

R500m set aside for restitution could result in resolution of more land claims

Given the extremely difficult economic climate in which this Budget Speech was delivered, the immediate feeling is fairly positive. The fact that the minister focused on wasteful expenditure and cost savings from a government perspective shows the government's intent, but implementation will be key.

By Dawie Maree and Paul Makube ^{27 Feb 2020}



Image source: Gallo/Getty

From an agricultural viewpoint, the fact that R500m has been provisionally set aside for disaster management, including floods and the ongoing drought, is very positive, although the implementation will be the proof in the pudding. This includes the allocation of almost the same amount to support compliance with biosecurity and support exports. The recent foot and mouth disease outbreak proves the necessity for this allocation.

Land restitution

It is also promising that government has also allocated funds for land restitution. The R500m to be set aside for restitution could result in more land claims being resolved over the medium term.

The increase in the fuel levy was expected, but given the current over recovery in diesel prices, the impact will be limited. The over recovery is a result of lower oil prices on the back of the coronavirus and the exchange rate. The latter has already reacted positively on the Budget Speech.

The move to allow third party access into the rail network is also positive as it may help expedite agricultural exports that currently face bottlenecks and higher costs from trucking due to weak road infrastructure in some provinces.

In a weak economic environment and disposable incomes under pressure, the tax relief for hard-working t

payers is most welcome and will help consumption growth (tax payers who earn on average R265,000 a year, will see their income tax reduced by over R1,500 a year).

ABOUT THE AUTHOR

Dawie Maree, head of information and marketing at FNB Agriculture. Paul Makube, senior agricultural economist at FNB Agriculture.

For more, visit: <https://www.bizcommunity.com>