain farmers.”

This is no “welfare agrarianism” – people living on social grants in rural areas. “These are the red-roofed peasantry.”

We are starting to see a nascent class formation process with concomitant conflict. Banks said some of these families are being accused of witchcraft

In an interesting development, some are now investing in livestock and small-scale agriculture (after spending money on their homes). They support extended family members in the new homesteads, some of whom tend to the livestock or agrarian businesses.

They are also mobile (with cars or bakkies) and are connected to a network of hawkers and dealers.

So relationships and prospects in these rural areas are changing.

Discussion

Francis Wilson noted, as an “historical footnote” that in the apartheid era, in research done by Johann Maree, he had found strong links between those who owned cattle and whom had Section 10 1a rights (rights to remain permanently in the cities). Thus there was a link even then between urbanisation and more agrarian success.

Paul Weinberg*

Curator, Centre for African Studies, UCT

Paul, the incoming curator of the Gallery of the Centre for African Studies, and a photographer, presented a slide show of a selection of photographs from the exhibition and book *Umhlaba*, which chronicled the centenary of the implementation of the 1913 Land Act.

The photographs stretch from those of the African peasantry from before 1913, through the different periods of dispossession and forced removals, to the current democratic era. They chronicle both the kind of livings and life people made from the land but also the violence in the ensuing conflicts over it.

The full slide show is available on REDI’s website.

POLICY RESPONSES

Chair: Michael Sachs

National Treasury

Haroon Borat

Development Policy Research Unit, UCT

This workshop has helped us think of space in the SA economy in in three ways

- Urban
- Rural
- Old Bantustans

Among the critical issues are the role of transport, the cost of transport in particular

If you can figure out a way to reduce that quarter of the labour force who are now without jobs, one has to think of how to get around one of the biggest constraints which is the distance from jobs.

Policy implications: one is the subsidization of transport. The City of Cape Town subsidizes R100 per citizen for the BRT per year and of taxis, only R1 per year. So there is a spatial disconnect, and a policy response that targeted to the owners of capital.

Andrew Charman has said that in the informal sector in Delft, there are no storage facilities in the area. So although government officials are quite happy for an informal sector to be in Delft rather than in the city centre, they don't help with the facilities they need.

Unemployment levels are high in the agricultural sector but government had introduced an exogenous policy shock in the form of the minimum wage, which resulted in significant job losses. We have to take cognizance of policy effects. The consequences for poverty are critical, and how one thinks about policy shocks is important

In terms of agri-parks: Andrew (Donaldson) spoke about utopian socialism. But public-private partnerships can work. We need to think about a way to drive commercial agriculture in a way that protects jobs.

Fourth, should we be placing so much emphasis at the doorstep of agriculture? Surely this should be bigger development debate?

It would have been good to have heard more discussion about risks, and about insurance, and the role it plays in small enterprises.

Kuben Naidoo: The NDP and spatial inequality; the goals and the gaps

South African Reserve Bank/NPC

“We need good research, but we need good policy makers as well.”

Naidoo referred to Chapter 4 of the NDP: the chapter spells out the policy objectives with regard to infrastructure including transport.

Where are the gaps?

The NDP said the spatial planning legacy of apartheid was probably the second hardest to deal with after education, and today the problem may be worse than straight after 1994.

The NDP proposes three types of solutions:

- Density
- Jobs near homes
- Transport

In fact, Jeremy Cronin (former deputy minister of Transport) said the NDP proposals were more progressive than present government policy.

The policy intent was to build middle housing developments and “corridor” upgrades for public transport. It was here that the issue of spatial planning was put squarely on the agenda

But “when South Africans confront political chaos, we freeze.”

Poorer people may be able to move to better located land, but vested interests are likely to fight back. Also municipalities are reluctant, because many of their rates come from these (better located) areas.

We can try an incremental approach. For instance, small nodes near jobs should be identified for densification.

This has been done before in South Africa. In 1970, Hillbrow had one of highest densities in world. It was near to parks and transport; it was a fairly functional part of the city. Why did areas such as this fall out of favour?

From the 1980s, high-rise flats stopped being built

If the private sector is to be encouraged to invest in this part of city, they make prices too high for the poor. So policymakers have to be careful. One option is for the state to buy land near city centres and to encourage higher density. Currently, moving people to better located land can mean tampering with existing property rights

There have been some policy options put on the table: one school of thought, is to just give people more money so they can do small- scale production, gardening etc.

The other is to decentralise businesses to areas nearer to where people live. Government had thought about encouraging some business – such as call-centres, in townships. But there are two problems: one was the unions, who were afraid people would be paid less; the other was businesses who thought people would not want to work in a township.

So some of them have chosen to locate in sparsely built suburbs close to highways. There are the same set of problems in proposing export-processing zones. David Kaplan has proposed a second-tier labour market close to the townships with minimum wages equal to what is paid in the public works programmes
Again it depends on what one can do politically

Discussion points: Feedback

These were some of the questions that arose and pointers towards further research:

Sachs

This has helped us to think about uniting economic policy and social policy. There is a sense in the country of frustration of not having done enough to achieve fundamental economic change. So increasingly we talk about mega-projects.

Manona

Have to be quite conscious about mega-projects, and the policies around state land disposal: there are some serious issues with that policy.

Dr Moraka Makhura (Land Bank)

Could have given rural discussion more time, and looked more closely at the linkage between urban and rural areas... May be better to separate agricultural from rural development

Turok

There is a lot of logic in a strategy for integration...and an emphasis on investment of government in transport

On housing, one of the options around the affordability problem is smaller flats smaller units

Kate Philip (TIPS)

Clear there is dysfunctional land administration. The complete breakdown of land administration is an obstacle to development. There are also the impacts of increased abuse by traditional leaders.

Yesterday's theme – the importance of community agency in process of development – is key. This lack of emphasis on process is leading to mega-project talk and that leads to lack of community agency.

Sachs

There are engineering solutions on one hand and issues of class struggles on the other. A lot is about taking community struggles on board.

We have tended to become very technical in our planning.

Dan Smit (COGTA)

Issue of restructuring our municipalities is getting quite serious attention. We have to talk about long-term budgeting, we have to find ways of dealing with externality effects. Do we have the capacity as a society to achieve that?

In that context mega-projects become attractive because government does not have the same vested interests ranged against them,

Aninka Claassens

If REDI is serious about addressing policies around inequality, then it is astounding to me that you have brushed off the Bantustans. I would have thought that the first principle is that policies are *government* policies. Those people in traditional areas are given away to traditional leaders as voting fodder.

There needs to be a focus on what's going wrong.

Sachs

Property relations is the theme we need to tackle. Maybe the satellite development on the edge is so attractive because it doesn't change property relations

Rep from Western Cape government

We need research (on informal sector) on forms of self-insurance. How can the state create an environment to take up micro- insurance laws?

Anthony Altbeker

There have been a lot of ideas in two days. Some of the evidence is genuinely horrifying... We know how bad deep rural areas are... There has been a holocaust of formal sector jobs in the countryside.

And yet we are not properly urbanized... I suspect that our cities are just not good enough, not attractive enough

Housing is bad, crime is bad, and you are living among strangers

What a city is, is the absence of space.

But what it really is about is human beings.

One of the reasons our cities are not good enough is the dire educational outcomes across the board

The “software “of cities - .human capabilities _ are holding cities back and mega-cities don't change that at all.

Maybe something more fundamental going on here that can't be fixed by building housing or fixing transport

Wilson

What are the barriers to building a “red roof” for a person living in Hout Bay, of doing it in Cape Town rather than the Transkei? We need to investigate this.

Hiro Hino (SALDRU, UCT)

We need to talk about urbanizing rural villages, moving jobs to where people are.

In Kenya latest census shows people who live in urban centres that are located in rural areas have increased. And people who live in mega-urban cities have declined.

In Korea, the major decisions have been about rural development.

There is a new village movement there.

We hear about developing many areas in the country: we need to think about developing urban spots in rural areas

Sachs

The legacy of forced removals is so ingrained that as soon as you discuss any kind of move of people it comes up.

Do we subsidize industry in rural areas? Or do we subsidize low-income people to stay in rural areas?

Responses:

Haroon Borat

Three broad reflections:

On growth: crime is often a constraint to starting a business... Look at the absence of storage facilities in informal areas. It turns out the two are co-joined. Storage facilities are also a crime risk, so there is nowhere to store stock.

Access to credit is a more common constraint.

And neither of these are mega projects. Storage facilities is a micro intervention. It's an intervention around the world. In some countries, tax collectors go to businesses in the informal sector to collect taxes because they understand that owners can't leave their businesses.

Firms and potential employers need an incentive to relocate (to rural and smaller urban areas)

There are limits to urban renewal.

In China, all the government did was to provide incentives.

(Gives an example of one town which is the biggest producer of handbags in the world).

In SA, one of the problems is that it is difficult to move industries into former Bantustans because of the wages that are monitored by unions.

Kuben Naidoo

We need to ask why a rural grandmother still lives in a former homeland. Because it must be better than living in squatter settlement in an urban area.

Townships are genuinely unattractive places. A lot of people in urban areas would rather keep their children in rural areas.

In an ideal society you would want people to make rational choices. But townships are not substantially better places to raise children than rural areas.

But we can't build Shanghai in 20 years...it's been an urban trading centre for at least one and half thousand years.

A revolution is when you kill the kings and queens and chiefs...one of unfinished businesses the revolution is our chiefs. The system of land tenure and women getting access to land is a genuine obstacle

Closure

Andrew Donaldson

These two days have produced really interesting challenges.
REDI has been established to provide a platform for dialogue and for discourse...

If we really want to think about inequality, we have to look at this problem through many different lenses.