

## **12. Report of the Portfolio Committee on Rural Development and Land Reform on Budget Vote 33: Rural Development and Land Reform, dated 10 July 2014**

The Portfolio Committee on Rural Development and Land Reform, having considered the Strategic Plans (2014 – 2019), Annual Performance Plans (2014/15) and budget allocations of the Department of Rural Development and Land Reform, the Commission on Restitution of Land Rights, and the Ingonyama Trust Board, reports as follows:

### **1. Introduction**

This report provides an account of processes of the Portfolio Committee on Rural Development and Land Reform, hereinafter referred to as the Committee, during consideration of the strategic plans and budget allocations of the Department of Rural Development and Land Reform (the Department), the Commission on Restitution of Land Rights (the Commission) which is accounted as an integral part of the restitution programme within the Department, and the Ingonyama Trust Board (ITB). The Committee process involved briefing on the strategic plans and budget allocations by the Department, the Commission, and the ITB. The analysis of the plans drew on a range of source documents such as the Estimates of National Expenditures (ENE), the National Development Plan (NDP) and the New Growth Path (NGP) and the previous relevant Budget Review Recommendations Reports (BRRR). This approach assisted the Committee to assess the extent to which the medium-term plans addressed key challenges identified in the contextual scan of the environment within which the Department, the Commission and the ITB operates.

On 02 July 2014, the Department, the Commission and the ITB appeared before the Committee in order to brief the Committee on their strategic plans and allocation of resources to the various programmes over the medium-term, with a particular focus on the 2014/15 financial year. In addition, the Department and entities mentioned reflected on how their plans were aligned to the National Development Plan, the State of the Nation Address (SONA) and Medium-Term Strategic Framework priorities. The delegation from the Department, the Commission, and the ITB was led by the Minister of Rural Development and Land Reform, Hon G Nkwinti, and the Deputy Ministers, Ms Mashego-Dlamini and Mr. M Skwatsha. Senior Management of the Department and the Ingonyama Trust Board and its administration were in attendance of the briefing sessions and participated in the deliberations. On 9 July 2014, further presentation from the ITB was received in order to clarify issues relating to its mandate and how plans were aligned to the mandate as derived from the law governing the ITB. Further deliberations on the presentations created platform for the Committee to reflect on the key findings and recommendations for the Minister of Rural Development and Land Reform.

This report proceeds as follows: it discusses the plans and budget allocation for the Department including the Commission; highlights the ITB plans and budget allocation; and documents a summary

of the Committee's key conclusions based on its observations. In conclusion, the report makes recommendations to the National Assembly for the Minister of Rural Development and Land Reform.

## **2. The Department of Rural Development and Land Reform**

The vision of the Department is to ensure attainment "vibrant, equitable and sustainable rural communities", and its mission is to initiate, facilitate, coordinate, catalyse and implement an integrated rural development program. This vision and mission are underpinned by agrarian transformation as a strategy to attain this vision. Agrarian transformation is understood to mean "a rapid and fundamental change in the relations (systems and patterns of ownership and control) of land, livestock, cropping and community"

### **2.1 Strategic context and the key priorities for the 2014/15 financial year.**

The Strategic Plan (2014-2019) of the Department sets the performance within a context of marginalisation of the poor, especially those in the rural areas. These areas encounter the challenges of, amongst others, the legacy of apartheid's spatial design which excluded blacks from the mainstream of the economy, unequal land ownership patterns, underutilisation and unsustainable use of natural resources, weak coordination of planning and implementation of rural development, and inability of rural areas to attract sustainable enterprises and industries. In addition, it is widely acknowledged that land reform has not yet translated into the establishment of sufficient number of sustainable black new farmers.

The Committee has noted that the Department has identified the six MTSF priority areas linked to the NDP policy imperatives, namely:

- improved land administration and spatial planning for integrated development in rural areas;
- sustainable land reform (agrarian transformation);
- improved food security;
- smallholder farmer development and support (technical, financial, infrastructure) for agrarian transformation;
- increased access to quality basic infrastructure and services, particularly in education, healthcare and public transport in rural areas; and
- 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.

The Committee also noted that the reopening of the lodgement of land claims to accommodate those who missed opportunities to lodge land claims by the closing date of 31<sup>st</sup> December 1998 was a direct response to pronouncements made during the SONA. It further noted that consultation processes on policy provisions for the exceptions to the 1913 cut-off date for the claims by the descendants of the Khoi and San communities as well as the National Heritage Sites and historical land marks were at an advanced stage. In line with the NDP, the New Growth Path (NGP), the plans of the Department

illustrated that comprehensive support to smallholder farmers by speeding up land reform and providing technical, infrastructural and financial support to communities as well as to engage in food security were among the top priorities.

Whilst the Committee observed that there was clear alignment between the plans of the Department and the NDP and NGP, especially as it related to situating agriculture, largely the smallholder sector, at the centre of job creation, it was not convinced that there was clear linkage between the ITB plans as tabled and these national priorities.

Table 1 illustrates the manner in which the Department translated the MTSF priorities relevant to rural development and land reform into strategic goals.

Table 1: Strategic outcome oriented goals

<b>Strategic Goal</b>	<b>Strategic Goal Statement</b>
- 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: adapted from the Strategic Plan of the DRDLR (2014-2019)

Table 2 of this report illustrates the strategic objectives illustrated above according to the five main programmes of the Department. The Committee observed that the strategic objectives of the Department remained unchanged to a larger degree. However, whilst in 2013/14, tenure reform was included in the strategic plans, in 2014/15 tenure reform as a component of the land reform did not feature. It found that there were no particular objectives to hold the Department to account on how it would foster tenure security on commercial farms in terms of Extension of Security of Tenure Act and Labour Tenants (Land Reform) Act. Similarly, the strategic plans provided limited scope for reporting

on tenure reform in communal land areas, especially enforcement of the Interim Protection of Informal Land Rights Act. Nevertheless, the Committee welcomed efforts to finalise tenure rights policies and legislation targeting both communal areas and commercial farming areas.

Table 2: Strategic objective statements of the Department of Rural Development and Land Reform

<b>Programme</b>	<b>Strategic Objective Statement</b>
• Administration	<ul style="list-style-type: none"> <li>- Compliance with all public sector legal prescripts</li> <li>- Unqualified regularity audit opinion</li> <li>- Skills development for improved service delivery</li> </ul>
• National Geomatics Management Services	<ul style="list-style-type: none"> <li>- Improved spatial planning</li> <li>- Integrated and comprehensive land administration system</li> </ul>
• Rural development	<ul style="list-style-type: none"> <li>- Job creation and skills development in rural areas</li> <li>- Quality infrastructure provided</li> <li>- Functional and institutional arrangements</li> <li>- Facilitate the establishment of rural enterprises and industries</li> </ul>
• Restitution	<ul style="list-style-type: none"> <li>- Land Rights restored</li> <li>- Redress land rights lost after 1913</li> </ul>
• Land Reform	<ul style="list-style-type: none"> <li>- Strategically located land acquired</li> <li>- Support to rural communities to produce their own food in all rural districts</li> <li>- Farm development support provided to smallholder farmers</li> </ul>

Source: adapted from the Strategic Plan DRDLR (2014-2019)

As illustrated in Table 2 above, the Committee's review of the strategic objective statements according to the programme clarified that the Department and the Commission have attempted to align their plans to the NDP and other relevant MTSF priorities. The key issue related to redress of dispossession of lost land rights, farm development support for smallholder farmers and job creation. The Committee argued for effective oversight, including project visits to draw empirical evidence on the impact of the policies as well as ascertaining if the plans were being implemented as proposed. One of the crucial questions that arose from the strategic objectives was whether land reform would be used to expand the land ownership base for smallholders. The current restitution and redistribution policies have a particular bias in favour of maintaining the large-scale farming as opposed to smallholders. The Committee noted that oversight on how smallholders were going to be supported was crucial and recommended that such oversight should focus on smallholders in the former Homeland areas and the commercial farm lands. The Committee noted that the Recapitalisation and Development Programme (RADP) has been the main farm development support policy instrument. The Committee would further explore how the programme, with its focus on mentorship and strategic partnerships, would be used to support smallholders of various scales of production.

## 2.2 Priority legislation and policies to be developed in the medium-term

The Department has planned to continue with policy development started after the publication of the Green Paper on Land Reform in 2011. The Committee noted that the extensive consultation processes facilitated through the reference groups established by the Minister of Rural Development and Land Reform resulted in publication of a number of pieces of legislation and policies. The Committee noted that some of the pieces of legislation have already been passed by the National Assembly; in particular, the Restitution of Land Rights Amendment Bill (2013) and the Property Valuation Bill (2013) were signed into law by the President.

Over the medium-term, the Department has planned to process the following pieces of legislation:

- 2.2.1 *Electronic Deeds Registries Bill*: This Bill provides for facilitation of the enactment of electronic deeds registration provisions. It is anticipated that this new manner of deeds registration could decrease the time required for the registration of deeds. In addition, this approach would further enhance the accuracy, examination and registration of title deeds.
- 2.2.2 *Regulation of Land Holding Bill*: The most important issue in this Bill is that it would provide for classification of land as controlled land; and enforce disclosure by land owners of their race, gender and nationality. All acquisition and disposal of land by foreign nationals would be provided for under this piece of legislation. The Bill also establishes the Land Commission, its powers and functions.
- 2.2.3 *Extension of Security of Tenure Amendment Bill*: This proposes amendments to address the tenure insecurities in commercial farming areas, integrating land redistribution within effective legal protection and disputes mechanisms.
- 2.2.4 *Communal Property Association Amendment Bill*: This Bill seeks to extend the applicability of the Act to land acquired under the LTA for labour tenants. Under this Bill, there are proposals for establishment of Communal Property Association (CPA) office and the appointment of a Registrar of CPAs. This Bill will help to provide further clarity on the management of the CPAs and the content of the CPA reports.
- 2.2.5 *Communal Land Tenure Bill*: This Bill would provide for the regulation of communal land in South Africa. In addition, it would further provide for mechanisms to transfer communal land (including the Ingonyama Trust land, to communities and members of communities as well as administration of communal land. The piece of legislation would further clarify the manner in which municipal functions can be performed on communal land.

The Committee expressed concern over the lack of detail in the APP in relation to schedules for tabling legislation in Parliament. The Committee considered such information as a significant factor in

planning for a programme of oversight. In relation to policy, the Committee expressed concern about lack an overarching policy on land reform.

### 2.3. Budget allocation

The overall 2014/15 budget allocation for the Department, as illustrated in Table 3, is R9, 455.3 billion which will increase at the average rate of 4.6 per cent in nominal terms over the medium term to R10, 673.2 billion. It is anticipated that the increases would be allocated for settlement of outstanding land claims as well as the land claims to be received during the re-opening of the lodgement of land claims between 2014 and 2019. In addition, the increases are target for the increasing the pace of redistribution by acquiring strategically located land as well as provision of recapitalisation and development support to land reform farms. These interventions, including the National Rural Youth Service Corps programme, would result in creation of more job opportunities.

Table 3: Programme Appropriations from 2013/14 to 2016/17

Programme	Budget				Nominal	Real	Nominal	Real %
	2013/14	2014/15	2015/16	2016/17	Rand change	Rand change	% change	change
R million					2013/14 - 2014/15		2013/14-2014/15	
Administration	1 189.8	1 169.7	1 241.2	1 317.6	- 20.1	- 88.4	-1.69	-7.43
Geospatial and Cadastral Services	794.7	774.9	826.5	877.8	- 19.8	- 65.0	-2.49	-8.18
Rural Development	1 792.4	2 011.6	2 006.1	2 226.2	219.2	101.8	12.23	5.68
Restitution	2 916.8	2 680.7	2 661.4	3 258.5	- 236.1	- 392.6	-8.09	-13.46
Land Reform	2 766.0	2 818.4	2 839.3	2 993.1	52.4	- 112.1	1.89	-4.05
<b>TOTAL</b>	<b>9 459.7</b>	<b>9 455.3</b>	<b>9 574.5</b>	<b>10 673.2</b>	<b>- 4.4</b>	<b>- 556.4</b>	<b>-0.05</b>	<b>-5.88</b>

Source: National Treasury (2014) Estimates of National Expenditure (ENE), Vote 33

The budget allocation of R9, 455.3 billion has declined in real terms by approximately 5.88 per cent (0.05 per cent in nominal terms) when compared to the total revised appropriation of R9, 459.7 billion allocated in 2013/14. The Committee observed that the greatest share of the entire budget has been allocated to the programmes of Rural Development, Restitution and Land Reform which jointly accounted for 79.4 per cent of the allocations for the 2014/15 financial year. The three programmes are the main drivers of the agrarian transformation. Although the three programmes got the largest share of the total budget, the Committee noted that there has been reprioritisation of funds, about R2.4 billion and R2.1 billion from restitution and land reform respectively to be used as transfers to households in the rural development programme. The Committee remained concerned that funds that were being shifted from restitution on one hand, whilst on the other hand the programme did not adequate enough funding for settlement and finalisation of all outstanding claims as well as settlement of the new claims arising from the reopening of the lodgement of land claims.

The Committee commended the Department for the 17.4 per cent decrease in budget allocation due to the usage of fewer consultants and greater reliance on its internal capacity. Reliance of internal

capacity forms part of the reasons why the expenditure for compensation of employees is set to increase by an average rate of 4.9 per cent over the medium-term.

### **2.3.1 Overview of budget allocation according to the programme priorities**

#### **Programme 1: Administration**

The programme provides strategic and logistical support in the form of executive and corporate management services. It also oversees departmental capital works and provides bursaries to non-employees and makes a nominal contribution to the public sector education and training authority. Over the medium-term, the programme seeks to ensure 100 per cent compliance with government regulations and legal prescripts by 2019, obtain an unqualified regularity audit opinion on financial and non-financial performance by 2019, and improve employees and prospective employee's skills to enhance service delivery by 2019. As already discussed above, the Committee noted there were no annual targets on the number of policies and bills to be processed in 2014/15. The Committee also welcomed the idea of building internal capacity within the Department, especially in scarce skills; for example, the geomatics profession in which about 60 geomatics professionals would be trained in 2014/15.

As illustrated in Table 3 of this report, about R 1 169.7 billion has been allocated for the programme of Administration. This allocation is a decrease by 7.43 per cent in real terms when compared to 2013/14 allocation. This decline has been influenced by the decrease of 58.73 per cent in real terms on budget allocation for the office accommodation sub programme when compared to the 2013/14 budget allocation.

The Committee welcomed an increase of 23.21 per cent in the 2014/15 budget allocation for Internal Audit Sub-Programme. Building internal capacity was considered to be a step in the right direction towards ensuring that the Department attain unqualified audited financial statements for the 2014/15 financial year. The Committee held a view that the building of internal audit capacity within the Department could also assist to address concerns raised in the previous year's reports by the Auditor-General of South Africa.

The Committee noted that a large amount of expenditure under administration was allocated for compensation of employees. The number of posts would increase from 1 365 in 2013/14 to 2 258 in 2016/17 to develop its internal capacity in line with the previous BRRR recommendations and the Auditor-General's reports. The Department has planned to focus on IT in order to assist with impending review of IT and implementation of an improved IT security.

#### **Programme 2: National Geomatics Management Services**

The purpose of the National Geomatics Management Services (previously known as the Geo-spatial and Cadastral Services) is to provide geospatial, cadastral surveys, deeds registration and spatial

planning information as well as technical services in support of sustainable land development. Over the medium-term, the key priorities identified by the Department include improvement of efficiency of cadastral surveys management, information services and registration of deeds. The Department intend to achieve this through facilitating integrated spatial planning and land use management in all provinces through the application of relevant legislation by 2019, and by ensuring an integrated and comprehensive land administration system. The Committee expressed its concerns over the manner in which the targets and performance indicators have been crafted; for example, the APP shows that 20 per cent of Land Use Schemes (LUS) would developed by the end of the fourth quarter. The Committee could not establish what the proposed 20 per cent translates into because of lack of articulation of the total number of LUS and a percentage as a factor.

The Committee observed that the focus of the programme over the medium-term would be on the finalisation of the land register under the Registration of Trading Account Sub-programme.. Over the medium-term, greater amount of work would be dedicated towards provision of support to municipalities for the implementation of Spatial Planning and Land Use Management Act. The Committee welcomed the efforts to ensure that Department champions implementation of the SPLUMA as the new planning legislation.

For the 2014/15 financial year, the budget allocation for this programme is R774.9 million, which is a decrease from R794.7 million in 2013/14. This translates to 8.18 per cent decrease in real terms. However, the budget is expected to increase at the annual average rate of 3.4 per cent in nominal terms but in real terms, this equals a decrease of 2.3 per cent over the medium term. The decrease is a result of the 19.25 real terms decline in the allocation for the National Geomatics Management Services Sub-programme. This reverses the substantial increases noted in 2010/11 and 2013/14 due to a need to enhance the capacity of technicians and professional surveyors required to finalise the State Land Audit Project, especially the survey of un-surveyed land.

The Registration of Deeds Trading Account Sub-programme received significant nominal terms increases 45.69 per cent (37.18 per cent in real terms) when compared to the 2013/14. The driving factor for such as increase has been the plans to implement an electronic register in order to speed up title deed registration turnaround times. The Committee noted that much of the increase may be going to procurement of consultants and computer services, therefore proposed rigorous oversight on this programme. In addition, and for oversight purposes, the Committee noted that the National Geomatics Management and the Spatial Planning and Land Use Management Sub-programmes accounted for 85 per cent of the total expenditure of the Programme; therefore propose rigorous oversight.

The Committee welcomed efforts to build internal capacity within this programme, especially noting that there are plans to increase the funded posts establishment of 1 051 in order to fast track implementation of the Spatial Land Use and Management Act. This therefore has an impact on the expenditure on the compensation of employees which would in turn increase over the medium term from R481 million to R550 million.

### **Programme 3: Rural Development**

The purpose of the programme of Rural Development is to initiate, facilitate, coordinate and catalyse the implementation of the Comprehensive Rural Development Programme (CRDP) that leads to sustainable and vibrant rural communities. By 2019, the Department has planned to ensure provision of support to rural communities in all rural districts to enable them to improve their livelihoods; improve access to services in rural areas by coordinating and providing integrated infrastructure;; facilitate the development of 235 rural enterprises and industries in areas with economic development potential and opportunities; and increase job opportunities and ensure skills development through CRDP and land reform initiatives.

The Committee noted an increase in budget allocation for this programme, from R1 792 billion in 2013/14 to R2 006 billion in 2014/15. This increase of 12.2 per cent in nominal terms or 5.68 per cent in real terms was influenced by the shift of R2.6 billion from Restitution and Land Reform programmes to Rural Development programme for transfers to households. The Committee noted that there were significant increases in budget allocation in 2014/15, when compared to 2013/14, for Rural Infrastructure Development (RID) and Rural Enterprise and Rural Enterprise and Industrial Development (REID) sub-programmes. The two sub-programmes continue to be significant for provision of agricultural support to farmers and for infrastructure development for basic service and economic development in rural areas. In turn, the developments provide potential for facilitation of income generating opportunities in rural areas.

The Committee observed that the expenditure for the programme of rural development was expected to increase over the medium term at an average rate of 7.5 per cent in nominal terms or 1.6 per cent in real terms. The shift of R2.6 billion from Restitution and Land Reform programmes to Rural Development Programme to provide funds for basic service infrastructure to households was a major contributing factor to this. In addition, R4.5 billion has been reprioritised from Restitution and Land Reform programmes to Rural Development as transfers to households. The Committee expressed concerns over the shifts of funds from restitution and land reform especially in consideration of the need to accelerate the settlement of the outstanding land claims as proposed during the SONA.

National Rural Youth Service Corps (NARYSEC) sub-programme allocation decreased drastically from R808 million in 2013/14 to R628 million in 2014/15, a decrease of 26.87 per cent in real terms. It remained unclear to the Committee how the programme would be able to reach the target to train 5 000 youth in the 2014/15 financial year with this budget decline.

### **Programme 4: Restitution**

The programme of restitution is mainly implemented by the Commission on Restitution of Land Rights (the Commission). This section therefore draws from the presentation on the strategic plan of the

Commission as well as the presentation by the Acting CFO of the Department in relation to the expenditure under this programme, meaning the Commission.

The Commission derives its mandate from section 25(7) of the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996). The Commission is established in terms of the Restitution of Land Rights Act, 1994 (Act 22 of 1994). Its functions are to solicit and investigate claims for land restitution and to prepare them for settlement. The Restitution of Land Rights Act, 1996 further provides for the establishment of the Land Claims Court to adjudicate on land disputes, including those arising from the restitution processes.

As part of the Department, the Commission's planning processes took consideration of the contextual underpinnings guiding the entire planning processes of the Department, as well as the priorities arising from the NDP, NGP, the MTSF (2014-2019) and the SONA. One of the critical points has been the pronouncements on acceleration of the settlement of outstanding land claims, reopening of the lodgement of land claims as well as provisions of exceptions to the 1913 cut off date to cater for the pre-1913 land claims by the descendants of the Khoi and San.

In view of the above, the Commission identified facilitation of the restoration of land rights and alternative forms of equitable redress by 2019; facilitation of the reopening of lodgement of land claims by people and/or communities that did not meet the 1998 deadline; and finalisation of claims received by the deadline of 31<sup>st</sup> December 1998 as the top priorities. Its target is to settle 1 457 restitution claims over the Medium Term Expenditure Framework, of which 379 will be settled in 2014/15, and to finalise 983 backlog claims of which 239 would be finalised in 2014/15 financial year. Over the medium-term, the Commission has planned to establish 23 functional lodgement offices and 9 mobile lodgement units of which 14 would be opened and functional in 2014/15.

With regard to the budget allocation for 2014/15 financial year, about R2, 7 billion has been allocated and this constitutes a decrease when compared to R2.92 billion allocation in 2013/14. A contributing factor to this decrease is a drop in the budget for Restitution National Office and Regional Office Sub – programme. The largest share of the total budget for the programme has been allocated to the Restitution Grants Sub-programme to cater for transfers to households for finalisation of land claims, the core business of the Restitution Programme.

As have been noted in previous section, the Committee expressed concern over the decline in the allocation for restitution, yet government has reopened the lodgement of land claims, which will impose a huge burden on the already limited budget of the Commission. The Committee further expressed concern over lack of indication of strategies to prioritise the outstanding land claims for finalisation over the MTEF period.

## **Programme 5: Land Reform**

The land reform programme encompasses both redistribution and tenure reform as provided for in sections 25(6) and (6) of the Constitution of the Republic of South Africa. During the 2013/14 financial year, the programme was divided into two branches; namely, the Land Tenure and Administration, as well as the Land Redistribution and Development. With this restructuring of the programme, the Department sought to reposition itself for better execution of its mandate across the various levels of policy implementation.

Over the medium-term, the key priorities of the department under the programme of land reform are to promote equitable land redistribution and agricultural development by acquiring 1 140 000 hectares of strategically located land by 2019; provide comprehensive farm development support to 2 706 farmers, both smallholder farmers and land reform beneficiaries, for agrarian transformation by 2019; and to ensure functional systems and institutional arrangements for tenure and land administration in order to enable agrarian reform across South Africa by 2019. So the budget allocation for land reform covers for the recapitalisation and development of distressed farms, land acquisition for redistribution, the training of farmers through strategic partners and mentors, and the provision of tenure security for people living on commercial farms and communal areas.

The Land Reform programme budget allocations slightly increased from R2.76 billion in 2013/14 to R2.818 billion in 2014/15. This translates to an increase of 1.89 per cent in nominal terms but is a decrease of 4.05 per cent in real terms. This programme benefited from the shifting of R629 million to this programme in 2013/14 resulting in the adjusted allocation of R2.76 billion. The Committee observed that over the medium-term, the budget for land reform would increase at a nominal annual rate of 2.7 per cent, but this amounts to a decrease of 3 per cent in real terms. The real term decline relates to declines in the allocations for the land reform National Office, Land reform Provincial Office, and Land Reform Grant sub-programmes by 15.46 per cent, 17.54 per cent and 27.6 per cent respectively. In addition, the fact that acquisition of land is acquired through the Agricultural Land Holding Account rather than from allocations in this programme accounts to the decline of 27.6 per in Land Reform Grants Sub-programme.

The Committee noted and welcomed an increase in the funded posts establishment of 659 posts of which 584 were already filled and 86 were filled in addition to this establishment. In overall, personnel have increased from 584 in 2013/14 to 707 in 2014/15.

The Committee however noted with concern that the plan had little or no articulation of work done by the Department to make interventions to enforce land tenure rights for farm dweller and protection against unlawful evictions; in particular, the plans for the Land Rights Management Facility, and how much allocation has been made to cater for legal representation of the victims of evictions. This lack of planning for tenure reform on farms has, in the past, allowed the Department to continue work without reporting on farm tenure activities.

### 3. The Ingonyama Trust Board

The Ingonyama Trust was established in terms of the Kwazulu-Natal Ingonyama Trust Act No 3 of 1994, amended by the National Act 9 of 1997 which provided for the establishment of the Ingonyama Trust Board. It functions as a landowner-in-law of the Ingonyama Trust Land comprising approximately 2,705,229 hectares under some 1600 individual titles in all of the 11 Districts of Kwazulu-Natal and eThekweni Metro. The Ingonyama Trust Board provides strategic leadership, monitors operational performance of management, protects the Ingonyama Trust's financial position, and ensures that the Ingonyama Trust adheres to high standards of ethics and corporate behaviour. In addition, it sets policies, standards and objectives and ensures implementation of all the above. The afore-mentioned sets a governance structure of the Trust, guided by the mission and vision outlined in Table 4 of this report.

Table 4: The Mission and Vision of the Ingonyama Trust Board

<b>Vision</b>	<b>Mission</b>
To be a leader in sustainable communal land management	To contribute to the improvement of the quality of life of the members of the traditional communities living on the Ingonyama Trust land by ensuring that land management is to their benefit and in accordance with the laws of the land

**Source:** Strategic Plan of the Ingonyama Trust Board (2014/15)

#### 3.1 The context within which the Ingonyama Trust Board operates

The Ingonyama Trust Board is a statutory body operating as a schedule 3A entity in terms of the Public Fund Management Act. It focuses on administration of land in the former homeland of KwaZulu. Although the Ingonyama Trust Board strives to ensure sustainable land management, the absence of comprehensive land tenure legislation for the communal areas renders its function very complex and challenging. The ITB reported that it is set out to develop best practices to ensure that by 2025 all persons occupying its land shall have formal tenure in the form of a lease on surveyed land. This confronts a complex question about the best form of tenure system in communal areas.

Although the Ingonyama Trust Board is a largest land owner in KwaZulu-Natal, the land parcels it owns are located in the jurisdiction of various municipalities. Over the last five years, the Ingonyama Trust Board had reported that one of the challenges it encountered had been the conflicts between the municipalities and the institutions of traditional leadership. These conflicts mainly arises when the Ingonyama Trust Board asserts its powers as the land owner in title whereas municipalities, as authorities responsible for service delivery to the people, made assumptions that they could make decisions about land owned by the Ingonyama Trust. Some municipalities were also in conflict with the Ingonyama Trust Board on the basis of the following question: who was liable for municipal rates for land owned by the Ingonyama Trust? Could it be the Ingonyama Trust Board or the beneficial occupier? The Ingonyama Trust Board had obtained a legal opinion which affirmed that the Ingonyama Trust Board was liable for municipal rates on its land which is unallocated. The beneficial

occupiers, including government departments, businesses were liable for rates on land they occupy. The challenges confronting the Ingonyama Trust Board could be summed up as follows: rating of land by municipalities without proper ascertaining of the occupier as per provisions of the Municipal Property Rates Act; lack of clarity on the status of state domestic facilities located on the Ingonyama Trust Board land; illegal occupation of land; and fragmented planning due to misaligned programmes.

The strategic focus of the Ingonyama Trust Board took cognisance of the national initiatives such the Outcomes approach of government, especially Outcome 7: vibrant, equitable and sustainable rural communities with food security for all; and Outcome 8: Sustainable human settlements and improved quality of household life. On the provincial front, the Kwazulu-Natal Provincial Growth and Development Strategy set the tone for government delivery of services until 2030. The strategy puts emphasis on the following: human and community development, strategic infrastructure, job creation, environmental sustainability and spatial equity.

### 3.2 The priorities of the Ingonyama Trust Board

The strategic outcome oriented goal of the ITB is to administer the affairs of the Ingonyama Trust. This is done in order to ensure that all its operations are for the material benefit and social wellbeing of the communities living on the Ingonyama Trust land. Assessment of strategic objectives outlined in Table 4 below and related performance indicators show that the focus of the ITB would be estate management, training of traditional council in land management matters, coordination of stakeholder forums, cooperative governance and service excellence by the ITB.

Table 5: Strategic objectives of the Ingonyama Trust Board

Strategic Objective	Objective Statement
<ul style="list-style-type: none"> <li>Unlocking enabling environment conducive to development on Trust land</li> </ul>	<ul style="list-style-type: none"> <li>Facilitate development on Ingonyama Trust land by provision of tenure rights, interacting with municipalities on their planning schemes, planned land management projects identified and approved by the ITB; conducting workshops with traditional councils and other stakeholders and communicating the initiatives of the ITB.</li> </ul>
<ul style="list-style-type: none"> <li>Effective and efficient asset management services</li> </ul>	<ul style="list-style-type: none"> <li>To ensure that resources are effectively and efficiently utilised.</li> </ul>
<ul style="list-style-type: none"> <li>Provide human resources management</li> </ul>	<ul style="list-style-type: none"> <li>To provide Human Resources support through policy framework</li> </ul>
<ul style="list-style-type: none"> <li>Support to Traditional Councils in capacity building programmes.</li> </ul>	<ul style="list-style-type: none"> <li>To provide support in the form of policies and training to traditional councils.</li> </ul>

Source: adapted from the Ingonyama Trust Board Strategic Plan 2014-2015

The Committee observed that some of the broad priorities in these documents were aligned with some of the national priorities as articulated in the National Development Plan. The Committee noted

that the Ingonyama Trust Board contributes to two of the main goals of the Department; namely, effective planning and administration that is biased towards rural areas, and increased access to and productive use of land, especially in the context of food security.

The Committee, having conducted its own analysis of the strategic objectives and annual targets for 2014-2019, the following observations were made:

- The ITB anticipated that there would be an increase in the number of tenure rights granted by the Board and the land management projects that would be identified and implemented;
- The ITB would develop five policies annually over the medium term. However, it was unclear which legal policies were prioritised by the ITB.
- The numbers of trainings to be provided were evenly spread across the year. However, the plans did not identify the traditional councils that were targeted.

### 3.3 Budget allocation for 2013/14

The total budget of the ITB comprises own income and transfer of payments received from the Department. The ITB own revenue income is earned from leases and investment. The ITB's disbursement policy provides that 90 per cent of the income earned through trading activities should be used for the benefit of communities and 10 per cent of the income should be used for the Board's expenses. Its internal administrative costs are met through a transfer payment from the Department.

Table 1: Budget Allocation for 2014/15-2017/18

Income	2014-2015	2015-2016	2016-2017	2017-2018	Average growth rate 2014/15- 2017/18
Rental income: non-mining	15 329 922.00	16 096 418.00	16 901 339.00	17 746 301.00	5.0%
Commercial PTO's & Prospecting Income	9 696.00	10 181.00	10 690.00	11 224.00	5.0%
Investment Income	9 722 851.00	10 208 993.00	10 719 443.00	11 255 415.00	5.0%
interests on overdue debtors Accounts	88 491.00	92 916.00	97 561.00	102 439.00	5.0%
Rates due from Lessee	12 561.00	13 188.00	13 848.00	14 540.00	5.0%
From Reserves	20 232 143.00	14 339 962.00	15 795 431.00	17 183 539.00	-5.3%
<b>ITB own Funds</b>	<b>45 395 664.00</b>	<b>40 761 658.00</b>	<b>43 538 312.00</b>	<b>46 313 458.00</b>	<b>0.7%</b>
Transfers	17 294 000.00	18 069 000.00	18 788 000.00	19 727 400.00	4.5%
Investment Income	12 336.00	12 953.00	13 601.00	14 281.00	5.0%
<b>DRDLR funding</b>	<b>17 306 336.00</b>	<b>18 081 953.00</b>	<b>18 801 601.00</b>	<b>19 741 681.00</b>	<b>4.5%</b>
<b>Total income</b>	<b>62 702 000.00</b>	<b>58 843 611.00</b>	<b>62 339 913.00</b>	<b>66 055 139.00</b>	<b>1.8%</b>

Source: adapted from ITB (2014) Strategic Plan

The total budget allocation in 2014/15 is R62.7 million and is going to increase slightly over the MTEF by an annual average rate of 1.8 per cent. As illustrated in Table 1, the funds revenue is to increase at average growth rate of 0.7 per cent over the medium-term and transfer from the Department is going

to increase by 4.5 per cent average growth rate. In overall, the average percentage of its own funds over the total expenditure for the Board is decreasing while transfers from the Department are gradually increasing.

Income from the Board's funds has decreased from R52.7 million in 2013/14 to R45.4 million in 2014/15, which is a decrease of 15.41 per cent. Also the Board's funds as percentage of total expenditure of the Board have decreased from 87.53 per cent in 2013/14 to 72.4 per cent in 2014/15. The decrease is influenced by the decrease in rental revenue due decline in leases as number of people become property owners. It is also influenced by the decline in reserves. Transfer from the Department was adjusted from R7.5 million to R14. 5 million in 2013/14 and has increased to R17.3 million in 2014/15.

#### **4 Overview of key conclusions drawn from the deliberations on the Strategic Plan, the Annual Performance Plan of the Department and the Ingonyama Trust Board**

Having receiving the briefing, and further having deliberated the findings and observations on budget allocations and Annual Performance Plans of the Department, the Commission and the ITB; the following conclusions can be drawn:

##### **4.1 The Department of Rural Development and Land Reform**

**Administration:** Corporate governance and service excellence

4.1.1 The targets and performance indicators as presented in the APP requires revision in order to ensure that they are realistic and measurable. In addition, such measurability could result in better accountability on spending and value for money as well as assessments of the impact of various policy interventions in rural settings.

4.1.2 The increased capacity within the Department, as proposed in the Strategic Plan, especially in the Internal Audit as well as enhancement of internal controls and management systems could result in attainment of unqualified audit opinion by the Department.

4.1.3 A number of policies and pieces of legislation developed by the Department over the last four years create opportunities for fixing the impediments to land reform as the National Development Plan proposes.

**National Geospatial Management Services:** Improved land administration for integrated and sustainable growth and development

4.1.5 Focus on the implementation of the Spatial Planning and Land Use Management Act as well as partnerships between the Department and municipalities creates potential for reversal of the legacy of apartheid spatial planning and integrated sustainable growth and development.

**Rural Development:** Promote Sustainable rural livelihoods, improved access to services and sustainable rural enterprises and industries

4.1.6 Effective planning and monitoring of the performance of NARYSEC as well as proper plans about the placement of graduates from the NARYSEC programme could enable enhancement of skills development among the youth as well as contributing to job creation.

4.1.7 Effective coordination of government interventions could enable the Department to attain wider coverage of rural areas in terms of rural development initiatives that could lead to improved access to services and establishment of rural enterprises and industries such as cooperatives proposed in the strategic plans of the Department.

**Land Reform:** Acceleration of the pace of land redistribution and provision of recapitalisation and development support

4.1.8 Recapitalisation and development support for land reform farmers and rural communities is the most crucial complement of agrarian transformation, especially if it addresses the needs and aspirations of the intended beneficiaries. Poor monitoring of the programme to recapitalise and develop the farms, especially the use of private sector partners and mentors, has the potential to undermine the intentions as was observed in some cases of Strategic Partnerships.

4.1.9 Prioritisation of acquisition of strategically located land matched with adequate recapitalisation and development support, both in terms of pre and post settlement stages of the project could assist to off-set some of the current challenges that land reform is entangled with.

4.1.10 With the Communal Land Rights Act having been declared unconstitutional; the Department is yet to develop a comprehensive policy framework on tenure reform for the rural dwellers in the former homeland territories. In the absence of such policy, there could be very little that the Department could do to ensure tenure security in the former homeland because of the weaknesses in the Interim Protection of Informal Land Rights Act.

4.1.11 Failure of the Department to put in clear targets and performance indicators in relation to tenure security on commercial farmland, especially provision of legal services to victims of evictions could be interpreted as lack clear plans or strategies on how the Department addresses tenure on farms in the interim whilst strengthening policy provision to address tenure insecurity.

**Restitution:** Restitution of land rights in the form of restoration of rights or alternative forms of equitable redress to claimants

4.1.12 Continuous shifting of funds from restitution to rural development affects the amount of land that could be acquired for restitution.

4.1.13 Reopening of lodgement of land claims creates opportunities to broaden access to land by people who would otherwise not have not been able to lodge claims because they missed the deadline for lodgement or were erroneously excluded; for example, the betterment claimants.

## **4.2 The Ingonyama Trust Board**

4.2.1 There appears to be disjuncture between the core business of the ITB and its plans to ensure that the objectives are attained. It becomes difficult to assess if the plans developed would result in improvement of the lives of the rural communities and realisation of the social and economic benefit on the investment. This therefore suggests that the Committee should find mechanisms through which it could enhance its oversight mandate.

4.2.2 The absence of a range of policies, especially policies on funding cultural activities, women's independent access to land, and other relevant policies affect the manner in which the ITB can perform some of its functions effectively.

## **5. Recommendations**

In view of the observations and key conclusions discussed above, the Committee recommends that the Minister of Rural Development and Land Reform should consider -

### **Administration**

5.1 Finalising the extensive consultation processes on the Green Paper on Land Reform by documenting an overarching policy that interweaves various policies into a single coherent South African land policy within six months of the adoption of this report by the National Assembly.

5.2 Ensuring that the APP's targets are realistic and measureable to assist Parliament in conducting its oversight responsibility.

5.3 Reducing the vacancy rate within the Department with a priority accorded to filling vacant strategic positions in order to address the challenges lack of capacity perform on some of the critical programmes, and excessive use of consultants. The Minister should further report to the National Assembly, within three months of adoption of this report, about the time-framed plans to fill the funded vacant posts and strategies put in place to address high staff turnover in the Department.

## **National Geospatial Management Services**

- 5.4 Submitting a report about the targeted municipalities that the Department has planned to assist to develop the Land Use Schemes within three months of adoption of this report. This would enable the National Assembly to conduct oversight and track the progress in relation to the targets set for this programme.
- 5.5 Submitting a status report in relation to the Internal Audit Committee recommendation for a forensic investigation on the e-cadastre project to the National Assembly within three months after the adoption of this report.

## **Restitution (Commission on Restitution of Land Rights)**

- 5.6 Ensuring that the Department does not continue to shift allocation for restitution to other programmes so that the Commission could accelerate finalisation of backlog claims and settled but not finalised claims. Where shifting and reprioritisation of funds is unavoidable necessary care should be taken to ensure compliance with the Public Finance Management Act (Act No 1 of 1999).
- 5.7 Engaging National Treasury about increase in allocation of funding to finalise land claims lodged with the Commission by the cut-off date of 31 December 1998. Within six months of the adoption of this report, the Minister should submit a report to the National Assembly on the outcomes of the engagements, especially additional allocations to finalise prioritised claims (old claims) and settlement of new claims that emanates from the reopening of the lodgement of land claims.
- 5.8 Developing the National Land Claims register as a matter of urgency to assist the Commission to prioritise existing land claims lodged by the end of 1998. The Minister should report to the National Assembly about the plans and time frames for the development of the land claims register within three months of the adoption of the report by the National Assembly.

## **Land reform and development support**

- 5.9 Assessing of the Recapitalisation and Development Programme farms, especially those whose five year funding cycle would be ending at the end of this financial year, in order to determine if the programme has contributed to creation of sustainable emerging black commercial farmers. The Minister should submit a report to the National Assembly within three months after the adoption of this report by the National Assembly.
- 5.10 Submitting a performance plans on the Tenure Reform component of the land reform programme with clear and realistic targets and performance indicators within one month after the adoption of this report by the National Assembly.

## **Rural Development**

- 5.11 Enhancing the monitoring of the performance of the NARYSEC programme and develop policy mechanisms for placement of the NARYSEC graduates.
- 5.12 Improving the coordination of planning and CRDP interventions to avoid duplication of services in implementing rural development interventions, by signing Memoranda of Agreement with various government and non-government entities, and ensuring alignment with the National Development Plan.

## **The Ingonyama Trust Board**

- 5.13 Assisting the ITB to address the disjuncture between its core businesses as provided for in law and its strategic plans to ensure that the ITB conduct its business in line with the purpose for which it was intended. The Minister should further ensure that the ITB submits clear plans that details what traditional communities would be supported in the 2014/15 financial year; and how much was allocated for the different planned projects.
- 5.14 Assisting the ITB to conduct a comprehensive socio-economic impact assessment on how beneficiaries have materially and socio-economically benefited from the ITB programmes.
- 5.15 Assisting the ITB to develop policies to address gaps related to funding of cultural activities, promotion of women's independent access to land and other relevant policies that affect the manner in which the ITB performs its functions. The Minister should report to the National Assembly within six months after the adoption of this report.

Report to be considered