

Budgetary Review and Recommendations Report of the Portfolio Committee on Agriculture, Land Reform and Rural Development: Rural Development and Land Reform (Vote 39), Dated 16 October 2019

The Portfolio Committee on Agriculture, Land Reform and Rural Development, having considered the 2018/19 annual performance reports of the former Department of Rural Development and Land Reform, the Office of the Valuer-General, the Commission on Restitution of Land Rights and the Ingonyama Trust Board; further having conducted analysis of budgets and estimates of expenditure over the medium-term, reports as follows:

1. Introduction

In 2019, Parliament established a new Portfolio Committee on Agriculture, Land Reform and Rural Development, hereafter referred to as the Committee, that encompasses agricultural portfolio of the former Portfolio Committee on Agriculture, Forestry and Fisheries and the entire portfolio of the former Portfolio Committee on Rural Development and Land Reform. The Committee considered annual reports of the former Department of Rural Development and Land Reform (DRDLR) together with the following related public entities: the Office of the Valuer-General (OVG), the Commission on Restitution of Land Rights (CRLR), and the Ingonyama Trust Board (ITB). The report is based on the 2018/19 budget vote configuration, hence is limited to delivery against the Budget Vote 39: Rural Development and Land Reform.

This report is compiled in terms of the Money Bills Amendment Procedures and Related Matters Act, 2009 (Act No.9 of 2009). The Act requires the National Assembly (NA) to conduct annual assessment of the performance of each national department, giving particular focus to the medium-term estimates of expenditure. Section 5 of Act 9 of 2009 sets out a procedure for assessing the performance of each department by the NA. It further requires committees of the National Assembly to prepare budgetary review and recommendation reports (BRRR). The report is a culmination of the assessment of the DRDLR and related public entities' service delivery performance within the available resources; its effectiveness and efficiency of use and forward allocation of available resources.

1.1 The mandate of the Portfolio Committee on Agriculture, Land Reform and Rural Development

The Committee, as an extension of the NA, is governed by the rules of the NA to oversee the portfolio of agriculture, rural development and land reform. It oversees Executive action, that is the Department of Agriculture, Land Reform and Rural Development (DALRRD). For this report, the Committee oversees the DRDLR which had a transversal mandate of creating and maintaining an equitable and sustainable land dispensation and acting as a catalyst in rural development to ensure sustainable rural livelihoods, decent work, and continued social and economic advancement of all South Africans. The Committee further oversees the public entities and commissions which reported under DRDLR but transferred to the DALRRD after government reconfiguration in 2019. For purposes of this report, three entities are relevant; namely, the CRLR established in terms of the Restitution of Land Rights Act, 1994 (Act 22 of 1994) as amended; the ITB established in terms of the KwaZulu-Natal Ingonyama Trust Act, 1994 (Act 3 of 1994) amended by the National Act 9 of 1997, and the OVG established in terms of the Property Valuation Act, 2014 (Act 17 of 2014). The Committee exercises its powers within a legal framework of the Constitution, relevant statutes and the Rules of the NA as discussed above. It considers and processes legislation, exercises oversight on implementation of relevant legislation and policies by the DALRRD and related public entities; facilitates public participation; considers budgets and expenditure outcomes; and enquires and makes recommendations about any aspect of the DALRRD, including its structure, functioning and policy.

1.2 The Department of Rural Development and Land Reform

This report, as discussed above, focuses on the DRDLR whose mandate was derived from the priorities of government articulated through the Medium-Term Strategic Framework (MTSF) and 12 outcomes of government. Its mandate and priorities were aligned to the National Development Plan (NDP) as illustrated in Table 3 of this report. Central to the mandate is inclusive and integrated rural areas through successful land reform, job creation and poverty alleviation. The DRDLR coordinated

implementation of 'Outcome 7: Comprehensive Rural Development and Food Security for All'. The outputs were sustainable agrarian reform with a thriving farming sector, improved access to affordable and diverse food, improving rural services to support livelihoods, improved employment and skills development and enabling institutional environment for sustainable and inclusive growth. Table 1 below highlights the strategic goals for the DRDLR.

Table 1: Strategic outcome oriented goals

Strategic Goal	Strategic Goal Statement
- Corporate governance and service excellence	- Foster corporate governance and service excellence through compliance with the legal framework
- Improved land administration for integrated and sustainable growth and development	- Improve land administration and spatial planning for integrated sustainable growth and development with a bias towards rural areas
- Promote equitable access to and sustainable use of land for development	- An inclusive and equitable land dispensation with transformed patterns of land tenure and use
- Promote sustainable rural livelihoods	- Improve rural livelihoods as a result of capabilities, income and job opportunities provided
- Improved access to services	- Improve access to services in rural areas through the coordinated of quality infrastructure
- Sustainable rural enterprise and industries	- Promote economically, socially, and environmentally viable rural enterprises and industries
- Restoration of Land Rights	- Restoration of Land Rights in terms of the Restitution of Land Rights Act, as amended.

Source: DRDLR (2015) Strategic Plan of the DRDLR, 2015-2020

The Strategic Plan (2015-2020) and the 2018/19 Annual Performance Plan (the APP) demonstrate the extent of alignment of the functions of the DRDLR to Outcome 7 and the NDP (see Table 3). The vision and mission of the DRDLR - "vibrant, equitable, and sustainable rural communities" and to "initiate, facilitate, coordinate, catalyse and implement an integrated rural development programme" demonstrate the alignment discussed in detail in Section 2 of this report. The vision and mission are underpinned by the strategy of "agrarian transformation, interpreted to denote a rapid and fundamental change in the relations (systems and patterns of ownership and control) of land, livestock, cropping and community". This strategy aims at facilitating integrated development and social cohesion through partnerships with all sectors of the society. A review of the APP shows that the planned interventions were geared towards attaining social cohesion and integrated development through shared growth and development, full employment, equity and cultural progress. Agrarian transformation system is thus seen as an orbit which the strategies for delivery of these objectives revolves around.

Table 2: Programmes and strategic objectives of the DRDLR

Programme	Strategic Objective
Administration	- Compliance with all public sector legal prescripts - Unqualified regularity audit opinion - Skills development for improved service delivery
Geospatial and Cadastral Services	- Improved spatial planning - Integrated and comprehensive land administration system
Rural development	- Job creation and skills development in rural areas - Quality infrastructure provided - Functional and institutional arrangements - Facilitate the establishment of rural enterprises and industries
Restitution	- Land Rights restored - Redress land rights lost after 1913
Land Reform	- Strategically located land acquired - Support to rural communities to produce their own food in all

Source: DRDLR (2015) Strategic Plan of the DRDLR (2015-2020)

1.3 Approach for compilation of this report

In line with the mandate of the Committee discussed in section 1.1 and section 5 of the Money Bills Amendment Procedures and Related Matters Act (2009), this report is a culmination of an array of oversight and legislative activities. The key activities carried out by the Committee can be summarised as follows:

- *Analysis of the annual performance reports:* On 08 and 09 October 2019, the Committee considered annual reports of the DRDLR, the CRLR, the OVG and the ITB. The process entailed scrutiny of both service delivery performance reports and the annual financial statements (AFS) on the basis of overarching NDP policy priorities, the MTSF and relevant strategic plans. Those priorities find pronouncement in various Cabinet decisions, the State of the National Address (SONA), the Budget Speech by the Minister of Finance, and the Minister of Rural Development and Land Reform's budget policy statement.
- *Briefing sessions with other entities that support Parliamentary oversight:* On 08 October 2019, the Committee received a briefing by the Auditor-General of South Africa (AGSA) on the 2018/19 performance audit outcome, the Fiscal Finance Commission (FFC) and the Department of Performance Monitoring and Evaluation (DPME).
- *Analysis of quarterly performance reports:* During 2018/19, the Portfolio Committee on Rural Development and Land Reform considered quarterly reports in order to monitor performance and track implementation of particular recommendations of the Committee, the Auditor-General and others. This report mainly draws on the 4th quarter 2018/19 and 1st Quarter 2019/20.
- *Review of responses to the previous BRRR:* The Committee considered the responses of the Minister of Finance and the Minister of Agriculture, Land Reform and Rural Development's progress report in the implementation of the 2017 BRRR. The Minister of Rural Development and Land Reform did not table the responses to the 2018 BRRR. The Committee noted responses of the Minister of Finance, especially as it relates to the role that the Minister of Rural Development and Land Reform ought to have played in order to take forward some of the recommendations of the Committee.
- *Other oversight activities:* Analysis of the programme performance draws on various engagements between the DRDLR and the Committee, especially briefing sessions on programmes and the recent oversight visit to KwaZulu-Natal. It further draws from experiences of the beneficiaries of land reform and rural development programmes which were gathered through the oversight visits.

1.4 The structure of the report

Following this introduction (Section 1), this report organised into two six main sections:

- Section 2 sketches through key policy areas to set the scene for analysis of the performance of the DRDLR and entities;
- Section 3 summarises the financial and non-financial performance recommendations of the Committee's 2018 BRRR and Budget Vote Report;
- Section 4 presents an overview of expenditure trends over the last three years, discusses financial performance of the DRDLR and entities during 2018/19;
- Section 5 reviews service delivery against the priorities and predetermined objectives;
- Section 6 summarises key observations, findings and conclusions; and
- Section 7 presents the recommendations to the National Assembly.

2. Key relevant policy priority areas

Table 3: Alignment of the DRDLR objective with NDP, MTSF, and SONA

NDP Priorities	MTSF Activities	Strategic Objectives
Improved land administration and spatial planning for integrated development with a bias towards rural areas; up-scaled rural development as a result of		Improved spatial planning Improve land administration for integrated and sustainable use of land for development

coordinated and integrated planning, resource allocation and implementation by all stakeholders.		
Sustainable land reform;	Increase the percentage of productive land owned by previously disadvantaged individuals from 11.5 per cent in 2013 to 20 per cent by 2019 (or 16.2 million hectares).	Promote equitable access to and sustainable use of land for development. Promote sustainable rural livelihoods Restoration of land rights.
Improved food security	Reduce the percentage of households who are vulnerable to hunger from 11.4 per cent in 2013 to less than 9.5 per cent in 2020	Provide comprehensive farm development support Promote sustainable rural livelihoods
Smallholder farmer development and support for agrarian transformation	Increase the percentage of productive land owned by previously disadvantaged individuals from 11.5 per cent in 2013 to 20 per cent by 2019 (or 16.2 million hectares).	Provide comprehensive farm development support
Increased access to quality basic infrastructure and services, particularly in education, healthcare and public transport in rural areas		Improved access to services
Growth of sustainable rural enterprises and industries characterised by strong rural-urban linkages, increased investment in agro-processing, trade development and access to markets and financial services resulting in rural job creation	Reduce the percentage of the population living below the lower bound poverty line (R443 in 2011 prices) from 32.3 per cent to below 22 per cent. Reduce rural unemployment from the current 49 per cent to less than 40 per cent.	Sustainable rural enterprises and industries

The 2015-2020 Strategic Plan of the DRDLR sets out the performance context and plans within the wider MTSF priorities that are linked to the NDP as demonstrated in Table 3 above. Chapter 6 of the NDP - Integrated and Inclusive Rural Economy- envisions rural areas that are spatially, socially and economically integrated, where residents have economic growth, food security, access to basic services, health-care and quality education. It suggests that agriculture, with a potential to create 1 million jobs by 2030, should be the driving force to achieve this vision.

Access to land is central to broadening access and participation in agriculture for the previously disadvantaged. The NDP suggests that increasing access to agricultural land has a potential to create 300 000 jobs at different farming levels. The NDP thus sets a target to transfer 20 per cent of agricultural land to black people by 2030. It further proposes district-based land reform driven by district land committees which would determine the land needs in particular districts, identify available land and ensure collaboration of stakeholders to address those needs. As highlighted in Section 1.3, and demonstrated in Table 3 above, alignment of the policies and programmes of the DRDLR is vitally important. The NDP further outlines six policy imperatives which are aligned to strategic objectives of the DRDLR.

2.1 Priority policy and legislation to be developed in the medium-term

The priorities explained above should be backed up by progressive legislation. The Committee observed that the track record of the Department with regard to development of legislation was not satisfactory. During 2018, only the CPA Amendment Bill and Electronic Deeds Registration Systems Bill were tabled in Parliament, i.e. only 2 of the 8 pieces of legislation targeted for tabling in

Parliament. The Committee was, yet again, greatly concerned about the silence of the report with regard to all 7 pieces of legislation planned for finalisation in 2018.

The pieces of legislation that were not reported about are as follows:

- Regulation of Agricultural Land Holding Bill;
- Communal Land Bill;
- Deeds Registries Amendment Bill;
- Planning Profession Amendment Bill;
- Sectional Titles Amendment Bill;
- Land Survey Amendment Bill; and
- Rural Development Bill.

The DRDLR only reported about four policies as discussed below:

- *A policy framework in review of the Deeds Registries Act of 1937 and related geomatics functions*: only a policy discussion document was developed and the actual policy is expected to be finalised during the 2020/21 financial year.
- *An operations policy to institute agricultural land ceilings*: phase I of the development of land size and efficiency simulation research, to study the inter-relationship of soil, water and climate to define appropriate land sizes within the various agro-climatic regions, was partially completed. Suitable data availability required to conclude the General Computable Equilibrium and Social Accounting Matrix presented a challenge in concluding this phase.
- *Policy contributions towards a land value tax*: a policy discussion document was developed.
- *An operations policy for evidence-based policy research and development for rural development and land reform*: a project proposal for evidence-based policy development approach was completed.

The Committee noted that these policies were to be concluded within the MTEF period. It further expressed concerns regarding lack of milestones through which the performance of the DRDLR could be monitored and be held accountable. Specific time-bound plan would, in future, be required in order to ensure effective in-year monitoring.

3. Previous budget review and service delivery recommendations

This section presents an overview of the previous BRRR recommendations in relation to the 2017/18 expenditure outcomes and service delivery performance. It further presents the responses of the Minister of Finance in line with Section 7(4) of the Money Bills Amendment Procedure and Related Matters Act (2009). The Act requires the Minister of Finance to submit a report to Parliament at the time of the budget review, explaining how the Division of Revenue Bill and the national budget give effect to, or the reasons for not taking into account, the BRRR recommendations. The Committee noted that, at the time of adoption of this report by the Committee, the Minister of Rural Development and Land Reform had not submitted responses to the October 2018 BRRR (for 2017/18). Therefore, the recommendations presented in this report has taken cognisance of the responses of the Minister of Finance as well as progress report in the implementation of the 2017 BRRR (for 2016/17).

3.1 The 2018 budget review recommendations

In this section, the Committee considered the BRRR tabled in October 2018 (for 2017/18); both the budget recommendations and service delivery recommendations as outlined below. It sought to assess whether the DRDLR, and the entities, made progress in the implementation of government priorities. The recommendations made in 2018, categorised in to budget recommendations and service delivery recommendations, are as follows:

3.1.1 Budget recommendations

The **Minister of Finance** should,

- Assist the CRLR to develop and implement strategies for settling the commitment register of R5 billion within the MTEF period. The strategy should also address deal with the suspense account of the Commission.
- Support the CRLR, which meets the criteria for a national public entity in terms of Section 1 of the PFMA, to become a fully autonomous entity as envisaged in the Restitution of Land Rights Act, Act No. 22 of 1994. Autonomy will help the CRLR to comply with the requirements of an entity as well as improve service delivery efficiency. Therefore, the Minister of Finance in consultation with the Minister of Rural Development and Land reform and the Chief Land Claims Commissioner, should consider making budgetary allocation that would allow the CRLR to be an autonomous.
- Assist DRDLR and DAFF to develop a comprehensive policy on integrated development support for agricultural land reform in line with the blended finance model involving the National Treasury and the Land Bank.
- Ensure that the budget is allocated for the OVG to enable smooth running of the office.

The Minister of Finance reported that he supported the idea that the CRLR should be assisted to finalise all claims, and the Government Technical Advisory Centre has been providing strategic support to this effect. The Minister also reported that with regard to the suspense account, he was willing to address the concerns and would be guided by the Minister of Rural Development and Land Reform. Similarly, he was ready to support funding for comprehensive farmer support and would be guided by the ministers for rural development and land reform and agriculture, forestry and fisheries. With regard to the OVG, the Minister indicated that OVG was unable to spend all its allocation. For example, with the MTEF allocation of R451.8 million, the OVG recorded a surplus of R51.1 million by the end of 2017/18, of which R41.1 million was surrendered to the National Revenue Fund.

3.1.2 Service delivery recommendations

This sub-section presents the recommendations pertaining to service delivery in four parts; namely, the DRDLR, the CRLR, the ITB, and the OVG. The Committee noted that the Minister of Rural Development and Land Reform had not tabled responses to the 2018 BRRR. However, the assessment of progress was based on the 2017 BRRR status update report presented by the Minister of Agriculture, Land Reform and Rural Development. The Minister was requested to table the outstanding responses.

(a) Department of Rural Development and Land reform

With regard to the Department of Rural Development and Land Reform, the Minister should -

- Conduct a national survey of all farms acquired through land reform programme since 1994 to date. The survey, which focuses on assessment sustainability of farms and the socio-economic and livelihoods impact of land reform on beneficiaries, must be tabled in parliament for further debate and informing policy direction and legislation development.
- Complete policy consultation process to develop a White Paper on Land Reform which would give guidance and direction to South African land policy. The white Paper will become a useful policy tool that Parliament can use to oversee the DRDLR and all the relevant entities.
- Finalise all investigations, internal and external ones, including forensic investigations in order to deal with all the allegations of corruption and maladministration. Critical areas of concern relate to ALHA, SRR, Agri-parks initiatives and Restitution.
- Noting the slow pace to table Bills in line with the legislative programme, ensure that the DRDLR must adhere to the revised legislative programme as agreed with the Office of the Leader of Government Business.
- Continue to coordinate Agri-Park interventions with the Department of Agriculture Forestry and Fisheries. Further engage the Department of Small Business and the Department of Trade and Industry to maximise use of limited resources and avoid duplication of government services and enhance the capacity to coordinate expertise from elsewhere in government and non-government entities. Such coordination should be strengthened at both policy and implementation levels.
- Submit progress report on the implementation of a Cabinet decision to transfer the administration of SPLUMA to the Presidency (DPME).
- Ensure that the DRDLR should build internal capacity to carry out the mandate for tenure reform and land administration; this is particularly urgent for provision of support to CPAs, and processing of labour tenants' applications. Further, submit a status report on processing of

labour tenants' applications by the end of the 2018/19 financial year including, but not limited to the total applications received by provinces, the extent of land by district, the cost estimates for processing such applications, and possible time frames.

- Prioritise the filling of vacant critical and strategic positions in the DRDLR and entities in order to reduce the number of persons acting in such positions. It is envisaged that filling the vacancy will create stability and reduce the existing sense of uncertainty among current senior management and the DRDLR at large.
- Ensure that the DRDLR complies with the payment of invoices within 30 days in with the National Treasury guidelines.
- Ensure that, prior to implementation of new programmes, there are clear and well understood policies that are widely canvassed among stakeholders and wider South African to guide policy implementation. Such approach would ameliorate some of the fruitless and wasteful expenditures such as those incurred under SRR.
- Closely monitor the construction of the central office park under the PPP arrangement in order to avoid wasteful expenditure and possible corruption.
- Improve the capacity within the DRDLR to collect revenue, especially leases collection under ALHA.

In the absence of responses to the 2018 BRRR, the status update on implementation of the 2017 BRRR provided useful insights. A survey of all farms has been started and phase 1 of the survey encompassed all PLAS farms. The Minister reported that a number of farms have been prioritised for support under the Land Development Support (LDS) programme. The DRDLR of was also conducting forensic investigations on all SRR projects. At the time of writing of the report, the SRR programme was suspended pending the outcome of the investigations. With regard to Agri-Parks coordination, MINMEC remained a coordinating forum. A notable development was that a number of Agri-Parks was reduced to 10 across the country in order to achieve the benefits of optimising usage of limited resources. With regard to Spatial Planning and Land Use Management Act (SPLUMA), the proposed reassignment of the legislation was put on hold pending finalisation of the reconfiguration of government which would take consideration of the SPLUMA reassignment debates.

(b) Commission on Restitution of Land Rights

With regards to the Commission on Restitution of Land Rights, the Minister of Rural Development and Land Reform should –

- Assist the CRLR to develop and submit a business case for an autonomous CRLR together with all short-term and long-term funding requirements. The document should include details of its business process mapping, institutional structure, and business re-engineering approach and the cost implications for the project. These documents must be submitted to Parliament before the Committee deals with the Budget Vote for 2019/20.
- Conduct analysis of all untraceable land claimants (both researched and settled claims not yet finalised) and submit a report to the Portfolio Committee on Rural Development and Land Reform.
- Table a comprehensive report on commitments in the form of grants approved in terms of Section 42C of the Restitution of Land Rights Act before 2009, and further outline a realistic plan, in line with budget allocation, regarding the settlement of the commitment register. This plan must be submitted to the Portfolio Committee on Rural Development and Land Reform for oversight of implementation.

The Minister reported that building an autonomous CRLR work was ongoing. For example, consultation processes in relation to restitution institutional reform, financial frameworks, review of restitution settlement models linked to industry policy and charters (forestry, mining, sugar cane, urban agriculture and conservation) were at an advanced stage. In line with the Auditor-General request for the CRLR to adhere to financial reporting in line with PFMA Section 51(f), service provider has been commissioned to complete a business case for the relevant autonomous organisational form. The Minister reported about the successful tracing of claimants by tracing agents and claims were being outsourced to fast-track research conclusion.

(c) Ingonyama Trust Board

With regard to the **Ingonyama Trust Board** the Minister should –

- Ensure that management implement proper processes, policies and procedures, and appoint skilled relevant staff to enable the ITB to function and comply with the relevant laws and regulations
- Speedup facilitation of engagement between the ITB, National Treasury, and the Auditor-General together with the Accountant General by the end of 2018/19 in order to address the perennial non-compliance of the ITB with the GRAP standards in relation to valuation of land and royalty revenue entitlement.
- Consider the request for mediation between the Auditor-General and the ITB to resolve the current impasse as suggested by the Ingonyama Trust Board.
- Conduct, together with the ITB, the livelihoods impact of the programmes of the ITB and the Act with a focus on land tenure and administration, leasehold tenure system and protection of customary land rights of traditional communities.
- Having concurred with the recommendations of the Auditor-General, the Committee recommends that the Minister should develop action plan that outlines how the DRDLR and Entities plan to resolve the queries from the Auditor-General. Further, the Minister should submit the report to the Committee for future oversight and accountability.
- Ensure that there is improvement on financial management and controls.

The Minister reported that the DRDLR was working with the ITB to ensure compliance with the accounting prescripts and standards. With regard to other issues raised by the Auditor-General, the Minister also reported that for the 2018/19 audit, there was evidence to support that land valuation was done on the basis of municipal values. However, she further noted that more work needed to be done in order to meet the Auditor-General's accounting standards.

(d) Office of the Valuer-General

With regard to the **Office of the Valuer-General**, the Minister should –

- Ensure that management implement proper processes, policies and procedures, and appoint skilled relevant staff to enable the OVG to function and comply with the relevant laws and regulations
- Facilitate discussion between the OVG and other relevant branches within the DRDLR and to conclude service level agreements on valuations in order to avoid delays with regards to valuations. Further, clarifying all the policy requirements as well as the timeframes would alleviate the perceived tensions arising from the reasons cited for the delays in land restitution.
- Fast track the establishment of the review committee

The Committee noted, as indicated above, that there was no response of the Minister of Rural Development and Land Reform in this regard. Neither was there relevant status update on previous BRRR in relation to the OVG. The Committee requested the new Minister of Agriculture, Land Reform and Rural Development to submit responses to the 2018 BRRR.

3.2. The 2019/20 Budget Vote 39 Report

This section focusses on the Committee's recommendations regarding Budget Vote 39 as adopted by the Committee on 10 July 2019. These recommendations were considered after the Committee had engaged with the forward plans of the DRDLR and the Entities. Having considered the 2019/20 APP against the five-year strategic plan of the DRDLR, the OVG, the CRLR and the ITB, the Committee recommended the following:

General

- Ensure policy coherence across different branches of the DRDLR, and ultimately the new DALRRD, and other government policies and legislation, especially in dealing with communal land tenure policies and development support for smallholder farmers.
- Ensure that the configuration of the new department pulls together different forms of farmer and post-settlement support under single branch, including but not limited to, Recapitalisation and Development Programme, MAFISA, and CASP, in order to establish a comprehensive post-

support programme that targets farmers across a continuum of scales, especially smallholders and subsistence farmers in the former homelands.

- Submit management response to the SIU findings and recommendations as well as progress report on the implementation of the recommendations, and systems put in place to ensure prevention of the recurrence of maladministration and corruption.
- Streamlining food security initiatives by both DRDLR and DAFF in order to maximise food availability and stability. Submit quarterly progress reports in Parliament focusing on primary production activities including yields for both crop and livestock production systems, funding instruments and resource allocation for each activity.

3.2.1 Department of Rural Development and Land Reform

Administration

- Finalise all disciplinary matters in the DRDLR within 90 days. Further submit a report, within 30 days after the finalisation of the disciplinary matters, outlining the outcome of each matter. In the event that some matters could not be concluded as recommended here, a time-bound plan on conclusion of all investigations and disciplinary processes must be submitted to the Committee.
- Submit a revised legislative and policy programme outlining realistic targets for tabling of planned pieces of legislation in the National Assembly as well as finalisation of the proposed policies.
- Enhance capacity of the policy and legislative drafting section of the DRDLR, ultimately the new DALRRD, in order to ensure adherence to the legislative programme and achievement of the set targets.

National Geomatics Management Services

- Draw and submit coordination and implementation plan for SPLUMA in conjunction with COGTA and the DPME in the Presidency.
- Finalise the next phase of land audit which must unpack the ownership of all land under the ownership of Trusts and Companies and finalise survey of all land in the former homelands and any other areas in South Africa. Further, submit a budget allocation for both the audit and the survey.
- Submit a report on the identification of well-located and strategic land in cities and peri-urban areas to be released for redistribution to landless people. Equally, development same plan for rural state land to be released for restitution and redistribution.

Rural Development

- Conduct a review of the NARYSEC programme to assess if the programme has achieved, the intended outcomes over the last five years, highlight the challenges encountered, and the implications for future programme implementation. Further, skill development under NARYSEC should be linked to the mandate of the new Department.
- Together with the National Treasury, Department of Agriculture Forestry and Fisheries, and other relevant government departments, review all programmes under rural development, especially those linked to revitalisation of agriculture and agro-processing as well as small business development, in order to minimise duplication of services.
- Ensure that all agricultural support programmes are coordinated under the same branch in the newly configured DALRRD.

Restitution

- In line with the set times for reconfiguration of Cabinet, fast-track reconfiguration of an autonomous Commission on Restitution of Land Rights in order to ensure alignment with the founding legislation and other legal prescripts.
- Work with the Minister of Justice and Constitutional Development to ensure that the Land Claims Court is well capacitated with permanent judges and all relevant operational support mechanisms required to speedily deal with all the matters before it without delay and clear backlog of claims before it.
- Ensure that reports that are submitted to the Land Claims Court bi-annually are also referred to the Committee in order to ensure alignment and the consistency on issues reported before the Land Claims Court and Parliament.

- Continuously engage National Treasury about increasing allocation of funding for restitution to clear the commitment register of settled land claims and to accelerate the finalisation of the land claims as outlined in Operation Phakisa initiative.

Land Reform

- Conduct enterprise analysis and socio-economic impact assessment of a representative sample of farming enterprises under the Recapitalisation and Development Programme, Strengthening of Relative Rights Programme and other post-settlement support initiatives under the Agri-Parks programme. The impact assessment should be geared toward assessing if government funds invested under these programmes were yielding viable and sustainable farming businesses and ultimately having livelihood impacts on members of projects or beneficiaries.
- Ensure that the Department, working with the OVG, must develop a policy position regarding expropriation of land in the public interest, taking into consideration the SONA pronouncement around expropriation of land without compensation in a manner that does not harm the economy and food security. Further explore the modalities with which such policy pronouncement could be implemented.
- Ensure capacity of the Department to monitor land reform projects, especially an interface of strategic partnership and mentorship programmes and distribution of rewards or dividends to beneficiaries.
- Conclude, without delay, the finalisation of the Integrated Funding Model for post-settlement support.
- Working with the Minister of Justice and Constitutional Development, facilitate discussion between the Department and the Legal Aid Board aiming at strengthening the provision of legal services to land reform beneficiaries (CPAs and Trusts) and the vulnerable landless people, especially the farm dwellers and labour tenants who confront the brutality of illegal evictions from their homes on farms as well as violation of tenure rights for people living on communal land in the former homelands.

3.2.2 The Office of the Valuer-General

- Ensure that the capacity of the OVG is enhanced in order to support faster delivery of quality support service to land reform, especially acceleration of settlement of land claims.
- Submit progress report on implementation of the existing organogram focusing on funded posts, both filled and vacant, and positions that are additional to the establishment. Further identify capacity constraints in the OVG and plans to address those constraints.

3.2.3 The Ingonyama Trust Board

- On the basis of the legal opinion obtained by the Minister of Rural Development and Land Reform, facilitate discussions between the Auditor-General, the Ingonyama Trust and the ITB, and the Department to develop a common understanding on the nature of the Ingonyama Trust and the Ingonyama Trust Board (whether the ITB should be seen as an independent entity from the Ingonyama Trust and the auditing complexities).
- Facilitate resolution of key questions and concerns raised by the Auditor-General in relation to the value of the ITB's land/property so that the ITB could move toward achievement of an unqualified audit. Further, submit quarterly progress report on implementation of the remedial measures set out by the Auditor-General in order to ensure that the ITB is compliant with all the relevant prescripts.
- Conduct a comprehensive socio-economic impact assessment on the performance and existence of the Ingonyama Trust/ITB and how the beneficiaries have socio-economically benefited from the programmes.
- Submit a report that outlines the constitutional and legislative imperatives for the existence of entities like the Ingonyama Trust and the Ingonyama Trust Board in Kwazulu-Natal and not in other parts of South Africa.

4. Overview of 2018/19 financial performance

This section focuses on the financial performance of the DRDLR and entities; namely, the OVG, the CRLR and the ITB.

4.1 The Department of Rural Development and Land Reform

Table 5 below illustrates that the DRDLR received a final appropriation of R10.425 billion in the 2018/19 financial year and the actual expenditure for the year was R10.281 billion (98.6 per cent) of the allocation. As a result, the DRDLR was left with unspent funds to the value of R144.1 million. The DRDLR reported that the unspent funds were mainly attributed to the delays in filling of vacant posts and unspent funds for the construction of office accommodation allocated to the Public Private Partnership.

Table 5: Appropriation and Expenditure per programme

Voted funds and Direct charges	2018/19						2017/18	
	Adjusted Appropriation	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as per cent of final approp.	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
Administration	1,877,945	33,484	1,911,429	1,842,589	68,840	96.4%	1,762,212	1,373,037
NGMS	657,664	(15,358)	642,306	626,906	15,4	97.6%	652,389	618,203
Rural Dev	1,787,249	211,475	1,998,724	1,980,700	18,024	99.1%	2,009,507	1,995,657
Restitution	3,359,330	(95,066)	3,264,264	3,256,042	8,222	99.7%	3,097,519	3,093,990
Land Reform	2,743,055	(134,54)	2,608,520	2,574,863	33,657	98.7%	2,662,613	2,649,294
TOTAL	10,425,243	-	10,425,243	10,281,100	144,143	98.6%	10,184,240	9,730,181

Source: DRDLR (2019) Annual Report 2018/19.

The Committee noted, as demonstrated in the Table 5 above, that the DRDLR had budget virements as follows: Land Reform (R134.5m), Restitution (R95.1m) and NGMS (R15.4m). It expressed concern that key programmes such as land reform and restitution, which are responsible for the provision of land, have been subject of budget virements from households and to capital assets in Rural Infrastructure Development (RID), which facilitates implementation of infrastructure that mainly support of agricultural development, and Land Reform Grants.

To the extent that the DRDLR was able to utilise the funds it was allocated, the Committee expressed its appreciation. However, it cautioned the DRDLR not to focus on budget expenditure without concern with the value for money and the socio-economic impact of the funds it spends in communities. Further, occurrences of irregular, fruitless and wasteful expenditure as shown in Table 6 below remain a matter of great concern.

Table 6: Irregular, fruitless and Wasteful Expenditure from 2014/15 to 2018/19

Year Incurred	Irregular Expenditure R'000	Fruitless & Wasteful expenditure R'000
2014/15	25,286	6,703
2015/16	4,456	11,856
2016/17	45,700	852
2017/18	2,946	11,545
2018/19	105.9	2.18

Source: Adapted from DRDLR (2015, 2016, 2017, 2018, 2019) Annual Reports of the DRDLR

The Committee noted the closing balance for irregular expenditure of R105 9 million in 2018/19 to which an amount of R61.2 million was carried over from prior years. The bulk of the irregular expenditure, that is R104.5 million, related to restitution over-expenditure and Recapitalisation and Development Programme (RADP) overpayment of R1.44 million. Further, an irregular expenditure of R49 million was condoned. Nonetheless, the Committee noted that a significant decrease in fruitless and wasteful expenditure from R11.545 million in 2017/18 to R2.18 million in 2018/19 which it considered to be a step in the right direction.

In summary, the irregular expenditure was attributed to contravention of supply chain prescripts, while fruitless and wasteful expenditure was largely attributed to the travel agency's duplicate invoices and court orders regarding restitution cases. The Committee was concerned that there were no clear disciplinary measures for these occurrences of irregular, fruitless and wasteful expenditure as a form of consequence management. It suggested that it was important for the government to recoup all stolen money rather than limiting disciplinary measures to suspensions and dismissals.

4.1.1 Trading Entities

This section focuses on the two trading entities, namely the Agriculture Land Holding Account (ALHA) and the Deeds Registration Trading Account (DRTA).

(a) Agriculture Land Holding Account

The Agriculture Land Holding Account (ALHA) was established in terms of the Provision of Land and Assistance Act, 1993 (Act No. 126 of 1993). It is responsible for the acquisition of strategically located land for agriculture productivity under the Proactive Land Acquisition Strategy (PLAS). Its funds are appropriated under Programme 5. The trading entity leases farms to farmers for a period of 30 years in terms of the 2013 State Land Lease and Disposal Policy with options to purchase after five years.

Table 7: Budget vs spending (2014/15 – 2018/19)

Item	2018/19	2017/18	2016/17	2015/16	2014/15
Transfers from DRDLR	R1.33bn	R1.35bn	R1.50bn	R1.34bn	R1.61bn
Expenditure rate-transfers	100%	100%	100%	100%	100%
Revenue-exchange transactions	R144.6 m	R102.8m	R75.49m	R64.32m	R69.34m
Total Revenue	R1.48bn	R1.46bn	R1.60bn	R1.42bn	R1.68bn
Total Expenditure	R436.98m ¹	R529m	R673.2m	R515.7m	R318.98m
Surplus	R1.03bn	R935.5m	R915.7m	R897.15m	R1.35bn

Over the last five years, as Table 7 above demonstrates, the transfers from the DRDLR has decreased from R1.61billion in 2014/15 to R1.33 billion in 2018/19. However, the trading entity has been lauded for maintaining 100 per cent expenditure on its transfers. Due to revenue exchange transactions, the trading account recorded surplus which has been increasing since 2015/16, while it recorded the highest surplus in 2014/15. The Committee, however, requested for improved attention to management of leases for PLAS farms as well as monitoring of leases as production on PLAS farms. On the basis of the KwaZulu-Natal oversight observations, there was concern that the DRDLR was not conducting monitoring and evaluation of PLAS farms in order to detect early warning signs of problems on farms. For instance, the non-payment of leases should have been dealt with quite early so that the culture of payment of leases was instilled. The Committee welcomed work being done to assess all PLAS farms and support through the LDS programme.

(b) The Deeds Registration Trading Account

The Deeds Registration Trading Account (DRTA) is a trading entity established in terms of the Public Finance Management Act, 1999 (Act No. 1 of 1999). It is responsible for the registration of deeds and maintains public registers of land. The Trading Account's main source of funding is fees charged on the registration of deeds and the sale of deeds information.

¹ 29.6% of the total transfers for 2018/19

Table 8: Revenue vs spending from 2014/15 – 2017/18

	2018/10	2017/18	2016/17	2015/16	2014/15
Transfers from DRDLR	-	R22.818m	R22.648m	R50.31m	R182.106 m
Expenditure rate for transfers		100%	174%	100%	99.8%
Revenue-exchange transactions	R667.76 m	R657.38m	R632.28m	R684.81m	R536.73m
Total Revenue	R667.76 m	R680.23m	R654.96m	R655.4m	R722m
Total Expenditure	R683.699 m	R686.67m	R702.2m	R597.53m	R613.86m
Surplus/Deficit	-R15.939m	-R6.471m	-R47.14m	R57.58 m	R107.59m

The DRDTA did not receive any grant from the Department in 2018/19 except the grant for OVG administration which is discussed below. The grant amount has been decreasing from 2014/15 with a slight increase in 2017/18. While the DRTA has managed to drastically decrease its deficit from 2014/15 to 2017/18, it has increased by more than 50 per cent in 2018/19 compared to 2017/18.

The DRTA received a grant of R141.123 million for the OVG as mentioned above. Due to unavailability resources in the OVG as it was not yet structurally established, it signed a MOU with the DRTA which sets an agreement on how the OVG will receive and pay for administrative services rendered by DRTA. Therefore, the DRDLR would transfer funds due for the OVG to the DRTA for rendering services to the OVG. The MOU has been extended to 31 March 2020. By the end of March 2019, there was a balance of R121.065 million from the funds allocated for OVG.

4.2 The Commission on Restitution of Land Rights

The budget of the CRLR was appropriated under Programme 4 (Restitution) of the DRDLR. A policy decision was taken to de-link the CRLR from the DRDLR in line with the Auditor-General's recommendation for the CRLR to adhere to financial reporting in line with PFMA Section 51(f) regarding reporting by public entities had not been implemented due to budgetary constraints. Given that the Auditor-General of South Africa found that the CRLR meets the criteria of public entity as set out in Section 3A of the PFMA, the Committee reiterated its position that the CRLR should convert to an autonomous public entity without delay. The question of the autonomy of the CRLR is discussed further under the section dealing with service delivery performance.

Table 9 below shows that the programme of Restitution (the CRLR) received the final appropriation of R3.098 billion in 2018/19 of which R3.094 billion was spent, representing 99.9 per cent of the total allocation. The Commission has maintained its expenditure trend of using 99.9 per cent of its budget allocation. Of the total allocation for the Commission, R2.411 billion was for restitution grants and the rest was split between the national and regional office as illustrated in the table below. All the sub-programmes spent almost 100 per cent of their final allocation for 2018/19.

Table 9: Overall budget for the Commission

Sub-programme	2018/19				2017/18			
	Final Appropri. R'000	Actual Expend. R'000	Variance R'000	Expenditure %	Final Appropri. R'000	Actual Expend. R'000	Variance R'000	Expenditure %
National Office	116 607	116 454	153	99,9	94 108	90 730	3 378	96,4
Regional Office	570 406	568 867	1 539	99,7	564 072	562 992	1 080	99,8
Restitution Grants	2 410 506	2 408 669	1 837	99,9	2 677 614	2 677 392	222	100,0
TOTAL	3 097 519	3 093 990	3 529	99,9	3 335 794	3 331 114	4 680	99,9

The 2018/19 household expenditure, covering all aspects related to land acquisition and grant funding as illustrated in Table 9 below, was R2.519 billion. About 63.1 per cent was spent on financial compensation and 30.3 per cent on land restoration. However, the expenditure decreased from

R2.781 billion in 2016/17 to R2.519 billion in 2018/19 in Table 10 below. This decrease is mostly attributed to lower expenditure for land purchase and Recap/grants. The Committee noted a trend of increased spending on settlement of land claims through financial compensation as opposed to restoration of land rights. Further, the Committee observed that, over the last three years, there has been gradual decline in the number of hectares acquired related expenditure. In contrast, the expenditure on financial compensation has been increasing. Although land restoration is desirable, the Committee also recognises that the Restitution of Land Rights Act (1004) gives claimants settlement options, either restoration of land rights, financial compensation or a combination of the two including development.

Table 10: Household expenditure

Office	Conveyancers	Land Purchase & Land and Subsoil	Legal Fees	Financial Compensation	Re-Cap/Grants	TOTAL
EC	207,456.94	70,855,000.00		461,979,854.59	40,618,813.60	573,661,125.13
FS		2,480,000.00		4,729,925.00	1,186,065.00	8,395,990.00
GP	165,285.11	489,272.10	121,963.68	68,125,530.29	39,000.00	68,941,051.18
KZN	21,614.92	272,611,213.49		481,713,648.55	15,586,222.00	769,932,698.96
LP	413,910.52	62,013,060.00		305,707,730.02	8,578,453.58	376,713,154.12
MP	291,621.60	78,252,225.56		60,520,762.37	59,333,444.70	198,398,054.23
NC	195,058.88	85,999,968.40		54,494,137.70	0.00	140,689,164.98
NW	562,584.91	188,864,805.16		98,261,232.44	22,543,925.48	310,232,547.99
WC		1,222,905.67		53,816,280.72	17,789,768.06	72,828,954.45
Total	1,857,532.88	762,788,450.38	121,963.68	1,589,349,101.68	165,675,692.42	2,519,792,741.04

Given the decision to transfer the RADP to the Department of Agriculture, Forestry and Fisheries, the expenditure on recap/grants decreased by about 50 per cent in 2018/19 when compared to 2016/17. The expenditure indicated in Table 10 above relates to the CRLR finalising payments for commitments already made. From the total amount R2.5 billion, about 33.3 per cent (R889.2 million) was spent on backlog claims, and 67 per cent (R1.768 billion) was spent on claims approved in 2014/15. As discussed above the financials for the last two years show that less money was spent on land acquisition.

4.3. The Ingonyama Trust Board

As shown in Table 11 below, the ITB's main sources of income include revenue received from trading and investment activities, contractual and royalty revenue, and transfer of payments it receives from the DRDLR.

Table 11: Income and Expenditure in 2018/19 vs 2017/18

	Income		Increase/decrease	% Change
	2017/18	2018/19		
Rental Revenue	96 491 370.0	114 807 839.0	18 316 469.0	19%
Interest/Servitudes	15 998 119.0	15 160 615.0	- 837 504.0	-5.2%
Contractual Royalty Revenue	794 157.0	1 170 437.0	376 280.0	47.4%
Other Income	410 498.0	1 738 146.0	1 327 648.0	323.4%
Transfer from DRDLR	19 727 000.0	20 349 000.0	622 000.0	3.15%
TOTAL REVENUE	133 421 144.0	153 226 037.0	19 804 893.0	14.8%

Expenditure (Excl. Capital)	66 491 438.0	76 485 308.0	9 993 870.0	15.0%
Transfers to Accum. Fund	66 929 706.0	76 740 729.0	9 811 023.0	14.7%

Table 11 shows that the rental revenue and contractual royalty revenue, in 2017/18 to 2018/19, has increased by 19 per cent and 47 per cent respectively. As a result, the total revenue increased by 1.48 per cent to R153.2 million in 2018/19. Transfer payment from the DRDLR has increased from R19.7 million in 2017/18 to R20.3 million in 2018/19. As expected, the ITB fully utilised transfer payment for its administrative expenses. In addition, R5.6 million from the Trust was used towards operational/administrative as regulated in the Ingonyama Trust Act. While the expenditure rate has increased by 15 per cent in 2018/19 compared to 2017/18, less than 50 per cent of the total revenue was spent, resulting in R76.7 million unspent, which has been transferred to the accumulated fund. The Committee was concerned that transfers to accumulated fund meant that there were deserving communities who could have been assisted to improve their livelihoods but ITB did not.

4.4 Office of the Valuer-General

The Office of the Valuer-General (OVG) was set up in terms of the Property Valuation Act, 2014 (Act No.17 of 2014). The Property Valuation Act (PVA) became effective on the 1st of August 2015 and therefore, OVG officially started on the 17th August 2015. The OVG was listed as schedule 3A public entity in terms of the Public Finance Management Act, 1999 (Act No. 1 of 1999) on the 28 March 2018. It only started to operate as a stand-alone public entity reporting directly to the Minister of Rural Development and Land Reform in the 2017/18 financial year. Its first Annual Performance Plan was tabled for 2018/19.

The OVG realised a total revenue of R114,1 million in the 2018/19 financial year, from government grants, interest received and staff debts. At the end of the 2017/18 financial year, it spent R35.2m, leaving a surplus of R108.8m. A total balance is R125.5m (includes 2017 balances)

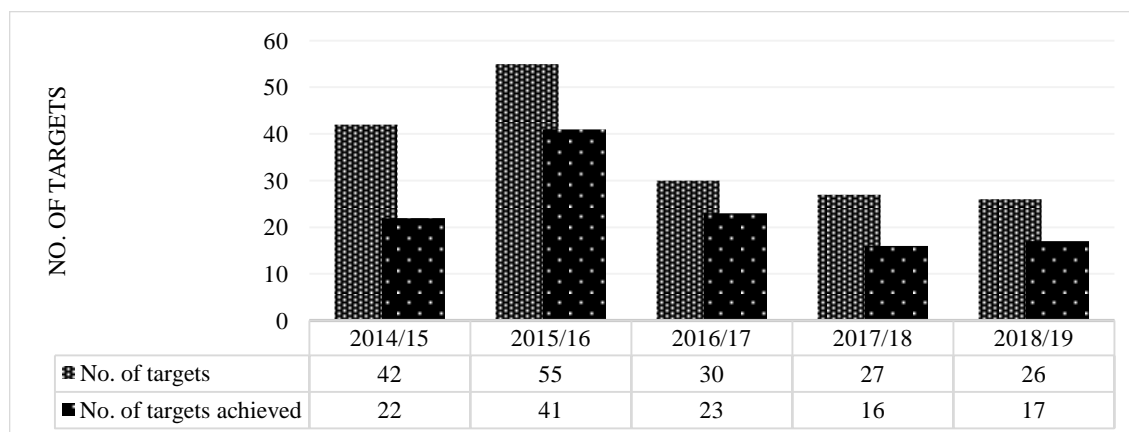
5. Overview of Service Delivery Performance

This section presents an overall performance of the DRDLR, the CRLR and the ITB which were assessed against the predetermined objectives set out in the 2018/19 APP.

5.1 The Department of Rural Development and Land Reform

Figure 1 below demonstrates the performance of the DRDLR against predetermined objectives. Over the last five years, the DRDLR has consistently failed to meet all its annual targets. The Committee was concerned that the performance on predetermined objectives shows a decline since 2015 but was beginning to show signs of improvement in 2018/19. The Committee further noted that there was also a decrease in the number of performance indicators and targets in 2016/17. Whilst the performance was in decline, the expenditure was not in decline as discussed above. The performance on individual programme for 2018/19 is discussed below.

Figure 1: Performance on performance indicators' targets achievements



As Table 12 below shows, 17 of 26 annual targets were achieved during the 2018/19 financial year. The performance equates to performance success rate of 65.4 per cent against an expenditure rate of 98.62 per cent. The Committee noted that the Geospatial and Cadastral Services Programme has reported the worst performance rate at 40 per cent while it spent 97.6 per cent. Given the poor standards of conveyancing which resulted in rejection of deeds document, there is a need for government to communicate effectively with conveyancers about the requirements for lodgement and any related changes that contributed to the rejection of deeds documents.

The Committee noted that the DRDLR omitted to report two land reform targets relating to the number of hectares acquired through Strengthening Relative Rights (SRR) and the number of pilot farms acquired and allocated to support Acceleration Land Development Redistribution initiative (ALDRI). Equally so, performance on responses to evictions and other communal tenure issues, including the Transformation of Certain Rural Areas Act (TRANCRAA) have not found space into the targets. The Committee expressed a need for the DRDLR to identify all the critical areas where there was poor policy implementation and come up with implementation plan with commitment of financial resources.

Table 12: Non-financial versus Financial Performance per Programme in 2018/19

PROGRAMMES	Annual Targets	Targets Achieved	Performance Rating %	Final Appropriation (R'000)	Budget Expenditure (R'000)	Budget Expenditure %
Administration	2	1	50.0	1,911,429	1,842,589	96.40
Geospatial/Cadastral Services	5	2	40.0	642,306	626,906	97.60
Rural Development	7	6	85.7	1,998,724	1,980,700	99.10
Restitution	3	2	66.7	3,264,264	3,256,042	99.75
Land Reform	9	6	66.7	2,608,520	2,574,863	98.71
Total	26	17	65.4	10,425,243	10,281,100	98.62

The sub-sections that follow summarise the performance report, records the committee's observations and highlight critical areas for attention. The Committee also compared the performance and expenditure with to previous performances since 2014/15.

Table 13: Non-financial vs Financial Performance for Programme 1 (2014/15 - 2018/19)

Programme		2018/19	2017/18	2016/17	2015/16	2014/15
Administration	Total annual targets	2	2	2	10	6
	Targets achieved	1	1	1	5	1
	Targets not achieved	1	1	1	5	5
	Target success rate	50%	50%	50%	50%	16.7 %
	Expenditure	R1.84bn	R1.37bn	R1.62bn	R1.34bn	R1.38bn
	Expenditure Rate	96.4%	77.9%	99.1%	99.7%	99.8%
National Geomatics and Cadastral Services	Total annual targets	5	5	5	13	8
	Targets achieved	2	3	3	9	6
	Targets not achieved	3		2	4	2
	Target success rate	40%	60%	60%	69%	75%
	Expenditure	R626.9m	R618.2m	R676.9m	R681m	R732m
	Expenditure Rate	97.6%	94.8%	98.8%	97.2%	99.7%
Rural Development	Total annual targets	7	7	7	14	13
	Targets achieved	6	7	6	12	7
	Targets not achieved	1	0	1	2	6
	Target success rate	85.7%	100%	85.7%	86%	53.8%
	Expenditure	R1.98bn	R1.99bn	R1.83bn	R1.92bn	R1.80bn
	Expenditure Rate	99.1%	99.3%	99.4%	99.5%	97.3%
Land Reform	Total annual targets	9	12	12	16	10
	Targets achieved	6	4	9	10	3
	Targets not achieved	3	8	3	6	7
	Target success rate	66.7%	33.3%	75%	62.5%	30%
	Expenditure	R2.57bn	R2.65bn	R2.66bn	R2.55bn	R2.49bn
	Expenditure Rate	98.7%	99.5%	99.5%	100%	99.7%

5.1.1 Administration

The programme had two targets; namely, ensuring 100 per cent compliance with government regularity and legal prescripts and obtain an unqualified regularity audit opinion on financial and non-financial performance by 2020. As illustrated in Table 13 above, the performance success rate of this programme has been 50 per cent of the targets over the last four years. The main challenge under this programme to pay all valid invoices within 30 days upon receipt by Supply Chain Management (SCM). It is reported that during 2018/19, the programme was able to pay 96 per cent of valid invoices against a target of 100 per cent. The Committee noted that the performance was an improvement as compared to 87 per cent performance success rate in 2017/18. The critical areas of future focus, as recommended by the Committee, would have to be policy and legislation development, filling vacancies in strategic positions to enable the DALRRD to function effectively

5.1.2 Geo-spatial and Cadastral Services

This programme is responsible for ensuring integrated and comprehensive land administration system. In the year under review, it managed to achieve two of the five annual targets, a 40 per cent performance success rate. The reason failure to meet the target is reportedly because of the conveyancing, especially withdrawal of lodged deeds made available for registration by conveyancers. There is also lack of capacity in the Surveyor-General offices, especially skills at senior and middle management levels, and poor quality work submitted by land surveyors. In addition to land administration, the question of land audit and making state land available for land reform has been a critical matter over the years. The Committee suggested that it was important to finalise the land audit so the state knows what land is available and who uses it. Therefore, land audit should be completed without delay.

5.1.3 Rural Development

The key interventions under this programme are: infrastructure development, enterprise support and rural youth support through the NARYSEC. Almost all interventions under this programme are linked to Agri-Parks and there report hardly makes reference to the Comprehensive Rural Development Programme (CRDP) The Committee suggested that there was a need for conversation about the status of CRDP as it appears that it has been abandoned. Empirical evidence from two sites in KwaZulu-Natal confirms this assertion.

The Committee noted that over the last few years, there has been a number of projects and initiatives that were initiated without funding; for example, RADP, AVMP, RVCP, 1HH1HA, 1HH2DC, SRR. These meant that funds were deviated from other strategic programmes such as land redistribution and restitution to fund these projects which are mainly agricultural/farmer support programmes. As can be seen in the annual report, 1HH1HA and 1HH2DC were shifted to Land Reform. The performance of the programme is illustrated in Table 13 above. It achieved 6 of 7 annual targets, equivalent to a performance success rate of 85.7 per cent. The Committee expressed concerns with some targets which did not link people to interventions, therefore the performance has been measured by the expenditure on infrastructure development as opposed to the number of people that benefitted from interventions. The Committee also welcomed the number of job opportunities that were created through the rural development interventions.

5.1.4 Land Reform

The DRDLR has not reported performance on the target on the number of hectares acquired through Strengthening Relative Rights (SRR) Programme and the target on the number of pilot farms acquired and allocated to support Acceleration Land Development Redistribution initiative (ALDRI). As indicated above the performance on the target on the number households supported under 1HH1HA has been reported under this Programme instead of Rural Development Programme.

As shown in Table 13 above, 6 of 9 annual targets were achieved, equivalent to a performance success rate of 66.7 per cent. The Committee commends this performance improvement when compared to 33.3 per cent success rate 2017/18. The Committee welcomed the momentum around number of hectares acquired and allocated to smallholders. It is considered to be a critical step

towards achievement of the NDP target for 300 000 smallholder farmers by 2030. However, the Committee expressed concerns that the focus is on the number of hectares as opposed to the smallholders. It is thus necessary to begin to understand the number of smallholders and average hectares allocated to each smallholder so that impact could be quantified. In addition, a generally agreed definition of smallholder will help to assist target the beneficiaries. The Committee noted the Minister's response in relation to ongoing work around the Rural Development Policy and Bill which would clarify this matter. Similarly, allocation of land to farm dwellers and/or labour tenants was exceeded by a significant margin, which shows commitment to its strategic objective of allocating land to people living and /or working on farms. However, similar concerns have been raised in relation to number of farm dwellers and labour tenants that have been assisted.

5.1.5 Human resources

The Committee noted that the vacancy rate in 2018/19 was 12.5 per cent, a regression when compared to the vacancy rate of 10.48 per cent in 2017/18. The Committee expressed concerns regarding the vacancy rate of 20.54 per cent in land reform, and 16.73 per cent in rural development programmes. The two programmes are the major drivers of transformation in the land sector, yet they are not capacitated adequately. A further concern the highest vacancy rate was at Senior Management Service (SMS) level. In 2018/19, only 4 of the 12 SMS positions were permanent and the rest were occupied on an acting basis. By the end of March 2019, there were 74 vacant positions in SMS. Having high number of SMS personnel on an acting capacity created instability and uncertainty in the DRDLR.

The Committee urged the Minister to pay attention to serious allegations of fraud and corruption which is reportedly rife in the DRDLR. The Committee welcomed that there was some progress in dealing with issues because 90 disciplinary hearings or cases of misconduct were held in the year under review of which 12 resulted in dismissal, which is an increase from 58 hearings held in 2017/18 of which two were dismissed. However, a concern was that the matters took more than 3 months to deal with.

5.1.6 Report of the Auditor-General

The Department received an unqualified opinion from the Auditor General (AG) with findings for five consecutive years. ALHA received unqualified opinions with no findings (clean audits) from 2015/16 to 2017/18 but deteriorated to unqualified opinion with emphasis of matters in 2018/19 relating to non-payment of leases (and irregular expenditure of R39.868 million incurred on SRR projects. The issues of duplicate payments, cancellation of contracts reflected badly on the efficiency of the internal controls set in the DRDLR. The DRTA received a clean audit in 2016/17 and 2017/18. The Committee commended the DRTA for great work done to maintain the clean audit status.

The Committee expressed disquiet regarding the findings that relate to material misstatements in the submitted financial statements which could have been avoided, potential liabilities not provided for, and irregular, fruitless and wasteful expenditure incurred by the DRDLR. There have also been problems with regard to revenue management by ALHA. As indicated earlier, many farmers were either not paying lease fees or have not signed leases with government.

5.2 Commission on Restitution of Land Rights

By the end of March 2019, the CRLR had settled more than 99 per cent (about 79 000) of the claims lodged by 31st December 1998, restoring 3.5 million of hectares, benefiting more than 2.1 million beneficiaries. The performance achievements were attained amid operational weaknesses, human resource and financial constraints to the Commission. One of the greatest challenges was that the CRLR increasingly focussing on issues that are beyond its legal mandate, including taking responsibility for post-settlement and solving ongoing community disputes within CPAs. These interventions put a strain on its limited human capacity and budget resources. The Committee reiterated that there was a need to be autonomous from the DRDLR so that it was not burdened by the internal bureaucracy and the weaknesses of the DRDLR which results in the CRLR taking on some of those responsibilities.

Figure 2: Total number of land claims settled annually (2014-2018/19 trends)

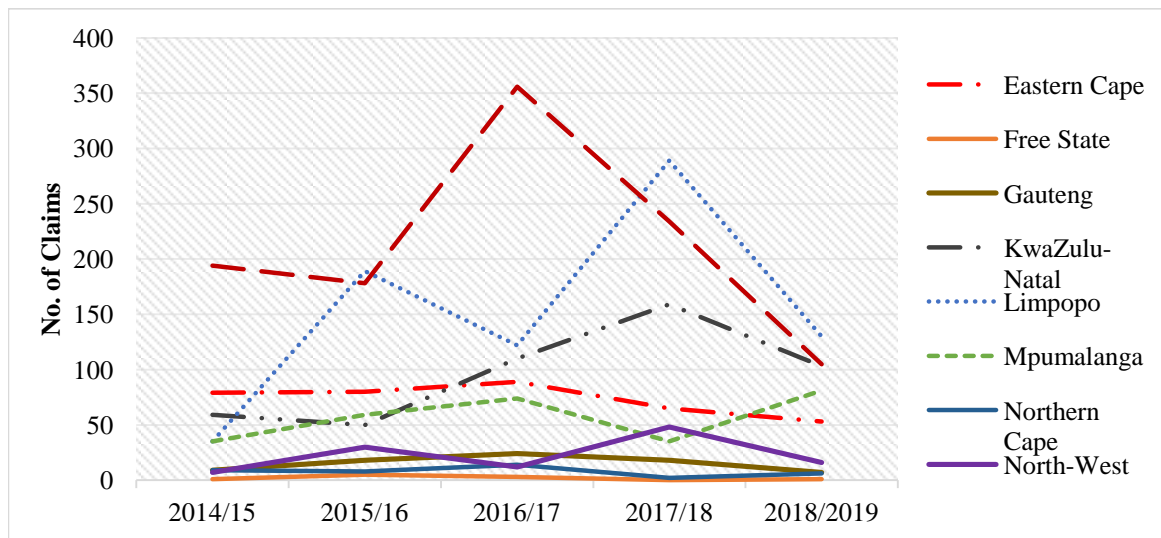


Figure 2 above shows that over the last five years (2014/15-2018/19), settlement of land claims has been uneven with exception of Free State, Northern Cape and Gauteng. In these provinces, fewer claims have been processed as indicated in Figure 2. Between 2017/18 and 2018/19, as demonstrated, there has been a decline in the number of claims settled across all the regional offices with the exception of Mpumalanga. Most settlements have been in the Western Cape, Limpopo, and KwaZulu-Natal as illustrated in Figure 3 below.

A decline in the number of settlement of land claims can be attributed to the weaknesses of the OVG to determine property values that were not subject to any challenge. However, as reported by both the OVG and the CRLR, both the owners and the claimants, have been rejecting the offers. As a result, it took longer to resolve land claims. These are some of the unintended consequences of the Property Valuations Act. The Committee noted the Minister’s proposed interventions to ease some of the constraints of the OVG.

Figure 3: Total Number of claims settled over the last five years

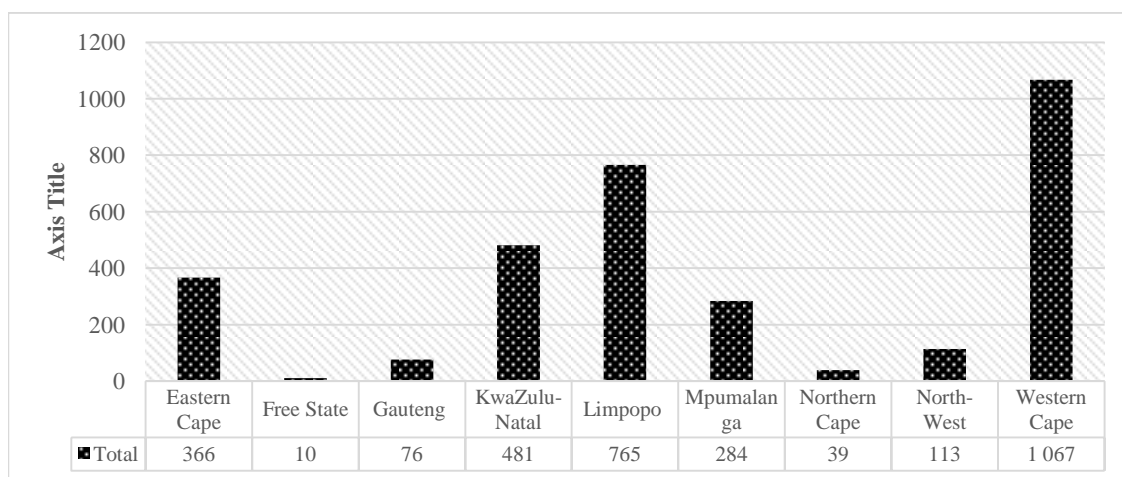
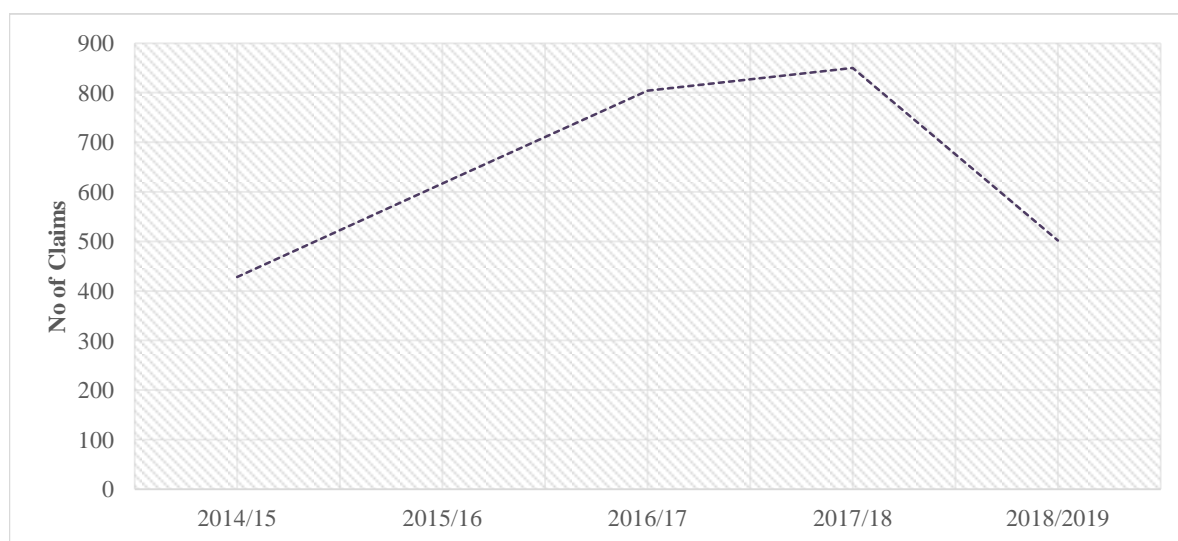


Figure 4 below shows that the number of claims settled had a gradual increase from 428 in 2014/15 to 850 in 2017/18 and then dropped to 502 in 2018/19.

Figure 4; Overall total number of claims settled (2014/15 – 2018/19)



For the 2018/19 financial year as illustrated in the Table 14 below, the CRLR exceeded its targets on two performance indicators, namely number of land claims finalised and number of phased projects approved.

Table 14: Performance against set targets in 2018/19

Strategic Objective	Performance Indicator	Target	Actual	Variance
Facilitate the restoration of land rights or alternative forms of equitable redress by 2020	No. of land claims settled	1 151	502	-649
	No. of land claims finalised	991	995	+4
	No. of phased projects approved	117	140	+23

The Committee welcomed attempts to deal with backlog claims as demonstrated by progress report on approval of phased projects. However, there are variations in how the regional offices' performance. Regional Land Claims Commissioner's offices of the North-West, the Northern Cape, and the Western Cape have not performed satisfactorily in relation to the number of claims finalised. The CRLR missed a target to settle 1 151 claims by 649 land claims. The Committee noted that the delays by the OVG to finalise valuations played a significant role in the failure to meet this targets. In the year under review, 502 claims were settled, with 177 623.2 hectares at a cost of R881.76 million.

The Committee expressed a view that there has to be information about the number of people and/or households that benefits from the settlement. Further, the number of beneficiaries should be disaggregated to show different vulnerable groups. The Committee commended provinces like Limpopo and KwaZulu-Natal for the highest number of claims settled.

Table 15: Summary of statistics of restitution as per number of claims settled in 2018/19

Province	No of claims settled	Hectares	Land Cost in R'000	Fin Comp in R'000	Development Funding	Total Award in R'000
Eastern Cape	53	9 381.7	0	325,720	0	325,720
Free State	1		0	13,483	13,483	26,966
Gauteng	7		0	68,841	0	68,841
KwaZulu-Natal	103	5 011.4	165,337	377,868	1,550	544,755
Limpopo	130	8 634.8	85,727	536,730	0	622,457
Mpumalanga	81	2 450.1	41,050	190,754	43,824	275,628
North-West	16	131	3,523	14,446	0	17,969
		129.6				
Northern Cape	6	21 013.9	585,527	57,760	0	643,287
Western Cape	105	1.7	600	124,826	0	125,426
TOTAL	502	177 623.2	881,764	1,710,428	58,857	2,651,049

The Free State, Northern Cape and Gauteng provinces had the lowest claims settled as there are fewer number of outstanding claims in these provinces. In terms of budget, a total of R2.65 billion was spent toward the settlement of claims in 2018/19. Of the total expenditure, R881.76 million (33.3 per cent) was for land cost and R1.7 billion (64.5 per cent) was for financial compensation whilst R58.9 million (2.2 per cent) was for development funding. It is quite clear that majority of the claims settled were in financial compensation as opposed to land restoration.

Table 16 below shows that an existing serious challenge with regard to settlement of land claims lodged before 31 December 1998. The Committee recommended that the CRLR to address the weaknesses without delay. In the past, there were challenges with research capacity. In the year under review, the CRLR did not cite research as a challenge but the property valuations. The OVG requires urgent attention in order to bring restitution back on track.

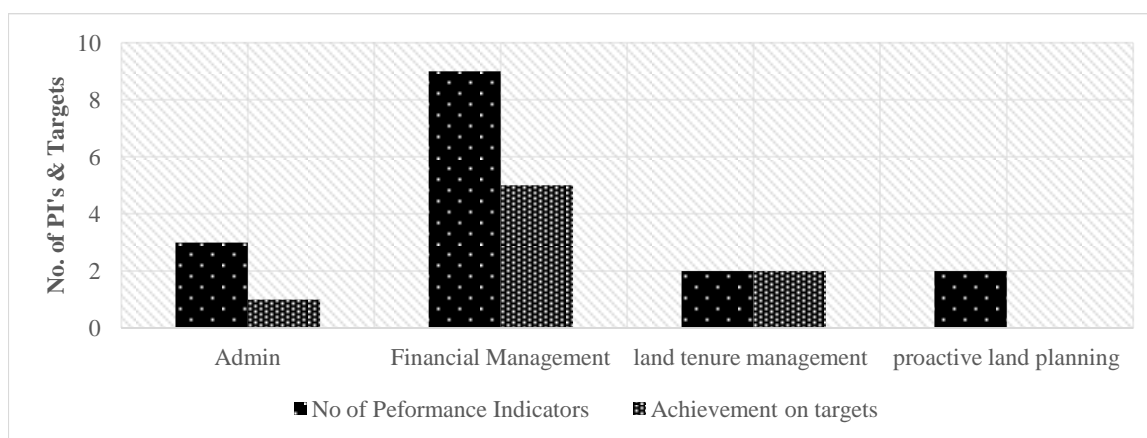
Table 16: Performance per Province against Annual Targets for 2018/19

Province	No of claims settled		No of land claims finalized		No of phased projects approved	
	Target	Actual	Target	Actual	Target	Actual
Eastern Cape	158	53	60	81	17	9
Free State	0	1	25	26	3	0
Gauteng	60	7	32	55	3	3
KwaZulu-Natal	300	103	149	321	16	19
Limpopo	204	130	198	118	18	22
Mpumalanga	159	81	40	67	30	56
Northern Cape	10	6	119	101	6	5
North-West	29	16	66	11	24	12
Western Cape	231	105	302	215	0	14
TOTAL	1 151	502	991	995	117	140

5.3 The Ingonyama Trust Board

The main objective of the ITB is to administer the Trust land for the material benefit and social well-being of the communities living on Trust land. Its work is guided by the following strategic objectives: unlocking an enabling environment for conducive development on Trust land; effective and efficient asset management services; providing Human Resource Management; and support to Traditional Councils in capacity building programs. Performance of the ITB was assessed on the basis of three critical programmes; namely, administration, land and tenure management, and proactive land planning.

Figure 5: Performance Indicators and Target achievements



5.3.1 Administration

The programme of administration, as demonstrated above, achieved only 1 of the 3 targets set on performance indicators. Financial administration, whose performance was at 50 per cent success on targets, is a sub-programme under administration. The Committee expressed concern that the two performance indicators that the ITB could not meet the targets on are policy development and addressing the previous Audit Findings by the Auditor-General of South Africa. As will be discussed under the section of the Auditor-General's report, the ITB and the Auditor-General have reached a deadlock with regard to what accounting standards to follow. As a result, the ITB's failure to address the concerns of the Auditor-General has led to an adverse audit opinion. The Committee was concerned about the posture that the ITB has taken with regard to status of the Ingonyama Trust, which suggest that the Trust cannot be subjected to audit as prescribed by the GRAP standards as if it was a Schedule 3A Entity. According to the ITB, only the ITB can. On the basis of the legal opinion received by the DRDLR, however, the Committee believes that the ITB is an accounting authority for the Ingonyama Trust. Therefore, the ITB must account on all aspects of the Trust, equally, the Trust as a statutory body must account. It has become quite clear that the issue of the accounting standards requires urgent attention from the Minister and the Auditor-General.

5.3.2 Land and tenure management

The programme has met all the targets set, and the Committee commended the ITB for this performance. The matter of conversion of residential PTOs to leases was a matter of concern. During the deliberation, the ITB representative, submitted that the land belongs to communities, and the Trustee holds it in Trust. It therefore, according to the Committee, did not make logic why owners of the land should have leases on their own land, and why rent was accruing to the ITB and not communities who own the land. The Committee noted the submission by the ITB that conversions from PTO to leases was voluntary. The Committee was considering possible ways to engage with members of the public regarding the suggestion that it was voluntary to convert leases as well as ceding the land under written consent for commercial leases.

5.3.3 Proactive Land Planning

Under Proactive Land Planning, the ITB did not achieve the two planned targets for the year under review. The Committee was concerned because a neglect of strategic interventions to facilitate the development of rural enterprises and human settlement opportunities in traditional communities in order to enable them to improve their livelihood and social well-being in line with the founding legislation for the Trust.

5.3.4 Auditor-General report

The ITB received an adverse opinion from the Auditor-General (AG) during the year under review as was the case in 2017/18 on the basis of land valuation disclosure, the ITB did not recognise Trust land as investment property, the expenditure of R320.88 million relating to municipal property rates is not recognised as an expenditure in the financial statement but as a liability; and irregular expenditure of R1.9 million which was not disclosed in terms of the PFMA as well as contingent liabilities relating to municipal property rates could not be verified.

5.4. Office of the Valuer-General

The Office of the Valuer-General (OVG) was set up in terms of the Property Valuation Act, 2014 (Act No.17 of 2014). In terms of the PVA, the OVG is responsible for the valuation of properties identified for land reform purposes; a voluntary valuation service to government departments; the developing of criteria and procedures and monitoring of valuations; and giving effect to the provision of the Constitution in establishing a just and equitable process for property valuation. All valuations must be subject to criteria based on section 25(3) of the Constitution. The Property Valuation Act (PVA) became effective on the 1st of August 2015 and therefore, OVG officially started on the 17th August 2015. The OVG was listed as schedule 3A public entity in terms of the Public Finance Management Act, 1999 (Act No. 1 of 1999) on the 28 March 2018. Therefore, it only started to function as a stand-alone public entity reporting directly to the Minister of Rural Development and Land Reform in the 2017/18 financial year. The report under consideration is based on their first Annual Performance Plan in 2018/19.

Almost three years into its existence, the OVG has not finalised its organogram. It operates under the interim or 'start-up' organogram, yet it is a fully established Schedule 3A Public Entity. The MOA with OCRD has been extended until March 2020. As reflected in a Table above, of the eight (8) targets set by the department, the OVG managed to achieve only 4, i.e. a 50 per cent success rate on all performance indicators and targets it set for itself. The following paragraphs summarises performance of the OVG in terms of four strategic objectives; namely valuations for land reform, criteria, procedures and guidelines for valuations, quality of valuations, and operational governance and operational sustainability.

5.4.1 Execute all valuations for land reform

Of the two targets relating 1268 valuations for restitution and 153 for redistribution, the OVG did not meet the target for restitution. It only achieved 1009 of the targeted 1268 valuations. The OVG failed to conduct 259 of the planned 1268 restitution-related valuations. Failure to implement the organogram, as planned, resulted in inadequate capacity to deliver the number of valuations as planned. Involvement of the OVG in negotiations with landowners takes away some of the human resources from valuation work. It should be noted that the Act did not envisage the OVG to be involved in restitution negotiations. Under what section of the Act does the OVG participate in negotiations? If the OVG would venture into performing tasks that are not within its mandate, it risks failing to meet its targets.

5.4.2 Criteria Procedures and guidelines determined in accordance with plan

The OVG was able finalise determination of the criteria, procedures and guidelines to standardise valuation practices for land reform valuations. During these guidelines were approved by the Minister and have been in use throughout the 2018/19. Despite these guidelines, the concern for the Committee was that there were still increased incidences of rejection of the valuations.

5.4.3 Produce high quality valuations

With regard to the quality of valuations, the OVG was limited because the Independent Valuations Review and Quality Assurance Committee was not yet established by the end of the 2018/19 financial year. The OVG reported the committee has since been established in 2019/20. Because the OVG did not establish the Independent Valuations Review and Quality Assurance Committee as planned, there were no review of valuations done. The OVG reported that it could not attract suitable candidates and the recruitment process would be concluded in 2019/29. Whilst there were many reasons that were stated, the Committee could not rule out the possibility that this matter was not prioritised. Once the OVG started to prioritise this matter, it started the recruitment process quite late in the year which is the reason why it could not conclude the process. However, the Committee commended the OVG for having set up the Quality Review Committee in the current financial year.

5.4.4 Establish operational and governance processes

Determination of the Business Operating Model and Establishment of internal controls project, as planned for 2018/19 was not completed by the end of the 2018/19 financial year. However, 94 per cent of the work on the project was completed. The Committee noted that it was difficult, from a Parliamentary perspective, to assess what 94 per cent or 6 per cent mean. Further, the OVG was not able to conduct a feasibility study for the development of property data management too.

5.4.5 Achieve operational sustainability

Filling of professional vacancies and retention thereof in terms of the approved structure. Number of people attending the designated land reform valuations training courses. It appears that the organogram of the OVG was not finalised by 31 March 2019, hence many planned interventions were not carried out. The Committee welcomed initiatives for training courses on land reform valuations in collaboration with the South African Council for the Property Valuers Profession (SACPVP) and the University of Cape Town (UCT). It is believed that the course will equip property values with advanced skills regarding the valuation of properties to be acquired by the State in terms of the provisions of PVA and the envisaged Expropriation Act. The Committee commended the OVG for training 13 valuers more than the planned 10 positions of valuers to undergo training.

5.5 Governance and Human Resources

Whilst the OVG is a schedule 3A Public Entity, it has not established its own systems to function autonomously. It has entered into an MOA with Office of the Chief Registrar of Deeds (OCRD) to provide corporate functions, supply chain management, and human resources management. It is unclear what the intention of the OVG is in this regard, and the Committee should consider probing the future plans regarding this arrangement. It is quiet concerning that the OVG operated for the entire year without an Audit and Risk Committee. The existing Committee was established on 1 March 2019, a month before the end of the year. Further, it does not have internal control unit. The Internal Audit Function has been outsourced to an independent service provider, namely, *Lunika Chartered Accountants and Auditors*. The Audit and Risk Committee, having been in officer for a month before the end of the financial year, did not conduct any internal audit review for 2018/19. On the basis of the Auditor-General reports, it is of the view that there are certain control weaknesses relating to the performance information reporting processes.

With regard to *human Resources*, the OVG increased its staff complement from 11 to 17 members. There has been one termination of contract from senior management, i.e. the Valuer –General. In terms of the interim structure, the OVG had 24 approved posts, and as stated 17 were employed. There is, therefore, a vacancy rate of 29 per cent. The personnel expenditure amounts to 38 per cent of the total allocation of the OVG as indicated below. The high vacancy rate means that the OVG had to rely on private sector for valuations and the OCRD for internal administrative support.

6. Summary of observations of the Committee

This section summarises the Committee's observations and conclusions. It draws on analysis presented in preceding sections, especially financial and service delivery performance for the 2018/19 financial year. The report of the Auditor-General of South Africa (AGSA), as were the presentations by the DPME and FFC, was a useful resource against which some of the observations of the Committee were tested. The section is divided into three sections, namely technical issues and governance, service delivery and financial or budget-related observations.

6.1 Technical and governance observations

The priorities of the DRDLR and the entities are aligned to the NDP priorities as articulated through the MTSF and the SONA, the performance reports of the DRDLR and entities have followed suit. The Committee has observed that the performance indicators and targets have, to a large extent, focussed on interventions such as number of hectares allocated to smallholders or number of socio-economic projects rather than the intended beneficiaries. Members had to ask questions about number of smallholders supported and the average hectare per smallholder. Some of the concepts have not been clearly defined; for example, what a smallholder and smallholding is. Similarly, indicators such as "number of infrastructure projects facilitated" were not specific and thus makes it difficult for enforcing accountability.

Analysis of reports on the predetermined objectives against the 2018/19 APP shows that some key interventions and plans were not included in the annual report. For example, there is no report on pieces of legislation that were planned to be tabled in Parliament in 2018/19, neither does the report provide an explanation with regard to such an omission. Further, the report does not provide specific time-frames for finalisation of all the proposed policies. With regard to performance indicators, the report omitted to report on the number of SRR and ALDRI targets as discussed in this report.

There is a need to focus on socio-economic impact of land reform and rural development interventions. Whilst annual reports do show expenditure on planned interventions, the outcomes and impacts on beneficiaries require a different reporting framework. Similarly, as observed by the Committee of the 5th Parliament, there is a need for the DRDLR to finalise assessment of all land reform project in order to assess the socio-economic impact, of which Phase 1 of PLAS farms is completed.

The Committee noted that the DRDLR, including the CRLR, has been granted unqualified audit opinion. What is of great concern is an increase in the matter of emphasis by the Auditor-General

which, according to the Committee, could have been avoided. The regression of the ALHA was a matter of concern alongside its inefficient lease management processes which is discussed under the service delivery observations. The Committee commended the Deeds Registries for a clean audit. Lack of improvement of the ITB, and its adverse audit opinion, warrants urgent attention of the Minister. Given an impasse between the ITB and Auditor-General regarding the applicable accounting standards and other related prescripts, review of the Ingonyama Trust founding legislation is vitally important in order to ensure that there was no ambiguity in respect of the applicable accounting standards and the accountability of both the ITB and the Ingonyama Trust as public entities.

The Committee noted that the Auditor-General's statement that all auditees in the portfolio, that is the DRDLR and related entities, needed to improve the quality of financial statements submitted so that there are no material adjustments on statements submitted for audit. This suggested that there was lack of capacity or due diligence in dealing with the financial statements of the DRDLR or entities.

Internal controls assessment conducted by the Internal Audit Committee points severe weaknesses and high risk in both access and security of paper-based and electronic records within the Department. It further showed high risk in project management and inadequate service level agreements and contracts. Fraud and corruption pose risk to successful land reform and rural development. The Internal Audit Committee also found that lack of an ethical infrastructure as well as inadequate and ineffective controls contributed lack of successful mitigation of the fraud risks facing the DRDLR. The Committee noted with concern that the investigations took longer than three months to complete. The Committee welcomed the forensic audit on SRR projects and noted that the programme has since been suspended until the investigations are completed.

The CRLR, as a fully established commission, was fully compliant with Section 51(f) of the PFMA insofar as financial reporting is concerned. According to the Auditor-General, the CRLR was established as a commission and not a government department and should not be a programme of the DRDLR. The autonomy of the CRLR is long overdue and should have, by now, set up its own back office support and operate autonomously. Achieving autonomy of the CRLR would require injection of additional resources, both financial and human, to ensure an effective and efficient institution.

6.3. Observations regarding service delivery against the pre-determined objectives

With regard to service delivery, the Committee made the following observations findings:

- Litigation regarding the Restitution of Land Rights Amendment Act, in as far as it opened reopening for lodgement of land claims and possible prioritisation of new claims has resulted in an interdict of the Commission to process all new claims. Further, the Court has invoked a judicial oversight on land claims processes for settlement and finalisation of all land claims lodged by 1998. One of the key developments is that the CRLR is required to submit progress reports to the Land Claims Court biannually.
- The backlog claims and related commitments pose a threat to restitution. The CRLR is exposed to risks due to these commitments. Urgent intervention by ring-fencing funding to clear the commitment register is vitally important.
- There is a pressing need to finalise all 'old order' land claims in order to facilitate land access through processes of restitution. Further, both land redistribution and restitution could benefit from release of state land for access and use by claimants and/or landless people in peri-urban, urban and rural areas. In Line with the Inter-Ministerial Committee on Land Reform, making state and public land available for transfer to landless people could address some of the vulnerabilities of landless people, especially in the urban areas.
- Although the DRDLR had planned to achieve unqualified audit opinion without findings, it still achieved unqualified audit opinion with emphasis of matters. Whilst the continued unqualified audit opinion is commended, the Committee still emphasized a need to achieve unqualified without findings and ultimately a clean audit.
- None of the planned eight pieces of legislation to be tabled during the year under consideration. Key legislation such as Rural Development Bill and the Communal Land Tenure Bill remain incomplete.
- The matter of SPLUMA's administration being transferred to the Presidency remains unresolved. The implications of this cabinet decision could still not be explored in detail due to

lack of information in relation to policy direction. The Committee further noted that the Minister has put implementation of this proposal in abeyance pending the finalisation of the reconfiguration of the government departments, particularly the merger of DAFF and DRDLR.

- The Committee found that majority of top positions in the SMS of the DRDLR, including the OVG and CRLR, were vacant or occupied on an acting basis. As the performance indicates, delivery of services has been affected.
- The Blended Finance to support land reform has been put on hold, pending reconceptualisation and development of policy.
- ALHA was struggling with lease and revenue management because majority of the PLAS farmers were not paying the lease fees as per the contracts. If not addressed urgently, the entire leasehold model for redistribution might collapse.
- The branch responsible for support of CPAs, monitoring farm evictions and making interventions, processing labour tenants applications, processing TRANCRAA and provision of mediation and legal services through Land Rights Management Facility (LRMF) was not adequately capacitated. Further, the proposals to transfer legal services provision to Legal Aid Board of South Africa was still under consideration, therefore LRMF continued to function with a panel of attorneys to make interventions when required to do so. For the year under review, the Committee observed that lack of capacity in the Land Tenure and Administration affected CPAs' compliance to the relevant legislation, and failure of the Department to regularise them. Similarly, failure to process the labour tenants' applications, especially in KZN, was because of lack of budget for this sub-programme.
- Rural development interventions have mainly been on Agri-Parks and the CRDP sites appear to have been abandoned. Most interventions in Agri-Parks were in fencing, irrigation, construction administrative blocks, and training.

6.4. Financial Performance including funding proposals

The Minister of Finance, in his response to the 2018 BRRR, acknowledged three of the four recommendations of the Portfolio Committee and Rural Development and Land Reform. The Minister further suggested that he was willing to support and intervene where necessary but he was going to be guided by the Minister of Rural Development and Land Reform. In the absence of the report of the Minister of Rural Development and Land Reform, the Committee could not make any determination if there were any interventions from the Ministry to address the budgetary recommendations which still stands.

The idea that the DRDLR, together with National Treasury and the DAFF were developing an integrated funding model for settlement support to land reform beneficiaries, smallholder farmers and emerging commercial was welcome and would be monitored. The Committee noted that the former DRDLR had no budget allocation for farmer support, it usually took 25 per cent of the land acquisition fund and channel it to RADP. With the merger, proper care must be taken to ensure that land acquisition funds are not taken for support of non-land reform farmers.

The DRDLR has been able to spend almost 99.9 per cent of its budget. The Committee observed that there were many projects that were not budgeted for, as a result, the DRDLR to shift funds and make budget virements in order to cover for those projects. Most of these were rural development initiatives which duplicates and overlap with the former DAFF mandate.

The CRLR continued to be exposed to commitments arising from settlements that occurred prior to 2019/20 financial year. Many of the claims settled and finalised before 2009 were still waiting for their grant funding which the Commission has not released. Lack of funding has affected ability of land restitution beneficiaries to use their land productively.

7. Recommendations

In view of the above observations and conclusions, the Committee recommends to the National Assembly that –

7.1 The **Minister of Finance** should,

- 7.1.1 In view of the Minister's response to previous BRRR, hold bilateral engagements with the Minister of Agriculture, Land Reform and Rural Development in order to address the previous recommendations regarding the following:
- (a) Funding for creation of back office support to an autonomous Commission in order to comply with Section 51(f) of the PFMA as recommended by the Auditor-General, and to ensure that the CRLR, as a commission, is autonomous from the DALRRD as envisaged at the inception of restitution.
 - (b) Suspense account of the CRLR in order to mitigate the risk of commitments and clear the commitment register with regard to all the old order land claims.
 - (c) Comprehensive farmer support so that budget for land acquisition does not get diverted to implement other rural development initiatives which have not been budgeted for.
- 7.1.2 Seek mechanisms to unlock the bottlenecks that have obstructed the implementation of Project Kgolaganyo, a construction of office accommodation in Pretoria. Further, the Minister should host bilateral meetings with Minister of Agriculture, Land Reform and Rural Development to consider and approve concurrence letter so that the construction could commence.
- 7.2 **The Minister of Agriculture, Land Reform and Rural Development should,**
- 7.2.1 Engage the Minister of Finance, as requested through the Minister of Finance's Responses to the previous BRRR in the Minister's Budget Review, with regard to requesting guidance in various matters where the Committee recommended budget increase.
- 7.2.2 The DALRRD, once fully reconfigured, must fill all vacancies in key and strategic positions to enable it to enhance delivery of services especially in policy development, finalization of surveys and registration of state land as well as the development of a comprehensive immovable asset register which will enhance ALHA lease management and assist in identification of state and public land available for redistribution.
- 7.2.3 Urgently streamline all related programmes and functions under both former DAFF and DRDLR in order to maximise on limited available resources and avoid competition among branches of the same DALRRD and foster programme coherence.
- 7.2.4 With regards to the **Commission on Restitution of Land Rights,**
- (a) Submit all reports that the CRLR submits to the Land Claims Court in terms of the order for a Judicial Oversight in order to assess and ensure uniformity of reports submitted to both the Land Claims Court and Parliament.
 - (b) Assist the CRLR to develop and submit a business case and proposals for an autonomous CRLR together with all short-term and long-term funding requirements. The document should include details of its business process mapping, institutional structure, and business re-engineering approach and the cost implications for the project.
 - (c) Table a comprehensive report on commitments in the form of grants approved in terms of Section 42C of the Restitution of Land Rights Act before 2009, and further outline a realistic plan, in line with budget allocation, regarding the settlement of the commitment register.
- 7.2.5 With regard to the **Department of Rural Development and Land Reform,**
- (a) Complete policy consultation process to develop a White Paper on Land Reform which would give guidance and direction to South African land policy. The Minister should pay close attention to communal land tenure positions in order to give effect to Section 25(6) of the Constitution which seeks to bring all people occupying land, including former homeland areas, under a unitary and legally validated system of landholding.
 - (b) Conduct Phase 2 of a national survey of all farms acquired through land reform programme since 1994 to date, assessing farm productivity sustainability of farms and the socio-economic and livelihoods impact of land reform on beneficiaries. The report, once completed, must be tabled in parliament for further debate and informing policy direction and legislation development.

- (c) Submit progress reports on pieces of legislation that were not included in the annual report, further submit a legislative programme for the MTEF period. Further ensure that the DALRRD adheres to the key milestones for the legislative programme.
- (d) Ensure that the DALRRD should build internal capacity to carry out the mandate for tenure reform and land administration; this is particularly urgent for provision of support to CPAs, and processing of labour tenants' applications. Further, submit a status report on processing of labour tenants' applications. The report should not be limited to the total applications received by provinces, the extent of land by district, the cost estimates for processing such applications, and possible time frames. All related matters, including the financial implications of the Constitutional Court Judgement in this matter, must be included.
- (e) Ensure that, prior to implementation of new programmes, for example the blended finance and stimulus package initiatives, there are clear and well understood policies that are widely canvassed among stakeholders and wider South African to guide policy implementation. Such approach would ameliorate some of the fruitless and wasteful expenditures such as those incurred under SRR.
- (f) Improve the capacity within the DALRRD to collect revenue, especially lease fee collection under ALHA and reporting to Parliament.

7.2.6 With regard to the **Office of the Valuer-General**,

- (a) Ensure that management implement proper processes, policies and procedures to enable the OVG to deliver on its mandate in a manner that does not obstruct faster delivery of land either in terms of restitution or redistribution.
- (b) Recruit and appoint skilled property valuers and back office support personnel who must assist the OVG to deliver according to the mandate set out in terms of the Property Valuation Act. Further, ensure that the Independent Valuations Review and Quality Assurance Committee is well capacitated in order to assist the OVG avoid rejection of property values set by the OVG

7.2.7 With regard to the **Ingonyama Trust Board**,

- (a) Review the Ingonyama Trust Act, with an intention to introduce amongst others substantial amendments that will ensure that both the Ingonyama Trust and the Ingonyama Trust Board are fully accountable to Parliament, and leave no room for current ambiguities regarding the status of the Ingonyama Trust as a public entity and statutory body that follows accounting standards followed by similar public entities.
- (b) The review should also ensure that there are secure land rights of the people living on Ingonyama Trust land. Further, create conditions under which conversion of their customary ownership to tenant status through leasehold arrangement is prohibited but upgrading of tenure in line with the Constitution and relevant legislation.
- (c) Create mechanisms through which members of communities living on Ingonyama Trust land, who are affected by the decision of the ITB to change their land rights status to leasehold are protected from risk of losing their land rights and properties.
- (d) Explore mechanisms through which revenue from commercial leases are paid directly to land rights holders (communities) as real owners as the representative of the ITB stated. The process should consider the Trustee-Beneficiary relationship and the 10-90 per cent divide of the Trust's revenue.
- (e) Ensure that management implement proper processes, policies and procedures, and appoint skilled staff to enable the ITB to function and comply with the relevant laws and regulations, including accounting standards in line with the Auditor-General's recommendations.
- (f) Speedup facilitation of engagement between the ITB, National Treasury, and the Auditor-General together with the Accountant General in order to address the impasse regarding applicable accounting standards, i.e. the GRAP standards in relation to valuation of land and royalty revenue entitlement and the status of the Ingonyama Trust as a statutory body.
- (g) Conduct, together with the ITB, the livelihoods impact of the programmes of the ITB and the Act with a focus on land tenure and administration, leasehold tenure system and protection of customary land rights of traditional communities.

Unless otherwise indicated, responses to the above recommendations should be submitted to the National Assembly by no later than three months after the adoption of this report by the National Assembly

Report to be considered.