Budgetary Review and Recommendation Report of the Portfolio Committee on Agriculture, Land Reform and Rural Development: Vote 29, Dated 27 February 2024

The Portfolio Committee on Agriculture, Land Reform and Rural Development (hereinafter referred to as the Committee), having considered the 2022/23 financial year performance and expenditure of the Department of Agriculture, Land Reform and Rural Development and the relevant National Public Entities as listed on Table 1, reports as follows:

1. INTRODUCTION

This report accounts for the process embarked upon by the Portfolio Committee on Agriculture, Land Reform and Rural Development to consider the 2022/23 Annual Reports for Vote 29, which constitutes the Department of Agriculture, Land Reform and Rural Development (hereinafter referred to as the Department) and the relevant National Public Entities. The reports were tabled in Parliament by the Minister of Agriculture, Land Reform and Rural Development from October 2023 to end of January 2024; and were presented at briefing sessions with the Committee as shown in Table 1 below.

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 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 No. 9 of 2009 sets out a procedure for assessing the performance of each department by the National Assembly. It further requires committees of the National Assembly to prepare budgetary review and recommendation reports (BRRRs).

The report is a culmination of the assessment of the Department and the relevant entities' service delivery performance within the allocated resources; the effectiveness and efficiency of the Department's use and forward allocation of available resources. It therefore accounts for work carried out by the Committee during assessment of the 2022/23 performance of the Department and relevant entities; and also makes recommendations for service delivery improvements to the Minister of Agriculture, Land Reform and Rural Development.

Table 1: Briefing Sessions by the Auditor-General, Department and its Public Entities

Department and Public Entities	Date of briefing
Auditor-General of South Africa	06 February 2024
Department of Agriculture, Land Reform and Rural Development	06 February 2024
Commission on Restitution of Land Rights	06 February 2024
Office of the Valuer-General	06 February 2024
National Agricultural Marketing Council	06 February 2024
Perishable Products Export Control Board	06 February 2024
Agricultural Research Council	07 February 2024
Onderstepoort Biological Product	07 February 2024
South African Veterinary Council	07 February 2024
KwaZulu-Natal Ingonyama Trust Board	07 February 2024

1.1. Mandate of the Portfolio Committee on Agriculture, Land Reform and Rural Development

The mandate of the Committee is derived from Sections 55 and 56 of the Constitution of the Republic of South Africa and provisions that are contained in the Rules of the National Assembly. The Committee is mandated to consider, amend and/or initiate legislation that is specific to, or impacts on agriculture, land reform and rural development; monitor and oversee the activities and performance of the Ministry, the Department of Agriculture, Land Reform and Rural Development (DALRRD or Department) and its Entities. The Committee's mandate is to also consider and review the budget of the Department and its entities; consider sector-related international treaties and agreements; and provide a platform for the public to participate and present views on specific topics and/or legislation in relation to the sector.

1.2. Purpose of the Budgetary Review and Recommendation Report

The process for the budgetary review and recommendation is set out in Section 5 of the Money Bills Amendment Procedure and Related Matters Act, 2009 (Act No. 9 of 2009). The Act sets out the process that allows Parliament's National Assembly, through its Committees, to make recommendations to the Minister of Finance to amend the budget of a national department. The Budgetary Review and Recommendation Report (BRRR) for each department that falls under each National Assembly Committee's responsibilities, in this case, the Department of Agriculture, Land Reform and Rural Development:

- must provide an assessment of the Department's service delivery performance given available resources;
- must provide an assessment on the effectiveness and efficiency of the Department's use and forward allocation of resources; and
- may include recommendations on the forward use of resources.

The BRR Report may also act as a source documents for the Standing/Select Committees on Appropriations/Finance when they make recommendations to the Houses of Parliament on the Medium-term Budget Policy Statement (MTBPS).

1.3. Preparation for the BRR Report

In preparation for the BRR Report and in compliance with its mandate as set out in Section 5(1) of the Money Bills Amendment Procedure and Related Matters Act, 2009 (Act No. 9 of 2009), the Committee undertook the following activities in 2022/23:

1.3.1 Briefings by the Department on quarterly performance and expenditure reports of the Department for the 2022/23 financial year.

1.3.2 Undertook oversight visits as follows: To the ARC and OBP, Tshwane (Gauteng) in April 2022; to the Sundays River Valley, Kirkwood (Eastern Cape) in November 2022 to meet citrus farmers; and to Mpumalanga Province in March 2023 to assess the implementation of the Presidential Employment Stimulus Initiative (PESI) and to assess interventions to improve surveillance and control of disease outbreaks such as the foot-and-mouth disease (FMD).

1.3.3 Held briefings and considered the medium term Strategic Plan, the Annual Performance Plan and Budget of the Department for the 2022/23 financial year, including those of its entities, as listed on Table 1.

1.3.4 Received inputs and a briefing on the 2022/23 Annual Reports of the Department and its entities from the Auditor-General of South Africa.

1.3.5 Subsequently, on the 06th and 07th February 2024, the Committee held briefings and considered the Annual Reports of the Department and its entities for the 2022/23 financial year.

1.3.6 The BRR Report also draws from other briefings and inputs that the Committee received throughout the 2022/23 financial year; and the 2023/24 financial year to date.

1.4. Outline of the Contents of the Report

The Report reflects on Government key policy areas including those of the Department as they relate to the national Government Priority Outcomes; the Department and the entities' financial and service delivery performance for the 2022/23 financial year to date; and observations and recommendations from annual reports and other Committee engagements with the Department and entities including those from oversight visits.

2. OVERVIEW OF THE KEY RELEVANT POLICY FOCUS AREAS

The Department's plans were informed and aligned with government-wide planning and policy mandates particularly the National Development Plan (NDP), the Medium Term Strategic Framework, the State of the Nation Address and other sectoral policies.

2.1 The National Development Plan: Vision 2030

The NDP's overarching aim is to eliminate poverty and reduce inequality by 2030. The Plan recognises that South Africa needs an inclusive economy that is more dynamic and in which the fruits of growth are shared equitably amongst its citizens. Chapter 6 of the NDP titled, *"inclusive rural economy",* outlines the NDP's vision for the development of rural areas. Its focus is sustainable land reform and agrarian transformation, which encompasses the mandate of the Department. The NDP is implemented in 5-year phases, which are outlined in Government's MTSFs. Agriculture is identified in the NDP as one of the key sectors through which increased employment and poverty alleviation can be achieved. In this regard, approximately 1 million new jobs and a trade surplus are expected to be created from agriculture, agro processing and related sectors by 2030. The NDP further expects that a third (33%) of the food trade surplus should be produced by smallholder producers by 2030.

With regards to land reform, the NDP sets a target to redistribute 16.5 million hectares or 20 per cent of commercial agricultural land by 2030. By 2018, Government had redistributed close to 10 per cent of commercial agricultural land. It thus suggests that in the next 10 years, over 10 per cent of commercial agricultural land must be redistributed.

2.2 Medium Term Strategic Framework 2019-2024

The MTSF is the Government's strategic plan for the 2019-2024 period. It is a five-year implementation phase of the NDP that is outcomes-based. It takes into account the New Growth Path (NGP), the Industrial Policy Action Plan (IPAP) and other Government policy foci. The MTSF 2019-2024 is the second implementation plan of the NDP, following the MTSF 2014-2019. The MTSF's aim is to ensure policy coherence, alignment and coordination across Government Plans, as well as alignment with budgeting processes. The MTSF 2019-2024 aims to address challenges of poverty, inequality and unemployment through the following pillars:

- Achieving a more capable state;
- Driving a strong and inclusive economy; and
- Building and strengthening the capabilities of South Africans.

The above three pillars underpin Government's seven Key Priorities that have been adopted to implement the current MTSF. The 7 Key Priorities are expected to be achieved through the joint efforts of government, the private sector and civil society. For each MTSF Priority, a number of Outcomes and associated interventions are outlined in an Implementation Plan and a Monitoring Framework by which each relevant Department's performance is going to be assessed by the Presidency in the five-year period. The Department directly contributes to five (5) of the seven (7) Key Priorities, namely:

- **Priority 1:** A capable, ethical and developmental state
- **Priority 2:** Economic transformation and job creation
- **Priority 3:** Education, skills and health
- **Priority 5:** Spatial integration, human settlements and local government
- **Priority 7:** A better Africa and world

3. OVERVIEW OF THE STRATEGIC FOCUS OF THE DEPARTMENT OF AGRICULTURE, LAND REFORM AND RURAL DEVELOPMENT

3.1 The Department of Agriculture, Land Reform and Rural Development and its Core Functions

The main aim of the Department of Agriculture, Land Reform and Rural Development is to provide equitable access to land, integrated rural development, sustainable agriculture and food security for all. The Department's legislative mandate is derived from the following Sections of the Constitution of the Republic of South Africa, 1996:

- **Section 24(b)(iii)** (environment and natural resources clause) and **27(1)(b)** (food and water clause) that cover the agricultural value chain and resources.
- **Section 25** (property) that establishes the framework for the implementation of land reform.
- **Section 27(1)** (health care, food, water and social security clause) that establishes the framework for the implementation of the comprehensive rural development programme.

The Department executes its legislative mandate by implementing, managing and overseeing no less than 35 key pieces of legislation that cover inter alia land acquisition, restitution and use; agricultural production and its value chain regulation; conservation of resources and the establishment of the Department's public entities. The strategic focus of the Department in the current five-year strategic framework period is to accelerate land reform, catalyse rural development and improve agricultural production to stimulate economic development and food security. Based on this strategic focus, the Department has developed seven Strategic Outcomes for the current MTSF period aligned to MTSF priorities as shown in Table 2 below.

Table 2: Alignment of Department Outcomes and the 2020-2024 MTSF Priorities

Department Outcome (OC)	MTSF Priority (P)
OC1. Improved governance and service excellence	P1: A capable, ethical and developmental state
OC2. Spatial transformation and effective land administration	P5: Spatial integration, human settlements & local government
OC3. Redress and equitable access to land and producer support	P2: Economic transformation & job creation and P5
OC4. Increased production in the agricultural sector	P2 and P3: Education, skills and health
OC5. Increased market access and maintenance of existing markets	P2 and P7. A better Africa & world
OC6. Integrated and inclusive rural economy	P2 and P5
OC7. Enhanced biosecurity and effective disaster risk reduction	P5

The Department has six programmes through which it will measure its Strategic Outcomes, namely:

- **Programme 1 - Administration:** It is responsible for provision of strategic leadership, management and support services to the department.
- **Programme 2 - Agricultural Production, Biosecurity and Natural Resource Management:** It oversees livestock production, game farming, animal and plant health, natural resources and disaster management.
- **Programme 3 - Food Security, Land Reform and Restitution:** Acquires and distributes land and promotes food security and agrarian reform programmes
- **Programme 4 - Rural Development**: Facilitates rural development strategies for socioeconomic growth.
- **Programme 5 - Economic Development, Trade and Marketing**: It promotes economic development, trade and market access for agricultural products; and foster international relations for the sector.
- **Programme 6 - Land Administration**: Provide and maintain an inclusive, effective and comprehensive system of planning, geospatial information, cadastral surveys, legally secure tenure and land administration that promotes social, economic and environmental sustainability.

3.2 The Department's Key Policy Developments

3.2.1 **The National Food and Nutrition Security Policy** is a collaboration between the Department, the Department of Social Development and Department of basic Education that was approved by Cabinet in September 2013. The Policy seeks to ensure the availability, accessibility and affordability of safe and nutritious food at national and household levels. Coordination of Food Security including the implementation of the Policy is administered at the Office of the Deputy President.

3.2.2 **The Agriculture and Agroprocessing Master Plan** is a social compact that will provide a blueprint of developing the agriculture and food sectors through public-private partnerships. Through the Plan, the Department seeks to transform and restructure the agricultural sector while ensuring the participation and inclusion of black and rural producers in the mainstream economy of the country and globally. The Master Plan, whose development was coordinated by the National Agricultural Marketing Council, has been finalised and endorsed by all social partners and stakeholders. Its implementation framework, operational plan and risk register have also been produced.

4. OVERVIEW AND ASSESSMENT OF EXPENDITURE AND SERVICE DELIVERY PERFORMANCE

4.1 Overview of Vote Allocation and Departmental Expenditure

The Department of Agriculture, Land Reform and Rural Development (hereinafter referred to as the Department or DALRRD) was appropriated a total amount of R17.5 billion during the 2022/23 financial year; and it spent approximately R17 billion of the appropriated funds (97.6 per cent) as illustrated in Table 3.

Table 3. The Department's Budget and Expenditure for the 2022/23 versus 2021/22 Financial Year

	2022/23				**2021/22**			
Programme	**Final Appropriation**	**Actual Expenditure**	**Variance**	**% spent**	**Final Approp.**	**Actual Expenditure**	**Variance**	**% spent**
	R'000	R'000	R'000	%	R'000	R'000	R'000	%
Administration	3 358 572	3 211 804	146 768	**96**	3 303 858	3 303 826	32	100
Agric. Production, Biosecurity & Natural Resources Management	3 143 110	3 123 101	20 009	**99**	2 507 679	2 471 198	36 481	98.5
Food Security, Land Reform & Restitution	8 930 817	8 709 812	221 005	**98**	9 483 432	8 781 155	702 277	92.6
Rural Development	613 625	579 514	34 111	**94**	993 285	919 552	73 733	92.6
Economic Development, Trade & Marketing	839 263	833 982	5 281	**99**	994 394	804 453	189 941	80.9
Land Administration	648 256	647 547	709	**100**	740 612	651 040	89 572	87.9
TOTAL	**17 533 643**	**17 105 760**	**427 883**	**97.6**	**18 023 260**	**16 931 224**	**1 092 036**	**93.9**

Source: Department of Agriculture, Land Reform and Rural Development Annual Report (2024).

Programme 3 (i.e. Food Security, Land Reform and Restitution) accounted for 51 per cent of the total departmental budget appropriation followed by Programme 1 (Administration) and Programme 2 (Agricultural Production, Biosecurity and Natural Resources Management) with 19 per cent and 18 per cent of the total appropriation, respectively. The Department's total expenditure increased from almost 94 per cent in 2021/22 to approximately 98 per cent in the 2022/23 financial year. With the exception of the Administration Programme, there has been improvement in budgetary expenditure across all Programmes compared to the 2021/22 financial year, with significant improvements in Programme 5 (Economic Development, Trade and Marketing) and in Programme 6 (Land Administration) as illustrated in Table 3.

In terms of economic classification, current payments received approximately R8 billion of the Department's total appropriation (46 per cent). Of the R8 billion, R4.3 billion went to compensation of employees while R3.8 billion went to goods and services, which accounted for 24.5 and 22 per cent of the Department's total budget, respectively. Approximately R7.4 billion of the Department's total appropriation, which constitute 42 per cent of the Department's total budget, went to transfers and subsidies. These include transfers to Provinces and municipalities in the form of conditional grants (R2.3 billion), transfers to households (R2 billion), transfers to departmental agencies/entities and accounts, payments to foreign governments and international organisations, as well as public corporations and private enterprises. Approximately R2 billion of the Department's total appropriation went to payments for capital assets. It is commendable that 100 per cent of the allocations to the Department's main conditional grants were spent, these are the Comprehensive Agricultural Support Programme (CASP) that received R1.6 billion, Ilima/Letsema that received R610 million and the LandCare Programme that received R84.9 million.

The Department underspent R427.9 million of its total budget during the 2022/23 financial year, which was an improvement in its expenditure compared to the previous financial year, 2021/22, when R1.1 billion was underspent and had to be surrendered to the National Treasury (NT)'s Revenue Fund. The under expenditure for the period under review comprised of unspent funds largely from Programmes 1, 3 and 4 due to delays in the recruitment process; delays in receiving quotations for the procurement of ICT services and delayed receipt of overseas orders; delays in the inspection report for the construction of the Department's new Head Office; non-payment of stipends for NARYSEC students; as well as outstanding invoices for subscription fees to international organisations.

4.1.1 Irregular expenditure

The Department's confirmed irregular expenditure for the 2022/23 financial year amounted to R15.4 million, a significant increase from the prior year's R 5.5 million. Most of the R15.4 million irregular expenditure was incurred in 2021/22 but was identified in 2022/23. The irregular expenditure for the period under review was in respect of:

- Spending of R15.03 million as a result of the Department failing to get approval from National Treasury for deviation, as required in terms of supply chain processes;
- An amount of R308 thousand because of the Department advertising a bid for 19 days instead of the mandated 21 days; and
- An amount of R25 thousand spent as a result of the Department obtaining less than three quotations.

It should be noted that over and above the confirmed irregular expenditure for both 2021/22 and 2022/23 financial years, there is historical irregular expenditure amounting to R203.3 million that was previously incurred by both former Departments largely due to non-compliance with supply chain management (SCM) procedures. When the historical expenditure is combined with that of 2021/22 and 2022/23, it totals R224 million. Of the latter combined total, R39 million is under assessment and determination for the 2021/22 financial year and R112.6 million is under determination and investigation for the 2022/23 financial year. For the period under review (2022/23), R35 thousand worth of irregular expenditure has been recovered; and it was reported that warning letters have been issued to transgressors during 2021/22 for 11 cases amounting to R43.7 million.

4.1.2 Fruitless and wasteful expenditure

The Department's confirmed fruitless and wasteful expenditure increased significantly from R33 thousand in 2021/22 to R30 million during the 2022/23 financial year, almost a thousand-fold increase. Of serious concern is the fact that the fruitless and wasteful expenditure of R30 million was identified by a forensic investigation and the majority of which was due to payment of invoices for services not rendered. The R33 thousand from the prior year was for interest charged by a service provider on invoices that the Department failed to pay within the required timeframe.
Additional to the reported fruitless and wasteful expenditure for the previous consecutive financial years, there is a historical R41 million and R4.9 million of which could not be recovered and was written off during 2021/22. For the same financial year, nothing has been recovered but fruitless and wasteful expenditure totalling R56.6 million that was previously under assessment in respect of non-compliance with policies is now under determination. For the period under review, 2022/23, only R6 thousand worth of fruitless and wasteful expenditure has been recovered while R5.5 million could not be recovered and has been written off. For the 2022/23 financial year, there is also an additional R234.5 million worth of fruitless and wasteful expenditure in respect of PESI vouchers that is under assessment.

4.1.3 Virements and Rollovers

Virements: R209.9 million worth of funds that were not spent during the period under review were shifted from different Programmes as follows:

- Programme 1: Administration - R68.6 million

- Programme 2: Agricultural Production, Biosecurity and Natural Resources Management – R104 million
- Programme 4: Rural Development – R19 million
- Programme 6: Land Administration – R18.3 million

The funds were shifted to the following Programmes:

- Programme 3: Food Security, Land Reform and Restitution – R26 million for land acquisition shortfall and R45.2 million for administrative fees for agricultural projects including PESI and transport costs for delivery of agricultural inputs to farmers.
- Programme 5: Economic Development, Trade and Marketing – R160.5 million for support to industrial and enterprise development projects.

Rollovers: The Department requested the National Treasury for a rollover of R374.3 million of unspent funds from 2022/23 to 2023/24 from various economic classifications as follows:

- R220.5 million from the compensation of employees;
- R87.3 million from goods and services;
- R52.4 million from households; and
- R14 million from machinery and equipment.

It was reported that the funds will be used for existing commitments that could not be provided for during the 2022/23 budget allocation, namely, the accommodation and payment of 10 000 Extension Officers; upgrading of ICT processes; and settlement of labour tenants' legal matters.

4.2 Overview of Performance in terms of Service Delivery Targets

Table 4. Summary of Annual Performance Targets for 2022/23 and 2021/22

	2022/23				**2021/22**			
Programme	**No. of Targets**	**Achieved**	**Not achieved**	**% achieved**	**No. of Targets**	**Achieved**	**Not achieved**	**% achieved**
1. Administration	2	0	2	0	2	1	1	50%
2. Agricultural Production, Biosecurity & NRM	12	11	1	92%	14	13	1	93%
3. Food Security, Land Reform & Restitution	9	8	1	89%	13	6	7	46%
4. Rural Development	2	2	0	100%	5	3	2	60%
5. Economic Development, Trade & Marketing	12	10	2	83%	12	6	6	50%
6. Land Administration	7	5	2	71%	4	1	3	25%
TOTAL	**44**	**36**	**8**	**82%**	**50**	**30**	**20**	**60%**

Source: Department of Agriculture, Land Reform and Rural Development Annual Report (2024 & 2022).

The Department's overall performance in terms of achievement of planned service delivery targets improved from 60 per cent in 2021/22 to 82 per cent in 2022/23. However, the number of annual targets for three of the Department's programmes have also been decreased while they have been increased for the Land Administration Programme. The improvement in performance across

Programmes was commended with the exception of Programme 1, which regressed from 50 per cent achievement to zero. Misalignment between the Department's expenditure and service delivery performance remains a concern considering that goods and services receive 22 per cent of the total budget allocation. Although there has been an improvement compared to the prior year, the Department did not fully spend the budget allocation for goods and services in 2022/23, it spent 98 per cent of the allocation while in 2021/22 it only spent 86 per cent on goods and services.

4.3 Programme Expenditure and Performance during the 2022/23 Financial Year

4.3.1 Programme 1: Administration

Table 5: Programme 1 Budget and Expenditure for 2022/23 and 2021/22

	2022/23				**2021/22**			
Sub-programme	**Final Appropriation**	Actual Expenditure	**Variance**	**% spent**	**Final Approp.**	Actual Expenditure	**Variance**	**% spent**
	R'000	R'000	R'000	%	R'000	R'000	R'000	%
Ministry	42 952	42 945	7	100	37 781	37 781	-	100
Departmental Management	96 001	95 985	16	100	113 732	113 731	1	100
Internal Audit	53 614	53 608	6	100	35 773	35 773	-	100
Financial Management Services	281 245	281 226	19	100	304 272	304 263	9	100
Corporate Support Services	823 175	770 829	52 346	94	797 726	797 710	16	100
Provincial Operations	1 401 617	1 401 617	28	100	892 357	892 351	6	100
Office Accommodation	659 940	565 594	94 346	86	1 122 217	1 122 217	-	100
Total	**3 358 572**	**3 211 804**	**146 768**	**95.6**	**3 303 858**	**3 303 826**	**32**	**100**

Source: DALRRD Annual Report, 2024

The Administration Programme, which received the second highest allocation (R3.36 billion) from the Department's total budget in 2022/23, spent 95.6 per cent of its appropriated budget, a regression from the prior year's 100 per cent expenditure (Table 5). The underspending in the period under review amounting to R146.8 million, which was largely contributed by the Corporate Services and Office Accommodation sub-programmes (Table 5) was attributed to delays in the recruitment process due to lack of capacity; technical issues in respect of delays in receiving quotations for the procurement of ICT services and delayed receipt of products ordered from overseas; delays in the finalisation and submission of the inspection report for the construction of the Department's new Head Office as well as delays in issuing of office accommodation charges' invoices by the Department of Public Works and Infrastructure. The main cost driver for the Administration Programme in 2022/23 remains the Compensation of Employees (COE) on which the Department spent approximately R1.96 billion (61 per cent of the Programme's total expenditure), an increase from the R1.5 billion spent on COE in 2021/22. This was followed by goods and services with R1.2 billion.

While the Department spent almost 96 per cent of the allocated budget for the Administration Programme in 2022/23, it failed to achieve both planned annual targets for Administration (Table 4), namely, an unqualified audit opinion for the 2021/22 financial statements and 100 per cent of valid invoices paid within 30 days of receipt by the Department. The Department received a qualified audit opinion in 2021/22, which was attributed to inadequate audit evidence as proof of delivery of the goods to the intended beneficiaries of the Presidential Employment Stimulus Initiative (PESI). While there has been a slight improvement in the percentage of invoices paid within 30 days from 95 per cent in 2021/22 to 97 per cent in 2022/23, failure to pay 100 per cent of invoices has been an ongoing challenge for the Department for the past 4 years. For the period under review, the Department reported that errors in invoices delayed payments. The Committee continued to highlight the negative impact of delayed payment of invoices on suppliers particularly small, medium and micro enterprises (SMMEs), whose livelihoods and business sustainability may depend on the timeous payment of the invoices.

4.3.2 Programme 2: Agricultural Production, Biosecurity and Natural Resources Management

Table 6: Programme 2 Budget and Expenditure for 2022/23 and 2021/22

	2022/23				**2021/22**			
Sub-programme	**Final Appropriation**	**Actual Expenditure**	**Variance**	**% spent**	**Final Approp.**	**Actual Expenditure**	**Variance**	**% spent**
	R'000	R'000	R'000	%	R'000	R'000	R'000	%
Inspection and Quarantine Services	871 594	871 580	14	100	451 476	443 035	8 441	98.1
Plant Production and Health	129 088	129 077	11	100	132 850	114 513	18 337	86.2
Animal Production. & Health	525 435	505 462	19 973	96	275 723	271 201	4 522	98.4
Natural Resources & Disaster Management.	422 580	422 570	10	100	361 085	356 314	4 771	98.7
Biosecurity	5 093	5 092	1	100	3 913	3 503	410	89.5
Agricultural Research Council	1 189 320	1 189 320	-	100	1 282 632	1 282 632	-	100
Total	**3 143 110**	**3 123 101**	**20 009**	**99**	**2 507 679**	**2 471 198**	**36 481**	**98.5**

Source: DALRRD Annual Report, 2024

In terms of budgetary allocation, Programme 2 follows Administration and receives the third largest allocation from the Vote. For the 2022/23 financial year, the Programme spent 99 per cent of the appropriated R3.1 billion, a slight improvement from the prior financial year (Table 6). Expenditure in the Programme was largely driven by the transfer of R1.19 billion to the Agricultural Research Council (ARC), which in the year under review constitute approximately 38 per cent of the Programme's total budget while in the previous year the transfer to the ARC was almost half of the Programme's budget. Significant improvement in budgetary allocations were observed for the following sub-programmes, Inspection and Quarantine Services, Animal Production and Health and to some extent, Natural Resources and Disaster Management. The increased allocations are quite commendable in light of the natural disasters and animal disease outbreaks (e.g. foot-and-mouth disease (FMD and avian influenza) that the country has experienced and faced in the previous years. The increase in the budgetary allocation to the Biosecurity sub-programme from R3.9 million in the prior financial year to R5 million in 2022/23 is also commended in light of the biosecurity threats that negatively impact trade and revenue generated from the country's export of agricultural products.

The improvement in expenditure across all sub-programmes was commended with the exception of Animal Production and Health, which regressed from 98 per cent spending in 2021/22 to 96 per cent in the period under review. The underspending was reportedly due to non-submission of requests for subsidies in cash from emerging and small farmers who may be affected by disease outbreaks. The stated reason for underspending is quite concerning in light of the struggles that smallscale farmers face during disease outbreaks, and further points to poor communication, lack of capacity building and support of such farmers by the Department, particularly the Extension Services that is expected to work closely with farmers.

The Department achieved 11 out of 12 planned annual targets for Programme 2 (92 per cent), as illustrated in Table 4. The notable targets that were achieved in 2022/23 include the employment of 93 per cent of eligible veterinarians under the Compulsory Community Service (CCS) Programme, which was over-achieved as the target was 90 per cent employment; the new target of supporting 18 subsistence producers with integrated bioenergy (biogas) technology; development of adaptation strategies for sorghum under the Climate Change Crop-Suitability Research Programme in Free State (FS), KwaZulu-Natal (KZN), Limpopo (LP) and Mpumalanga (MP); as well as the completed delineation of Protected Agricultural Areas (PAAs) in 4 provinces, namely, Eastern Cape (EC), FS, Northern Cape (NC) and Western Cape (WC).

Another achieved target was the report on the implementation of the Cannabis Master Plan, which was reportedly achieved in the prior year, 2021/22, but questioned by the Committee at the time as the Executive Authority reported then that the Department is collaborating with Vulindlela, provincial departments and other relevant stakeholders in finalising the Cannabis Master Plan. Furthermore, the Department could not provide specific activities carried out including outcomes that have been achieved through the implementation of the Cannabis Master Plan. For the 2022/23 financial year, the only target that was not achieved under Programme 2 was the approval of the Agricultural Remedies Regulation, which was attributed to the delay in the Socio-economic Impact Assessment System (SEIAS) process that was still not finalised by the end of the 2022/23 financial year.

4.3.3 Programme 3: Food Security, Land Reform and Restitution

Table 7: Programme 3 Budget and Expenditure for 2022/23 and 2021/22

	2022/23				**2021/22**			
Sub-programme	**Final Appropriation**	**Actual Expenditure**	**Variance**	**% spent**	**Final Approp.**	**Actual Expenditure**	**Variance**	**% spent**
	R'000	R'000	R'000	%	R'000	R'000	R'000	%
Food Security	2 256 999	2 256 413	586	100	3 130 250	2 532 747	597 503	80.9
Land Redistribution & Tenure Reform	624 559	624 514	45	100	807 864	753 775	54 089	93.3
National Extension Services & Sector Capacity Development	775 185	569 882	205 303	73.5	555 089	553 274	1 815	99.7
Farmer Support & Development	612 409	612 407	2	100	598 033	598 032	1	100
Restitution	3 933 342	3 918 273	15 069	99.6	3 298 849	3 078 686	220 163	93
Agricultural Land Holdings Account	596 760	596 760	-	100	937 986	937 986	-	100
Ingonyama Trust Board	24 391	24 391	-	100	23 517	23 517	-	100
Office of the Valuer-General	107 172	107 172	-	100	131 844	131 844	-	100
Total	**8 930 817**	**8 709**	**221**	**97.5**	**9 483**	**8 609**	**873 571**	**91**

		812	**005**		**432**	**861**		

Source: DALRRD Annual Report, 2024

Programme 3 received the largest appropriation of R8.9 billion (approximately 51 per cent) from the Department's 2022/23 budget, which is slightly less than the prior year's R9.5 billion as illustrated on Table 7. About 44 per cent of the Programme's total appropriation went to the Restitution sub-programme, followed by the Food Security sub-programme with 25 per cent. The two sub-programmes collectively, account for more than two thirds of Programme 3's appropriation. The Department's expenditure for Programme 3 improved significantly from 91 per cent in 2021/22 to almost 98 per cent in 2022/23 (see Table 7); and improved expenditure was observed across all sub-programmes with the exception of the National Extension Services and Sector Capacity Development sub-programme, whose spending decreased from 99.7 per cent in the prior year to 73.5 per cent in 2022/23. The Food Security sub-programme realised the most significant increase in expenditure from 81 per cent in 2021/22 to 100 per cent in 2022/23, which was highly commended given the high levels of food insecurity in the country.

Notwithstanding the improvement in the overall expenditure of Programme 3 in the period under review when compared to the 2021/22 financial year, the reasons for underspending in the National Extension Services and Sector Capacity Development sub-programme, which accounted for 93 per cent of the under expenditure in Programme 3, are seriously concerning. The reasons reported were delays in the recruitment process of 4 470 Assistant Agricultural Practitioners (AAPs) as the Department had to sources funds to fill the positions; and lack of capacity in the recruitment process. This is particularly concerning considering the shortage of technical capacity to assist small-scale farmers in most provinces particularly Extension Services support as the Department has also since 2021 fell short of recruiting 10 000 Extension Officers across the country.

In terms of performance the Department achieved 8 out of the 9 (89 per cent) planned annual targets for Programme 3, which is a significant improvement from the previous year's 46 per cent achievement. However, Programme 3 is one of the Programmes where the total number of annual performance targets has been decreased from 13 in 2021/22 to 9 in 2022/23. The targets that have not been included in the 2022/23 Annual Plan and thus, the Annual Report are those relating to land reform, and all 4 targets have not been achieved in the previous financial year.

In the period under review, the only target that was not achieved was the recruitment of 5 000 Extension personnel, instead, the Department managed to recruit 3 566 Extension personnel. The reasons provided was that funds that became available in the third quarter were only sufficient to cater for recruiting 4 530 AAPs reflected on PERSAL and the validation process resulted in about 964 appointed officials not being verifiable owing to various errors concerning appointment letters.

The Committee was concerned that there was no reporting on key programmes that impact the vulnerable people, i.e. secure tenure on farms. It precisely sought to know how the department was enforcing the Extension of Security of Tenure Act and the Labour Tenants Act when evictions arise. Where land was acquired for farm dwellers and labour tenants, how the Department supported beneficiaries to improve the livelihoods. The second issue of concern was interventions in the Communal Property Associations (CPAs). Various oversight reports have shown that most of the CPAs either dysfunctional, having conflicts and in distress. Given the significance of these structures and their impact on functionality of farms, greater efforts should be put on their viability through training and other forms of support. Compliance to legislation was not the only support intervention required. The Committee welcomed the total number of hectares acquired through PLAS, including hectares acquired for farm dwellers and/labour tenants. There was a concern about allocation of land to beneficiaries. The Auditor-General reported that sometimes it took almost a year before land allocation.

4.3.4 Programme 4: Rural Development

Table 8: Programme 4 Budget and Expenditure for 2022/23 and 2021/22

	2022/23	**2021/22**

Sub-programme	Final Appropriation	Actual Expendi-ture	Variance	% spent	Final Approp.	Actual Expendi-ture	Variance	% spent
	R'000	R'000	R'000	%	R'000	R'000	R'000	%
NARYSEC	191 030	156 945	34 085	82	227 947	223 567	4 380	98
Rural Infrastructure Development	403 428	403 402	26	100	746 494	677 715	68 779	91
Technology Research and Development	19 167	19 167	-	100	18 844	18 270	574	97
Total	**613 625**	**579 514**	**34 111**	**94**	**993 285**	**919 552**	**73 733**	93

Source: DALRRD Annual Report, 2024

The Committee appreciated performance of Programme which achieved 100% performance rating on its two annual targets for the 2022/23. The performance was an improvement from 2021/22 where the performance rate was at 60% achievement on its targets. In relation to the funding, performance on expenditure can be summarised as follows: (i) a total R579.5 million of the final appropriation of R612.1 million was spent, resulting in under-expenditure of R32.63 million (5.3 per cent); and (ii) the under expenditure can be attributed to the 82% expenditure performance of the National Rural Youth Service Corps (NARYSEC) and 100% of the Technology Research and Development. The Committee noted that non-payment of stipends for the NARYSEC graduates contributed to under expenditure. The new NARYSEC policy does not allow payment of a stipend while students attend the Youth Leadership Development Programme, hence failure to spend the entire allocation. It is anticipated that the new plans will cater for the new policy provision. The Committee expressed the following concerns:

- There is still less evidence, at least in the report, of the impact of the NARYSEC training in job creation. For example, how many of the trainees are in full time employment or have started own entrepreneurial activities?
- Further detailed report on the number of youth trained, disaggregated by province, training centre, and field of training and/or industry and their placement is vitally important.
- from each province or district in the year under review, the kind of training they received and whether they have been able to secure employment, as well as the type of employment and any challenges experienced.

The Committee welcomed achievements with regards to infrastructure projects. It was reported that the Department exceeded the planned projects by 128. It is anticipated that the projects will positively impact and improve the living standards in rural areas. However, there is a need for a wider socio-economic impact study to assess impact of all these initiatives under the rural development programme in so far as improvement in rural livelihoods, incomes, job creation and ultimately standards of life.

4.3.5 Programme 5: Economic Development, Trade and Marketing

Table 9: Programme 5 Budget and Expenditure for 2022/23 and 2021/22

	2022/23				2021/22			
Sub-programme	**Final Appropriation**	**Actual Expendi-ture**	**Variance**	**% spent**	**Final Approp.**	**Actual Expendi-ture**	**Variance**	**% spent**
	R'000	R'000	R'000	%	R'000	R'000	R'000	%
International Relations & Trade	144 518	139 813	4 707	97	200 396	142 518	57 878	71.1
Cooperative Development	81 886	81 768	118	100	78 892	74 289	4 603	94.2

Agroprocessing, Marketing & Rural Industrial Dev	564 324	563 866	456	100	656 857	540 341	116 516	82.3
Development Finance					10 944	-	10 944	-
National Agricultural Marketing Council	48 535	48 535	-	100	47 305	47 305	-	100.0
Total	**839 263**	**833 982**	**5 281**	**99**	**994 394**	**804 453**	**189 941**	**80.9**

Source: DALRRD Annual Report, 2024

The budget allocation for Programme 5 decreased from R994 million in 2021/22 to R839 million in the period under review. While during the 2021/22 financial year the Department spent 81 per cent of the appropriation for Programme 5, the expenditure has improved significantly to 99 per cent in the 2022/23 financial year. Most of the Programme's appropriation continued to be allocated to the Agro-processing, Marketing and Rural Industrial Development sub-programme (67 per cent), followed by the International Relations and Trade sub-programme (17 per cent). While expenditure has improved across sub-programmes when compared to the previous year (see Table 9), the International Relations and Trade sub-programme continued to be the driver of underspending. The underspending was mainly attributed to outstanding invoices that were not received and still needs to be paid for membership subscriptions to international organisations.

In terms of service delivery performance, there has been a significant improvement in Programme 5; from achieving 6 out of 12 planned annual targets (50 per cent) in 2021/22 to achieving 10 out of 12 planned targets (83 per cent) in 2022/23 (see Table 4). Some of the targets that were achieved under this Programme is the training of cooperatives and training of smallholder farmers on agricultural marketing, a target that was overachieved. However, the Department again failed to comprehensively support 43 Farmer Production Support Units (FPSUs) to full functionality as planned, managing to only support 12 during 2022/23. In the prior year, the target was 35 and only 4 FPSUs were supported to be fully functional. This continues to be a concern in the Committee as the FPSUs are expected to play a central role in assisting smallholder and emerging producers with comprehensive support that will ensure their access to markets. This meant that training without access to comprehensive support and markets in particular, becomes fruitless. Even more concerning is the fact that, after 5 years, the Department has still not finalised the development of the Marketing of Agricultural Products Amendment (MAPA) Bill, which last appeared in its Plans in 2021/22. Another target that was not achieved was provision of support to 30 non-agricultural enterprises. In this case, only 2 enterprises were supported and the Department cited delays in implementation.

4.3.6 Programme 6: Land Administration

Table 10: Programme 6 Budget and Expenditure for 2022/23 and 2021/22

	2022/23				**2021/22**			
Sub-programme	**Final Appropriation**	**Actual Expendi-ture**	**Variance**	**% spent**	**Final Approp.**	**Actual Expendi-ture**	**Variance**	**% spent**
	R'000	R'000	R'000	%	R'000	R'000	R'000	%
National Geomatics Management Services	529 162	528 468	694	100	560 187	498 742	61 445	89

Spatial Planning and Land Use	114 827	114 813	14	100	169 690	144 158	25 532	85
Deeds Registration	1	-	1	0	1	-	1	0
South African Council of Planners	4 263	4 263	-	100	4 140	4 140	-	100
South African Geomatics Council	3	3	-	100	4 194	4 000	194	95
Integrated Land Administration	-	-	-	-	2 400	-	2 400	0
Total	**648 256**	**647 547**	**709**	**100**	**740 612**	**651 040**	**89 572**	88

Source: DALRRD Annual Report, 2024

Programme 6 plays a critical role in the provision and maintenance of an inclusive, effective and comprehensive system of planning, geospatial information, cadastral surveys, legally secure tenure, and land administration that promotes social, economic and environmental sustainability. A review of the performance showed that seven of the nine annual targets were achieved (i.e. 71% performance rating). The Committee noted that this performance is a significant improvement to the 2021 performance rating of 25%. Nonetheless, there were concerns about the 77% achievement on target for completion of electronic deeds registration system. The main concern was that the entire electronic deeds registration was being delayed. The Committee urged the Department to ensure that the eDRS was completed and implemented in full. Further, it noted that loadshedding was impacting on the ability of the Department to achieve targets for processing cadastral documents at an average of 16 days. There was a need for the Department to bring in innovative measures to significantly reduce the impact of loadshedding on their services, i.e. processing cadastral documents

In relation to expenditure report, the programme received a final allocation of R648.25 million, of which R647.55 million. This amounts to 99.9% expenditure. The Committee noted that underspending was mainly due to outstanding invoices regarding membership subscriptions fees to the Regional Centre for Mapping that were not received by close of the financial year.

4.4 Report of the Audit Committee

The independent Audit Committee reported that the system of internal controls within the Department was not entirely adequate and effective for 2022/23 as deficiencies were detected and reported through the internal audits performed on the system of internal control, which is a matter that it also raised in the previous financial year. While Management continued to address control weaknesses that have been reported by the Internal Audit Function, the Audit Committee expressed serious concern on inadequate internal control structures to prevent and detect fraud and the incidences of fraud identified in the Department. It noted significant control deficiencies in the areas of:

- Corporate Governance;
- Information and Communication Technology;
- Records Management;
- Financial Management in the Department of Agriculture, Land Reform and Rural Development and the Agricultural Land Holdings Account;
- Human Resources Management;
- Occupational Health and Safety; and
- Management of fraud, corruption, misconduct, irregularities and mismanagement.

It should be noted that most of the abovementioned control deficiencies were raised by the Audit Committee in the previous financial year. Based on its review of the Department’s Implementation Plan for audit issues raised in previous years including interaction with the Department, Internal Audit reports and the Auditor-General of South Africa (AGSA)’s audits reports, the Audit Committee concluded that not all significant matters have been adequately addressed. It expressed concern with the qualified audit opinion of the Agricultural Land Holding Account (ALHA) and is of the view that it should be a high priority for the Department in the current financial year. The Audit Committee reported that there are unresolved differences regarding ALHA that it will further discuss with the AGSA, Office of the Accountant-General and Department Management.

The Audit Committee reported that it is satisfied that the Internal Audit Function is operating effectively and has properly discharged its functions and responsibilities in the year under review and has taken risks pertinent to the Department into consideration in its audits. It further noted that a Risk Management Committee has been appointed and is chaired by an independent chairperson and advises the Accounting Officer. However, based on the follow-up on previously reported Internal Audit findings, the Department's Risk and Fraud Management System still requires improvement.

4.5 Report of the Auditor-General of South Africa

The Department of Agriculture, Land Reform and Rural Development (hereinafter referred to as the Department) received an unqualified audit opinion with findings from the Auditor-General of South Africa (AGSA). The AGSA further drew attention to the following, which are mostly repeat findings:

4.5.1 Emphasis of matters

- ***Significant litigation uncertainties*** in respect of claims worth R1.58 billion that were instituted against the Department and are subject to the outcome of legal proceedings. It should be noted that in the previous year, the amount was R2.2 billion.
- ***Impairments*** **–** provision for R106.4 million in relation to the impairment of accrued Departmental revenue and R15.9 million in relation to impairment of receivables.
- ***National Treasury Instruction No.4 of 2022/23: Public Finance Management Act (PFMA) Compliance and Reporting Framework*** – The PFMA Compliance and Reporting Framework, which came into effect on 03 January 2023, also addresses the disclosure of unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure. Among the effects of this Framework is that irregular and fruitless and wasteful expenditure incurred in previous financial years and not addressed, is no longer disclosed in the Disclosure Notes of the annual financial statements, only the current year and prior year figures are disclosed in Note 30 to the financial statements. The movements in respect of irregular expenditure and fruitless and wasteful expenditure (e.g. condoned, recoverable, removed, written off, under assessment, under determination and under investigation) are now required to be included as part of other information in the annual report of the auditees. Therefore, AGSA did not express an opinion on the disclosure of irregular expenditure and fruitless and wasteful expenditure in the Annual Report.

4.5.2 Non-compliance with legislation i.e. the Public Finance Management Act (PFMA) (Act No.1 of 1999) and National Treasury Regulations in respect of Expenditure and Procurement:

- ***Annual financial statements:*** **-** The financial statements submitted for auditing were not fully prepared in accordance with the prescribed financial reporting framework and/or supported by full and proper records as required by Section 40(1)(a) and (b) of the PFMA. – Material misstatements of advances expensed, prepayments expensed, payables and contingent liabilities identified by the auditors in the submitted financial statements were corrected and the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified opinion.
- ***Expenditure management:*** Effective steps were not taken to prevent fruitless and wasteful expenditure amounting to R30 million as disclosed in Note 26 to the annual financial statements, as required by section 38(1)(c)(ii) of the PFMA and Treasury Regulation 9.1.1. The majority of the fruitless and wasteful expenditure was caused by payment of invoices for services not received.
- ***Consequence management:*** Disciplinary steps were not taken against the officials who had incurred and/or permitted irregular expenditure as required by section 38(1) (h) (iii) of the PFMA.
- ***Revenue management:*** Effective and appropriate steps were not taken to collect all money due, as required by Section 38(1) (c) (i) of the PFMA.

4.5.3 Deficiencies in internal controls

- Leadership did not implement adequate oversight controls to ensure that action plans to address prior year findings are monitored and addressed to facilitate reliable reporting.
- Management did not implement effective monitoring of compliance with applicable legislation. Non-compliance with legislation and supply chain management processes could have been prevented if compliance had been properly reviewed and monitored.

4.5.4 Usefulness and reliability of reported performance information

- AGSA identified material misstatements in the annual performance report submitted for auditing in respect of the reported performance information of Programme 3: Food Security, Land Reform and Restitution; Programme 4: Rural Development and Programme 5: Economic Development, Trade and Marketing. Management subsequently corrected all the misstatements and therefore, AGSA did not include any material findings on the usefulness and reliability of the reported performance information for the three Programmes.

4.5.5 Material irregularities

- AGSA identified a material irregularity relating to the Recapitalisation grant during the audit and notified the Accounting Officer as required by Material Irregularity Regulation 3(2). By the date of the AGSA Report (08 August 2023), the response of the Accounting Officer was not yet due. This material irregularity will be included in next year's auditor's report.

Other reports

The AGSA further drew attention to the following engagements conducted by various parties. These reports did not form part of AGSA's opinion on the financial statements or its findings on compliance with legislation:

- The Accounting Officer commissioned a forensic investigation into allegations of maladministration into payments irregularities to service providers by senior officials. The investigation was finalised after 31 March 2023.
- Proclamation Number R.36 of 2019 (GG 42577 dated 12 July 2019) was signed by the President for the Special Investigating Unit (SIU) to investigate matters related to maladministration in the affairs of the Department relating to the mismanagement of the Comprehensive Agricultural Support Programme (CASP). Furthermore, Proclamation Number R.114 of 2023 was issued to amend Proclamation Number R.36 of 2019. The amendment was for the investigation to also cover Ilima/Letsema support programme. The outcome of the SIU's investigation was pending at the time of the auditor's report.

4.6 Discussion on Financial and Service Delivery Performance

The improvement in the Department's expenditure was commended as its underexpenditure in the 2022/23 financial year was less than the previous year's R1.1 billion that was surrendered to the National Treasury in the prior year. However, the underspending of R428 million was still considered significant and concerns were expressed with the underspending relating to filling of vacancies, where R220.5 million was not spent and also technical issues relating to procurement of ICT services in light of the Department's capacity challenges, lack of technical farmer support and repeat audit findings relating to supply chain management matters. As the Committee previously highlighted, the Department's inability to efficiently utilise appropriated funds as planned, may negatively impact future budget allocation from the National Treasury. This continues to be a concern to the Committee as underfunding has a major impact on service delivery. It was worrisome that the Department failed to spend R205 million under Programme 3 citing delays in the recruitment of 4 470 Assistant Agricultural Practitioners (AAPs) as the Department had to source funds to fill the positions; and due to lack of capacity in the recruitment process. This points to poor planning on the part of the Department, which could have missed the opportunity to contribute to addressing the high rate of graduate youth unemployment and the beefing up the much-needed technical support to the small-scale farming sector.

The Committee noted the improvement in the Department's audit outcome; however, serious concerns were expressed about the continuous repeat findings from AGSA and the failure of the Department to effectively address the serious matters that are consistently raised by AGSA.

The Committee emphasised the need for the Department to address the repeat audit findings and further highlighted the Management weaknesses and challenges that have been repeatedly raised by the Department's Audit Committee and AGSA. The Department's expenditure management particularly non-compliance with the PFMA, poor monitoring and reporting, lack of consequence management and deficiencies in internal controls were highlighted as areas of serious concern that needs further attention. The significant increases in irregular expenditure and the fruitless and wasteful expenditure were testament to the Department's poor internal controls and lack of consequence management.

The improvement in the achievement of planned performance targets for most of the Programmes was commended. There was a concern however, with lack of performance in the Administration Programme, which receives 25 per cent of the Department's budget but failed to achieve two targets for the entire year. The Committee further noted that the Department has a challenge with effective and efficient spending of its budget on some of its planned targets to ensure optimal service delivery and value for money. Despite the great need for farmer support particularly during disease outbreaks and natural disasters, lack of communication and capacity building of small-scale farmers remain major challenges as signified by the Department underspending the budget on Programme 2 due to non-submission of requests for subsidies in cash from emerging and small farmers who may be affected by disease outbreaks.

Notwithstanding the service delivery challenges, the Department for the second consecutive year, did not have a Service Delivery Improvement Plan (SDIP) for the financial year under review. The reason cited being that the Department of Public Service and Administration (DPSA) gave the Department an extension to only develop the SDIP for the 2023-2025 period. In the prior year, the cited reason was that the DPSA declared the 2021/22 financial year as a gap year, which is very worrisome. In light of the capacity challenges and unfilled vacancies, concerns were expressed about the suspension of the process to finalise the long-standing fit-for-purpose organisational structure of the Department that was promised in 2021; and for which a service provider was appointed in the year under review. The delay in the finalisation of the structure has also been recognised by the Department to cause an operational flux particularly through the duplication of certain functions in the start-up structure and the national-provincial department interface. The process to develop or finalise the fit-for-purpose organisational structure was to resume and be finalised in the current financial year, 2023/24.

As it has been repeatedly raised by the Committee, critical work with regard to important policy and legislation development was not moving at the pace that is expected. Among these areas is the finalisation of the Comprehensive Producer Development Support Policy and the long outstanding tabling of the Communal Land Tenure Bill, the Marketing of Agricultural Products Amendment (MAPA) Bill and the Perishable Products Export Control (PPEC) Amendment Bill. The MAPA Bill was once included in the Department's previous Annual Plans but after lack of progress and achievement of planned targets, the Bill has since 2022/23 been removed from Annual Performance Plans.

5. AN OVERVIEW OF THE PERFORMANCE OF THE DEPARTMENT'S ENTITIES

5.1 Agriculture Entities

5.1.1 Agricultural Research Council (ARC)

The total revenue of the ARC increased from R1.39 Billion in 2021/22 to R1.53 billion in 2022/23 financial year. The entity's revenue is largely driven by the Parliamentary Grant (PG) allocation, which remains stagnant at R1 billion, similarly to the previous financial year. The rest of the entity's revenue is self-generated from research, diagnostic services and other commissioned work. The ARC spent approximately R1.29 billion and remained with an operating surplus of R215.3 million, an improvement from the previous year's R158 million. The main cost driver remains compensation of employees (COE), on which the entity spent R787.7 million in 2022/23, an increase from the R761.9 million that was spent on employees in the previous financial year due to a cost of leaving adjustment of 3 per cent and leave pay provision.

For the seventh consecutive year, the ARC received a **qualified** audit opinion from AGSA with material findings on non-compliance with legislation and regulations. The qualification, which is mainly based on repeat findings is an indication that significant internal control deficiencies that require urgent attention in the entity still remain. The qualification areas from AGSA in 2022/23 were in respect of:

- *Revenue from non-exchange transactions:* AGSA was unable to obtain sufficient appropriate audit evidence that revenue from non-exchange transactions were properly accounted for, due to the ARC recognising a conditional grant as revenue without sufficient evidence. AGSA was unable to determine whether any adjustment was necessary to revenue from non-exchange transactions stated at approximately R1 061 835 096 in the financial statements and unspent conditional grants.
- *Property, plant and equipment:* AGSA was unable to obtain sufficient appropriate audit evidence that management had properly accounted for property, plant and equipment, as the ARC did not have adequate systems to record and maintain proper accounting records for adjustments made to corresponding figures of property, plant and equipment. There were material differences between the financial statements, fixed assets register and underlying schedules relating to the adjustments to the corresponding figures. AGSA was unable to determine whether any adjustment was necessary to property, plant and equipment, stated at R1 931 601 461 in 2022/23 (R1 953 841 423 in 2021/22) in note 20 to the financial statements. Some items of property, plant and equipment recorded in the public entity's fixed asset register could not be physically located, thus property, plant and equipment were overstated by these items. Consequently, property, plant and equipment were overstated by R12 347 061.
- *Depreciation and amortisation:* The financial statements of the public entity were materially misstated, as the public entity did not depreciate property, plant and equipment as required by GRAP 17, Property, plant and equipment. The auditors were unable to quantify the full extent of the misstatements of the depreciation amount and of property, plant and equipment as it was impracticable to do so. AGSA was unable to determine whether any adjustment was necessary to depreciation stated at R67 570 123 in 2022/23 (2022: R81 071 in 2021/22) in note 6 to the financial statements. Consequentially, Property, plant and equipment is also misstated.
- *Irregular expenditure:* Not all irregular expenditure was included in the note 43 to the financial statements, as required by Section 55(2) (b) (i) of the PFMA. This was due to payments made in contravention of the supply chain management requirements, which resulted in irregular expenditure of R7 442 451.31 and were not included in note 43. Consequently, AGSA was unable to determine whether any further adjustments were necessary to the irregular expenditure stated at R0 in note 43 of the financial statements.

The Committee was displeased with the lack of improvement in the ARC's audit outcomes, the failure of the ARC to address repeat audit findings particularly in respect of property, plant and equipment, as well as additional qualification areas. As indicated in the ARC's Risk Register, aging infrastructure and equipment were noted as the key risks in ensuring that the entity's research and development activities continue in a seamless manner. Furthermore, financial constraints continue to be a challenge in the maintenance and upgrading of infrastructure. In 2022/23 financial year, R164.9 million was allocated for infrastructure and facilities management. Notwithstanding AGSA's findings on irregular expenditure, the overall decrease and the investigations that are underway and actions that have been taken against those responsible for irregular, fruitless and wasteful expenditure were appreciated. Fruitless and wasteful expenditure decreased from R27.15 million in 2021/22 to R35 828 in 2022/23. The Committee expressed serious concern with lack of progress and underspending of funds allocated for the construction of the FMD Facility. By the end of the 2022/23 financial year, there was R478.37 million that was left of the FMD funds against R479. 93 million that was left at the end of the 2021/22 financial year.

In terms of service delivery performance, the ARC regressed from the previous financial year. It achieved approximately 67 per cent (52 out planned 78 annual targets) of its planned annual targets against the 70 per cent that was achieved in 2021/22. Some of the key achievements were the increase in the number of registered cultivars; registration and granting of plant breeder's rights to 3 new varieties of orange-fleshed sweet potato; unveiling of a new black-owned auction company through the ARC's Kaonafatso ya Dikgomo (KyD) Farmer Support Scheme and the KZN Department of Agriculture and Rural Development; development of an Agricultural Drought Early Warning System (ADEWS); production of four live blood vaccines for tick-borne diseases; and more than doubled the production of doses for blood vaccines, producing 186 481 doses against the target of 65 000.

The ARC continued to experience challenges with attaining targets relating to human resources. The entity ended the 2022/23 financial year with a turnover rate of 3.8% against a planned target of 3.5%

and a vacancy rate of 12.2% against the target of 10%. The Committee raised concerns on the high vacancy rate and further enquired about the entity's plans to retain expertise. The Committee again registered its displeasure with the delay in the construction of the foot-and-mouth disease (FMD) Facility when there is a grant that has been allocated for the project, highlighting the negative impact of the delay to the development and local production of the FMD vaccine, which the country continues to import from Botswana. Local production and availability of the FMD vaccine was highlighted as quite crucial as the livestock industry is faced with export bans to some overseas markets as a result of FMD outbreaks in the country.

5.1.2 Onderstepoort Biological Products (OBP)

As a Schedule 3B entity (i.e. national government business enterprise), which is also a National Key Point, the OBP does not receive a Parliamentary Grant but funds all its operations from self-generated revenue (mostly from sale of animal vaccines and related products). The OBP's generated revenue increased by 9 per cent from R186 million in the 2021/22 financial year to R204 million in the 2022/23 financial year. The revenue increase was attributed to the supply of FMD vaccines due to the FMD outbreak, for which the OBP has a contract with the shareholder (DALRRD). The OBP's expenditure increased by 3 per cent from R159.9 million in the previous financial year to R164.5 million in 2022/23. The OBP acknowledged the challenges with vaccine availability that are attributed to aged infrastructure and regular equipment breakdowns. It reported that a new freeze dryer has been ordered and until it is delivered, the OBP will continue to experience vaccine production challenges. It identified product unavailability, lack of research and development output as well as lack of protection of intellectual property as high risk areas that need attention.

The OBP received a **qualified** audit opinion from AGSA with findings in respect of non-compliance with legislation and regulations, which is a regression from the prior year's unqualified audit opinion without findings on financial information but with findings on performance information. In the period under review, AGSA did not note any material findings on performance information. Matters of qualification from AGSA was in respect of:

- *Cost of sales and inventories:* AGSA was unable to obtain sufficient appropriate audit evidence to substantiate the amount recognised as cost of sales and inventories in relation to intermediate and finished goods, as the OBP did not implement effective systems of internal control to maintain reliable accounting records and information to support the amounts disclosed in the financial statements. AGSA could not confirm the amount for cost of sales and inventories by alternative means as the public entity's records did not permit the application of alternative audit procedures. Consequently, the auditor was unable to determine whether any adjustments relating to inventories stated at R52 076 192 and cost of sales stated at R51 494 797 in notes 5 and 17 to the financial statements were necessary.

The entity did not incur irregular expenditure during 2022/23 but there was irregular expenditure worth R3.45 million from 2021/22 that was condoned and written off. Disciplinary action was instituted against personnel responsible for the irregular expenditure but there were no recoveries as there was no financial loss to the OBP. While the OBP did not incur any fruitless and wasteful expenditure in the prior year, for 2022/23 financial year, the entity incurred fruitless and wasteful expenditure worth R8 000 in relation to a SARS penalty on VAT returns. The penalty was reportedly under review. The Committee expressed a serious concern with the regression in the OBP's audit outcome on financial information.

The OBP's service delivery performance improved from 48 per cent achievement of planned annual targets in 2021/22 to 58 per cent in 2022/23. The OBP again achieved the recertification for ISO 9001:2015; and also achieved human resource related targets that were not achieved in the prior year. The entity overachieved targets relating to the retention of the top twenty customers, retaining 95 per cent against the planned 75 per cent. Amongst the targets that were not achieved by the OBP in 2022/23 were those relating to increased vaccine sales; increased revenue generation; and the target on the Good Manufacturing Practice (GMP) Facility.

The GMP Project has been suspended since 31 October 2021 due to ongoing disputes and legal matters. For the delays in the GMP Facility project, the reasons cited by the OBP was the conflict between the contractor and the engineer including changes on the upgrading of the facility. The OBP reported that an internal principal agent will be appointed to restart the project; and a revised costing is being done by the contractor. AGSA has highlighted that the role players in the accountability ecosystem need to ensure that the root causes for the inability of the entity to achieve its vaccine demand are addressed. The Committee was displeased with the slow progress in the construction of the GMP Facility and the delays in the appointment of the Chief Executive Officer (CFO) and the filling of the vacancy for the Company Secretary. The Board of the OBP reported that it is in the process of appointing a CEO and plans to finalise the process by April 2024.

5.1.3 National Agricultural Marketing Council (NAMC)

The NAMC was established in terms of Section 3 and 4 of the Marketing of Agricultural Products (MAP) Act, 1996 (Act No. 47 of 1996) as amended by Act No. 52 of 2001. It is listed under Schedule 3A of the PFMA. The core mandate of the NAMC is to investigate and advise the Minister of Agriculture, Land Reform and Rural Development on agricultural marketing policies and their application, and to coordinate agricultural marketing policy in relation to national economic, social and development policies and international trends and developments. The NAMC's total budget for the 2022/23 financial year was R54.3 million, a slight decrease from the previous year's total budget of R54.48 million. The NAMC's budget comprised of the Parliamentary Grant (PG) of R48.5 million, which is a slight increase from the previous financial year's R47.3 million, R3.5 million from sponsorships and other income as well as R2.3 million from interest generated. The NAMC spent 95 per cent of the total budget for the financial year under review and remained with a surplus of R2.7 million.

There was no improvement in the NAMC's audit outcomes from the previous two financial years. The NAMC received an unqualified audit opinion with repeat findings from the AGSA in respect of non-compliance with laws (PFMA), emanating from lack of consequence management for irregular expenditure incurred in prior years as well as serious internal control deficiencies as management was not performing some of its functions. The AGSA also evaluated the reported performance information for Programmes 2 and 3, namely, Viable and Efficient Agricultural Sector Generating Optimal Earnings (domestic and international) and an Enhanced Market Access for the Agricultural Sector, respectively. The AGSA identified material misstatements in the Annual Performance Report submitted for auditing in respect of the reported performance information for the two selected Programmes. Management subsequently corrected all the misstatements, and AGSA did not include any material finding in the report in this regard. AGSA has previously highlighted concern with the NAMC's poor expenditure management, non-compliance with SCM regulations, lack of consequence management and inadequate internal controls to ensure that proper consequence management processes were conducted by the entity. AGSA had major concern with lack of investigations by the entity as the AGSA could not find appropriate audit evidence that disciplinary steps were taken against officials who had incurred irregular, fruitless and wasteful expenditure as required by the PFMA.

The NAMC ended the 2022/23 financial year with a total irregular expenditure of R156.1 million, of which R2.1 million was incurred in the year under review and R154 million is historical from prior years. In November 2022, the NAMC reported that it has applied to the National Treasury (NT) for the condonement of some of the historical irregular expenditure, however, the NT refused and instructed the NAMC to implement consequence management. The NAMC reported then that it has appointed a consultant to further investigate the irregular expenditure and was waiting for the report from the consultant. In the latest Annual Report, there is no mention of the report from the consultant that was appointed, instead, the NAMC reported that it has appointed a service provider to conduct a determination test on the identified irregular expenditure and at reporting date, the determination test was not yet finalised.

The R2.1 million irregular expenditure that was incurred during 2022/23 financial year was in respect of R1.48 million for the Agriculture and Agroprocessing Master Plan (AAMP) contract that was signed without following delegation of authority, R624 thousand due to non-compliance with the Recruitment Policy and R14 thousand as a result of a service provider being engaged without a contract in place. The NAMC reported that the irregular expenditure incurred in the year under review is under assessment.

It should be noted that it is not the first time that a contract has been signed for the Agriculture and Agroprocessing Master Plan (AAMP) without following delegation of authority. In 2020/21, AGSA drew attention to a Preliminary Report that was issued on 01 February 2021 on suspected fraud, corruption and conflict of interest on the procurement and contract management relating to the AAMP. By 31 August 2021, the Board of the NAMC had initiated a process to implement the recommendations contained in the Preliminary Report. However, in the 2021/22 financial year, AGSA further drew attention to the fact that at the date of its Audit Report (31 July 2022), the Board had not completed a full investigation as per the recommendations contained in the Preliminary Investigation Report issued on suspected fraud, corruption and conflict of interest in procurement and contract management relating to the AAMP contract. An update on the matter has not been received from the NAMC.

During the year under review (2022/23), the Board of the NAMC approved the write off of fruitless and wasteful expenditure incurred in the previous financial years, worth R7.988 million and R2 thousand from 2022/23. The fruitless and wasteful expenditure written off related to the salary pay-out to the National Red Meat Development Programme (NRMDP) employees as per the CCMA judgement, as well as expenses incurred on the AIMS projects. The NAMC reported that the fruitless and wasteful expenditure did not result in fraudulent activities and the employees involved on the transgression are no longer with the NAMC.

The re-commissioning of the NRMDP to the NAMC by the Department instead of the ARC as it was previously proposed, remains a concern. The NAMC is an advisory entity and does not have enough resources and personnel capacity (12% staff turnover and 27% vacancy rate) to implement service delivery related projects and therefore, largely relies on service providers. Most of the NAMC's irregular expenditure stems from poor capacity of the entity to manage contracts and complies with SCM regulations including lack of consequence management when non-compliance occurs. Therefore, continued commissioning of the NAMC to implement such projects without addressing existing deficiencies as highlighted by AGSA is setting it up for failure. In the year under review, the NAMC is a co-respondent in a R17.5 million lawsuit against the Minister of Agriculture, Land Reform and Rural Development by the Centre for Economic Participation; and the entity also has litigation cases against it worth R1.8 million that are related to contracts.

In terms of performance targets, the NAMC achieved 13 out of the planned 15 annual targets (87 per cent) for 2022/23. The 87 per cent was a significant improvement from the previous financial year's 76 per cent, when the entity achieved 13 out of 17 planned annual performance targets. Most notably, the NAMC overachieved and more than doubled the performance target to link farmers to market opportunities under Programme 3, exceeding the planned target of linking 80 farmers to markets by 110, thus linking 190 farmers to markets. This target was also overachieved in the previous financial year. The NAMC was commended for overachieving its annual target for linking farmers with market opportunities; and also for the well-prepared and comprehensive performance report.

5.1.4 Perishable Products Export Control Board (PPECB)

The PPECB is a national public entity that is listed under Schedule 3A of the PFMA. The PPECB does not receive a Parliamentary Grant but generates its own revenue through fees and levies charged for inspections done on perishable products that are due for export, issuance of export certificates and laboratory services. The Board highlighted that during the 2022/23 financial year, loadshedding significantly impacted the agricultural sector and the PPECB, particularly its statutory operations, ICT infrastructure and training activities. Employees had to work overtime to ensure client's needs are met. Additional expenditure was incurred for the procurement of energy generation equipment, diesel, repairs and maintenance.

Despite the challenges, the PPECB generated total revenue of R596.5 million in the financial year under review, which is a 6 per cent increase from the R562.5 million that was generated in the 2021/22 financial year. The increase was due to increased volumes of perishable export products and consequently, demand for inspection services and issuance of export certificates. The PPECB's expenditure for 2022/23 financial year was R584 million and the entity was left with a net surplus of R12.5 million, which was far less than the prior year's surplus of R35.4 million. Employee costs accounted for 71 per cent of the expenditure and remain the PPECB's largest cost as it is a service-orientated organisation, while operations and ICT accounted for 15 per cent and 11 per cent of the expenditure, respectively.

The PPECB maintained a clean audit outcome (i.e. unqualified audit opinion without material audit findings from the external auditor). In the year under review, the PPECB was audited by independent auditor, PKF Cape Town. Notwithstanding the clean audit, the Audit Committee highlighted some areas of financial management that require improvement, namely:

- Irregular and wasteful expenditure;
- Asset management;
- Contract management; and
- Supply chain management (SCM).

The PPECB incurred irregular expenditure of approximately R1.3 million that is mostly related to supply chain, where National Treasury Regulations in respect of procurement of goods and services and advertisement of tenders were not followed. The entity has taken action to address the non-compliance in all cases. In terms of fruitless and wasteful expenditure incurred, the PPECB regressed significantly from the prior year as it incurred fruitless and wasteful expenditure of R796 405 in the year under review compared to the previous year's fruitless and wasteful expenditure of R32 294. The fruitless and wasteful expenditure was in respect of a permanent employee that resigned but continued to draw a salary; irrecoverable funeral benefits that were paid to a service provider for three employees and ICT equipment that could not be physically accounted for and was reported missing, and therefore, the assets were written off. The Committee praised the PPECB for consistently maintaining clean audits and for implementing consequence management to address transgressions and also prevent future transgressions.

The PPECB again achieved all its 14 planned annual targets (100%) for the 2022/23 financial year, as it has been the case in the previous financial year, 2021/22 despite the challenges that affected its operations. The PPECB overachieved most planned targets across all Programmes. The performance is indicative of good governance as the PPECB availed additional resources to address challenges associated with loadshedding. The Committee applauded the PPECB for consistently attaining clean audit outcomes and for the impressive performance as it achieved 100% of the planned targets for the second successive year despite challenges and implored the entity to address the areas of financial management that have been highlighted by the Audit Committee for improvement.

5.1.5 South African Veterinary Council (SAVC)

The SAVC is a statutory professional body that was established in terms of the Veterinary and Para-Veterinary Professions Act, (Act No. 19 of 1982) to regulate the veterinary and para-veterinary professions in South Africa. Its core functions amongst others, are to:

- Regulate the practising of the veterinary and para-veterinary professions and the registration of persons practising such professions;
- Determine minimum standards of tuition and training required for degrees, diplomas and certificates entitling the holders thereof to be registered to practise the veterinary professions and para-veterinary professions;
- Exercise effective control over the professional conduct of persons practising the veterinary professions and para-veterinary professions;
- Determine the standards of professional conduct of persons practising the veterinary professions and para-veterinary professions;
- Encourage and promote efficiency in and responsibility concerning the practice of the veterinary professions and para-veterinary professions;
- Protect the interests of the veterinary and para-veterinary professions;
- Maintain and enhance prestige, status and dignity of veterinary and para-veterinary professions and integrity of persons practising such professions; and
- Advise the Minister concerning any matter affecting a veterinary or a para-veterinary profession.

The organisation's income mainly comes from membership fees from veterinarians (Vets) and other para-veterinary (Para-Vets) professionals that are registered with SAVC as well as other income from interest received, authorisation fees, facility inspections, student registrations and maintenance fees. SAVC realised a total income of R21.9 million in 2022/23, which is an increase from the R19.9 million that was generated in 2021/22. Approximately R16.9 million (77 per cent) of the total income was generated from registration fees from Vets and Para-veterinary professionals. At the end of the 2022/23 financial year, SAVC had a total of 6 907 registered professionals, which comprised of:

- 3 500 veterinarians (Vets);
- 219 veterinary specialists;
- 379 Compulsory Community Service (CCS) Vets;
- 723 Veterinary nurses;
- 398 Veterinary technologists;
- 1 601 Animal Health Technicians (AHTs);
- 13 Laboratory animal technologists; and
- 79 Veterinary physiotherapists.

The entity received a clean audit opinion on its financial statements from the independent auditors, Acton and McIntosh. SAVC again achieved all its planned annual targets for the 2022/23 financial year. One of the key achievements are the approval of the submission that SAVC made to the Minister of Agriculture, Land Reform and Rural Development regarding the new rules for the para-veterinary professions (veterinary nurses, veterinary technologists, laboratory animal technologists and animal health technicians). These rules allowed the aforementioned para-veterinary professions to register and operate their own Primary Animal Health Care (PAHC) facilities.

SAVC expressed a concern with the fact that Vets are no longer on South Africa’s critical skills list, which has a negative impact on access to veterinary care for farmers, especially smallholder farmers. The Council will resume work on including veterinary and para-veterinary services to the critical skills list. It is also in a process to review the 1982 legislation that established the entity as it does not allow SAVC to get grant funding from Government, but rather a loan.

5.2 Land Reform Entities

5.2.1 Commission on Restitution of Land Rights

The Commission on Restitution of Land Rights (the Commission) was established in terms of the Restitution of Land Rights Act, 1994 (Act No. 22 of 1994) as an autonomous statutory body whose function is to solicit, investigate, and to resolve, through negotiations and mediation, land claims in line with Section25 (7) of the Constitution. By January 2023, the Commission had reported that a total of 82 549 claims have been settled and 6 571 were outstanding as at 30 November 2022. The Committee noted that the Commission received a final budget of R15.18 million and spent R15.16 million or 99.9% whilst Restitution received a final budget of R3.91 billion and spent R3.90 billion or 99.62% of the total budget. The Committee noted a a slight improvement in expenditure when comparing to 98.5 % in 2021/22.

Performance against pre-determined objectives

The Commission had two planned targets for 2022/23; namely, the number of claims settled, and the number of claims finalised. Table 11 below shows that the Commission exceeded targets on the number of claims settled and finalised. Whilst the Committee welcomed this achievement, it also noted that this performance was not at the pace expected because there were still over 6000 pre-1998 land claims that ought to be settled prior to the Commission attending to the 2014 new order land claims. The Committee was also concerned, as shown in Table 12 below, that in five years (i.e. from 2018/19 to 2022/23), the Commission was able to settle only 1 879 land claims. The rate of settlement of land claims has been in decline since 2018/19 and, should the Commission proceed in this manner, all the pre-1998 land claims would not be settled over the next five years.

Table 11: Performance against revised targets in 2022/23

Strategic Objective	**Performance Indicator**	**Target**	**Actual**	**Variance**
Facilitate the restoration of land rights or alternative forms of equitable redress by 2020	Number of land claims settled	336	355	+19
	Number of land claims finalised	372	442	+70

Source: CRLR (2023a).

Table 12: The number of claims settled from 2018/19 to 2022/23

Year	2018/19	2019/20	2020/21	2021/22	2022/23	Total
No. of settled claims	502	436	324	262	355	1 879

Of the total settled claims, 66.2% rural claims whilst 33.8% were urban. A total of 8 681 households benefited from the 355 settled land claims; of those 3 583 (41.3% were female-headed households and 32 (0.37%) were people living with a disability. In terms of the cost, R3.7 billion that was spent on the settlement and finalisation of claims in the period under review, R2.7 billion (73%) was for land cost and R1 billion (27%) was for financial compensation. This is expected as more rural claims (more land transfer) compared to urban claims (which are mostly financial compensation) were settled in the year under review.

Having conducted regional (provincial) analysis of finalisation of land claims, the Committee noted that in spite achievement of national targets, five provinces did not achieve their targets. The least performing province was the Northern Cape with a performance rating of 50% on finalisation of land claims. The reason for exceeding the target was because Gauteng achieved 283.3%, Limpopo attained 362.5% and North-West 250%.

Financial Performance

The Commission, as an entity, received an allocation of R15.18 million and spent R15.16 million or 99.9% of the budget. Restitution sub-programme (focusing on settlement and finalisation of claims) received a final allocation of R3.92 billion and spent 99.6% of the budget. Of the total expenditure, R613.2 million was spent on current payments, of which 64.5% was spent on Compensation of Employees (COE) while 35.5% was spent on Goods and Services. The Committee noted that 51.6% of total expenditure went to Transfers and Subsidies, of which the majority went to households. Of the total allocation for commitments, R783.5 million (24.1%) was spent on backlogs and R2.5 billion (75.9%) was spent on commitments approved in 2022/23. Whilst the allocation is welcome, the Committee needed further details about approval for finalisation of backlog claims and a status report on all outstanding backlog claims as well as the commitment register.

Human Resources

The Commission spent R3.79 billion of R3.90 billion (96%) allocated for Compensation of Employees (COE). While it underspent the total allocation for COE, six provinces overspent their COE budget, and three provinces underspent their budget. The highest poor expenditure of the COE budget was at the National Office at 45%. The current structure of the Commission has 748 funded posts, of which 678 were filled, creating vacant posts of 70, which is a vacancy rate of 9.3%. This is an improvement compared to the vacancy rate of 10.8% in 2021/22. However, it is slightly below the preferred 10% vacancy rate as prescribed by the National Treasury. The Committee welcomed that 5 vacancies at the Senior Management Service (SMS) level were filled during the year under review. It included the position of Deputy Chief Land Claims Commissioner, which was filled in June 2023 after it had been vacant since 2017/18.

5.2.2 The Office of the Valuer-General

The Office of the Valuer-General (OVG), a Schedule 3A public entity, was set up in terms of the Property Valuation Act (PVA), 2014 (Act No.17 of 2014). 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. One of the critical issues for the OVG was to improve its capacity and reduce valuation backlogs. The Inter-Ministerial Advisory Panel on Land Reform (MAP) was expected to review the PVA to confirm the role, mandate, and valuation methods of the OVG. It is reported that the MAP has completed the review and was finalising the report. The Committee was of the view that finalisation of the MAP process was extremely urgent to assist in redefining the OVG's business. This is informed by reports from the Department that the OVG process has slowed land reform pace because of an increase in rejection of offers. Regarding performance, the OVG achieved 4 of 9 planned targets for the 2022/23.

The performance rate is a steep decline from a performance rate of 80% in 2021/22. Below are some highlights of programme performance.

- *Administration:* Met a set target under this Programme.
- *Valuations:* This subprogramme focuses on conducting property valuations. Whilst it achieved targets on number of days taken to issue valuation certificates and number of days taken to resolve queries after issuing the final valuation certificate, it was still concerning that the main area of work, i.e. valuation, achieved 84% as opposed to 100% as planned. This is the main function which supports land reform. The OVG reported that the failure to achieve the target was because of an increase in the demand for land valuations and the poor capacity for valuations in the OVG. The situation was exacerbated by staff turnover within the valuations team (five resignations).
- *Operations:* The purpose of the Sub-programme is to ensure the efficient and effective functioning of the OVG. The objective, therefore, is to create a high-performing organisation that promotes high ethical standards to deliver just and equitable valuations. It contributes to priority 6 intending to reach organisation excellence. Two of the four targets was not achieved. It concerns filling of vacancies. The Committee was concerned about filling key positions such as the one for the Valuer-General and the Chief Opperating Officer. The other indicator related to MAP and the work around the Property Valuations Act.
- The OVG continued to be supported by the Office of the Chief Registrar of Deeds (OCRD) in the execution of its business functions (i.e., finance, supply chain management, and human resources) and therefore was reliant on the internal control unit of the OCRD. The memorandum of Agreement signed between OVG and DRDO on 24 April 2022, states that Deeds will render administrative support and services to the period ending 31 March 2023 after which the MOA continues on a month-to-month basis until terminated by either of the parties to the agreement.

Financial Performance

The OVG received transfers from the Department (through Programme 3) to cover the cost of land reform valuations to be executed by the OVG per the service level agreements. At the end of the financial year, the OVG spent R82.8 million (76.3%), leaving a balance or surplus of R26 million. The performance was an improvement compared to the expenditure rate of 52 per cent in 2021/22. The trend was observed since 2018/19.

5.2.3 KwaZulu-Natal Ingonyama Trust Board (ITB)

The Ingonyama Trust was established was established in terms of the KwaZulu-Natal Ingonyama Trust Act No 3 of 1994. It owns about 2.8 million ha in all the 11 Districts of Kwazulu-Natal and eThekwini Metro. The Trust is administered by the Ingonyama Trust Board (ITB) for the benefit, material welfare and social well-being of the members of the tribes and communities as contemplated in the KwaZulu Amakhosi and Iziphakanyiswa Act, 1990 (Act No. 9 of 1990).

Overview of financial statements

Table 13 below shows that the ITB's revenue totalled R41 390 000. The revenue comes from exchange transfer that includes transfer of R 6 920 000 from the Ingonyama Trust in terms of *Financial Regulation 10*; other income from Ingonyama Trust at the total R9 920 000; other income of R21 000; and interest received and R100 000. The Department transferred R24 390 000 to the ITB for covering the administrative costs. As indicated, the amount covered employee-related costs and general expenses.

Table 13: Summary of financial statement of the Ingonyama Trust Board (ITB)

	2023 R '000	**2022 R '000**
Revenue		
Revenue from exchange transactions	16 999	15 445
Revenue from non-exchange transactions	24 391	23 890
Total revenue	**41 390**	**39 335**
Expenditure		
Employee related costs	(26 869)	(28 982)

Depreciation and amortisation	(124)	(86)
General expenses	(11 482)	(11 898)
Total expenditure	**(38 475)**	**(40 966)**
Surplus (deficit) for the year	**2 915**	**(1 631)**

Source: ITB Annual Report (2023)

Table 14 below shows that the total net assets for the Ingonyama Trust, at the time of reporting, was R3 045 549 000 which is mainly the property plant and equipment (mainly land, built properties etc). It is important to note that the liabilities include provisions for municipal rate and beneficiaries' disbursements.

Table 14: Financial Statement of the Ingonyama Trust

	2023 R '000	**2022 Restated R '000**
Assets		
Current Assets (Receivables from exchange transactions, other receivables etc)	**260 948**	**250 555**
Non-Current Assets		
Property, plant and equipment	*2 986 129*	*2 988 215*
Intangible assets	*-*	*4*
Heritage asset	*15 988*	*15 988*
Investment property	*156 844*	*156 844*
	3 158 961	**3 161 051**
Total Assets	**3 419 909**	**3 411 606**
Liabilities		
Current Liabilities		
Trade and other payables from exchange transactions	52 186	38 990
Provisions - Municipal rates	110 766	85 358
Provisions - Beneficiaries disbursements	211 408	186 967
Bank overdraft	-	19
	374 360	**311 334**
Total Liabilities	**374 360**	**311 334**
Net Assets	**3 045 549**	**3 100 272**
Accumulated surplus	3 045 549	3 100 272
Total Net Assets	**3 045 549**	**3 100 272**

Table 15: Financial Performance Statement

	2023 R '000	2022 R R '000
Revenue		
Revenue from exchange transactions		
Lease revenue	10 353	8 323
Other income	2 560	6 148
Dividend income	1 498	971
Interest on overdue debtors accounts	822	572
Interest received on bank and short term investments	12 460	8 434
Gain on disposal of asset	-	264
Total revenue from exchange transactions	**27 693**	**24 712**
Expenditure		
Depreciation and amortisation	(2 039)	(3 262)
Impairment loss	(25 894)	(24 206)
Loss on disposal of assets	(34)	-

Rates expenditure	(25 408)	(26 889)
Funds paid to Ingonyama Trust Board - FR 10(2)	(6 926)	(6 234)
Funds paid to Ingonyama Trust Board and other	(9 952)	(9 166)
General expenses	(9 358)	(9 436)
Total expenditure	**(79 611)**	**(79 193)**
Deficit for the year	**(51 918)**	**(54 481)**

In terms of financial performance, the Ingonyama Trust received a total revenue of R27 693 000 mainly from leases, and interests from bank and short-term investments. In terms of its expenditure, most the funds went into impairment losses and rates expenditure. As can be seen in the table above, by the end of the financial year, the Ingonyama Trust had a deficit of R52 918 million. Whilst the Auditor-General issued an unqualified audit opinion for the ITB, the Ingonyama Trust received a qualified audit opinion. The AG raised matters which are of great concern to the Committee. Those issues can be summarised as follows:

- Lack of evidence of effective and appropriate steps taken to prevent irregular expenditure. The matter related to continued use of expired contracts without approval by the National Treasury.
- The ITB did not take steps to prevent fruitless and wasteful expenditure in matter relating to penalties and interest charged by SARS for late payment of PAYE.
- Non-compliance on procurement and contract management where the Auditor-General found that the entity continued to use contracts that were expired without approval of National Treasury; and procurement of goods and services without following the quotation process.
- The Auditor-General found no evidence of steps that were taken against officials responsible for the above and there was no evidence of investigations instituted into occurrence of the irregular expenditure.

In view of the financial statements and the report of the Auditor-General, the Committee expressed the following views:

- It noted that the accounting authority (board) was dysfunctional; and literally from 01 December 2022 to the end of the financial year, 31 March there was no Board. The Board was subsequently appointed on 22 May 2023.
- It expressed the significance of accountability of the Ingonyama Trust through the Ingonyama Trust Board because the Trust held property on behalf of specific groups of people or communities of KwaZulu-Natal.
- It also highlighted a need for the Ingonyama Trust and the Ingonyama Trust Board to demonstrate with evidence that it exists for the material benefit of the intended beneficiaries, by showing how the people on the Trust land benefits as envisaged in law.

For 2022/23, performance focus areas were: (i) Confirmation of tenure rights for various beneficiaries to unlock benefit and welfare to communities and residents; (ii) Resolution of audit related issues and the improvement of audit outcomes; and (iii) Building of relationship with beneficiaries through capacitation of traditional councils. These focus areas were implemented under two programmes; i.e. Administration and land tenure management.

Administration: The committee commended progress made by the ITB in relation to implementation of audit improvement plans emanating from external audit. However, the absence of internal audit for the term under review raised concerns in so far as internal controls were concerned. There were no internal audits conducted for the year under review. The Committee recommended that the ITB, having attained approval of the stakeholder engagement strategy, shout shift its focus to implementation of the strategy. The Committee envisaged much more visible engagements with Traditional Councils and Communities about the benefits accruing from the use of the Ingonyama Trust land and how deserving communities will in turn benefit.

Land and Tenure Management: The ITB achieved targets to have 4 quarterly updates of the immovable asset register and to ensure that 24 traditional councils participated in capacity building initiatives of the ITB. The Committee was however concerned the more critical performance indicators on approval of 800 land tenure rights as well as approval of 6 human settlement were not achieved. The reasons for non-performance were related to the 2021 court matter that barred the ITB from leasing residential leases as well as absence of the Board to grant approvals. The bullet points that follow summarises the Committee's views about the administration of the Ingonyama Trust and the Ingonyama Trust Board.

- The Committee welcomed the newly appointed Ingonyama Trust Board and hoped that many of the issues raised in this report as well as those raised by the Committee and the Courts will be resolved.
- The Board was also requested to ensure that all necessary structures such as internal audit were established to ensure that there were sufficient internal controls and accountability.
- The matter of repayment of lease fees to communities, as ordered by Courts, should be prioritised. The Committee requested that the Ingonyama Trust Boards should quantify the total cost of monies owed to communities due to the Court outcome on Residential Lease Programme.
- The Committee noted ongoing media reports about the future of the Ingonyama Trust Board. Whilst there was nothing formal before the Committee, it was a matter of great concern because it affected properties of rural dwellers in KwaZulu-Natal. The Committee noted that the Board Members present reported that they had not been engaged on the matter.

5.2.4 Trading Accounts

(a) Agricultural Land Holding Account (ALHA)

The Agricultural 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). The Committee welcomed that ALHA acquired 51 000 ha of land through the Pro- Active Acquisition Land Acquisition strategy (PLAS), exceeding the target of 35 000 hectares. With regard to the expenditure report, ALHA received R596.76 million in grant transfers from the Department. The Committee had already expressed concerns with regard to the decrease in funding for land redistribution under ALHA because it 2021/22 AHLA had received R937.99. Nonetheless, ALHA spent 100 per cent of the transfers. The total revenue from this account increased from R135.71 million in 2021/22 to R182.52 million in 2022/23.

There are concerns regarding accounting for the finances of ALHA as documented by the Auditor-General. One of the concerns was with regard to occurrences of irregular expenditure. For the year under review, ALHA incurred an irregular expenditure of R326.70 million due non-compliance with Supply Chain Management (SCM) prescripts on the following projects- Strengthening of Relative Rights (SRR)., Land Development Support, and Recapitalisation and Development Programme (Recap). Another area of concern was occurrences of fruitless and wasteful expenditure. In 2022/23, ALHA incurred fruitless and wasteful expenditure of R9.4 million compared to R1.87 million in 2021/22, due to contravention of SCM policy and treasury regulations, relating to losses incurred under SRR Programme, RADP, and late payment of water rights and rates and taxes.

The Committee expressed a concern over ALHA's instability. In 2022/23, financial statements of ALHA were not submitted on time, thus impacting on the submission of the entire report of the Department. The Committee noted that Trading Entity and AGSA disagree on matters relating to the accounting treatment of Recapitalisation and Development Programme (Recap) unaccounted funds which resulted in ALHA receiving a qualified opinion from AGSA. The Auditor-General has found serious material irregularity in this regard.

(b) Deeds Registries Trading Account (DRTA)

The Deeds Registration Trading Account (DRTA) is a trading entity under the DALRRD, established in terms of the PFMA, responsible for the registration of deeds and maintenance of public registers of land. Its main source of funding is fees charged on the registration of deeds and the sale of deeds information. In the year under review, the DRTA recorded a total revenue of R933.93 million, including Government grants and subsidies of R2.11 million. This is an increase compared to total revenue of R896.38 million received in 2021/22. The entity incurred an irregular expenditure of R609 000 in 2022/23 due to contravention of SCM policy and Treasury regulations relating to not obtaining approval for procurement or deviation. Further, it also incurred fruitless and wasteful expenditure of due to late cancellation of flight; missed flight; no show for booked accommodation and penalty charge for late payment of TV license.

The Committee welcomed that the DRTA received an unqualified audit opinion in 2022/23. However, the Committee was dissatisfied that there was an emphasis of matter due failure to provide sufficient evidence that disciplinary steps were taken against officials who had incurred and/ or permitted irregular, fruitless and wasteful expenditure in the prior years, as required by Section 38(1)(e)(ii) of the PFMA.

These issues were of great concern to the Committee because the Auditor-General raised some critical issues necessary for stringent oversight mechanisms. AGSA found that-

- Where there were irregular expenditure and fruitless and wasteful expenditure due to non-compliance with SCM prescripts and treasury regulations, the Department did not demonstrate sufficient evidence that they have taken disciplinary steps against officials who incurred and/or permitted irregular, fruitless and wasteful expenditure.
- There was also lack of consequence management.
- Internal deficiencies, such as failure of leadership to implement adequate oversight controls to ensure that action plans to address prior year findings are monitored and addressed.

6. COMMITTEE FINDINGS AND OBSERVATIONS

6.1 Department of Agriculture, Land Reform and Rural Development

6.1.1 The improvement in the Department's audit outcome from a qualification of its financial statements in the prior year to an unqualified opinion with findings was noted. However, the repeat audit findings from AGSA in respect of non-compliance with the PFMA and Treasury Regulations, uncertainties in respect of legal claims against the Department, non-compliance with SCM policies, lack of consequence management and deficiencies in internal controls remain major concerns.

6.1.2 Inadequate monitoring or ineffective of the implementation of the Department's Audit Improvement Action Plan as most of the repeat audit findings from AGSA have also been flagged by the Department's Internal Audit Unit and further highlighted by the Audit Committee. However, little progress has been made in addressing the findings.

6.1.3 The improvement in the achievement of performance targets was commendable in respect of service delivery targets in 5 of the Department's Programmes. However, misalignment between expenditure and achievement of planned annual targets remains a challenge particularly for the Administration Programme, which failed to achieve both of the annual targets for 2022/23 despite receiving a quarter of the Department's budget. The Programme achieved 1 of the two targets in the prior year.

6.1.4 The Department's inability to effectively and adequately address AGSA's findings particularly lack of internal control deficiencies and consequence management for employee transgressions both in terms of performance and revenue management manifested in continuously increasing irregular expenditure from R5.5 million in the prior year to R15 million in 2022/23; fruitless and wasteful expenditure, which increased from R33 000 to R30 million in 2022/23; as well as legal claims against the Department worth R1.58 billion in 2022/23. These were largely due to non-compliance with the PFMA and Treasury Regulations (SCM procedures).

6.1.5 There is lack of urgency and poor response to the plight of destitute subsistence and distressed smallholder farmers who not only require support but capacity building on government programmes. For example, the reported reasons for under-expenditure under Programme 2 was cited as non-submission of requests for cash subsidies from emerging and small farmers who may have been affected by disease outbreaks.

6.1.6 Despite the great need for comprehensive farmer support and access to markets for smallholder farmers in particular, the Department is continuously failing to achieve targets to ensure that Farmer Production Support Units (FPSUs) are established and supported to full functionality as planned. FPSUs are expected to play a central role to farmer support and access to markets, however, in 2022/23, only 12 FPSUs out of the planned 43 were supported to be fully functional.

6.1.7 The Proactive Land Acquisition Strategy, through the Agricultural Land Holding Account, has made significant strides to ensure access to land by black farmers. However, its performance rating has been in decline since 2018/19 due to inadequate funding and the cost of land acquisition. In addition, the Department has struggled to ensure timeous allocation of acquired farms to beneficiaries which in turn affects farm productivity.

6.1.8 Section 25(6) of the Constitution requires that a legislation for tenure security be passed in order to redress the past injustices of insecure tenure. Since the last attempt with the Communal Land Rights Act (CLARA) which was declared unconstitutional, the Department has not been able to the communal land tenure policy and the Communal Land Tenure Bill.

6.2 Observations on Department Entities

6.2.1 Agricultural Research Council (ARC)

(a) Urgent attention is required on the ARC's continuously regressing control environment and significant deficiencies that manifested in the successive qualified audit opinions from AGSA.
(b) The ARC has serious challenges with the management of its assets as AGSA highlighted that some assets could not be traced to the Asset Register while some assets were on the Asset Register but could not be verified.
(c) Poor revenue management continues to be a challenge as AGSA highlighted irregular expenditure amounting to R7.4 million, which may not be accurate and complete as the entity was qualified on the accuracy and completeness of irregular expenditure.
(d) The delay in the construction of the foot-and-mouth disease (FMD) Facility by the ARC has a negative impact on the development and local production of the FMD vaccines and raises concerns about the security of the grant that was allocated for the construction of the FMD Facility.

6.2.2 Onderstepoort Biological Products (OBP)

(a) The regression in the OBP's audit outcomes from an unqualified audit with no findings on financial information in the prior year to a qualification in the period under review may be indicative of the instability at management level as the OBP did not have an appointed CEO since the protracted legal case with the former CEO in 2022.
(b) Lack of progress in the construction of the GMP Facility remains a concern as the Facility is quite central to the sustainability of product development, in ensuring the OBP's business excellence, improved competitiveness and subsequently, its financial sustainability.
(c) Displeased with the delay in the procurement of equipment such as the freeze dryer considering the OBP's compromised production capacity and constant vaccine shortages.
(d) There is a need to fill the CEO position as a matter of urgency.

6.2.3 National Agricultural Marketing Council

(a) There is lack of improvement in the NAMC's audit outcomes as repeat audit findings were highlighted by AGSA in respect of non-compliance with PFMA and Treasury Regulations (SCM procedures); and the entity did not adequately address previous repeat audit findings.
(b) Internal control deficiencies, poor expenditure management and lack of consequence management continue to be challenges that are highlighted by AGSA as illustrated by the continuous incurring of irregular expenditure without consequence. In the period under review, the NAMC incurred irregular expenditure amounting to R2.1 million.
(c) Litigation cases against the NAMC were a concern, where the entity is a co-respondent in a R17.5 million lawsuit against the Minister of Agriculture, Land Reform and Rural Development and also litigation cases against the entity worth R1.8 million that are related to contracts.

6.2.4 Commission on Restitution of Land Rights (CRLR)

(a) The Commission has not finalised implementation of its plan to ensure that it becomes a fully autonomous public entity. It cited lack of adequate funding as an obstacle toward implementing the plan.

(b) Budget limitations have also affected the number of claims that could be settled and finalised. Inadequate funding for restitution implies that at the current rate of performance and budget allocation, the Commission will not be able to settle all the pre-1998 land claims over the next five years.

(c) Until all the pre-1998 land claims are settled, the Commission would be unable to begin processing all the new order land claims. The current state of affairs is likely to continue impacting negatively the lives of claimants with genuine applications lodged in terms of the 2014 amendment of the Restitution of Land Rights Act.

6.2.5 Office of the Valuer-General (OVG)

(a) The OVG is an important statutory body that could potentially address key questions relating to the escalating cost of land acquisition for land reform purposes by ensuring valuations (and valuers) strictly adheres to a principle of a just and equitable compensation as provided for in the Constitution.

(b) The MAP process to review the PVA has taken too long and the OVG continues to struggle to make a significant impact. If anything, rejection of offers based on calculations of just and equitable compensation is among the reasons for slower pace of land redistribution.

(c) Two strategic leadership positions for the OVG, i.e. Valuer-General and the Chief Operating Officers, remain vacant with the incumbents occupying the positions on an acting capacity. Absence of full-time permanently contracted leadership position affects the stability and direction of the OVG.

6.2.7 Ingonyama Trust Board (ITB)

(a) The ITB has, for the latter part of the year under review, operated without the Board. The absence of a Board negatively impacted on programme performance since some key areas of performance targets required leadership and authorisation from the Board.

(b) The ITB was yet to fully quantify the cost implications of the 2021 *CASAC v Ingonyama Trust* judgment which ordered the ITB to pay back money that it collected from communities in terms of its Residential Lease Programme. Given the intention to withdraw an appeal of the Court Order, as well as other processes underway by the New Board, the ITB is set to make payments to communities.

(c) The New Board presented its perspective on the longstanding matter of the meaning of material benefits and welfare of deserving communities and how it intended to give effect to programmes to ensure tangible benefit and collaboration with all stakeholders and affected parties. Further, there is a shared understanding with the Committee on accountability of the Ingonyama Trust as entity holding property on behalf of communities.

7. COMMITTEE RECOMMENDATIONS

The Committee makes the following recommendations to the National Assembly for the attention of the Minister of Agriculture, Land Reform and Rural Development:

The Department of Agriculture, Land Reform and Rural Development

7.1 Ensure that the Department engages with the Internal Audit Unit and the Chairperson of the Audit Committee in reviewing the Department's Audit Improvement Action Plan and report to Parliament on a quarterly basis on the implementation of actions to address specific audit findings as highlighted by AGSA in respect of internal control deficiencies, non-compliance with legislation, revenue management and consequence management.

7.2 Ensure that the Department develops a Monitoring Plan for the implementation of the Audit Action Plan for submission to Parliament with the progress report on the implementation of the Audit Improvement Action Plan on a quarterly basis.

7.3 Submit to Parliament reports on investigations and action that has been taken against transgressors on the reported irregular expenditure of R15.4 million incurred in 2022/23; as well as the fruitless and wasteful expenditure of R30 million incurred in 2022/23 including the additional irregular and fruitless and wasteful expenditure from previous years that is under assessment or determination.

7.4 Submit to Parliament a detailed report on the R234.5 million fruitless and wasteful expenditure worth of PESI vouchers that is under assessment including an update on the implementation of PESI with a complete breakdown on the utilisation of the allocated funds, the M&E Plan for the implementation of PESI and the Action Plan to specifically address the previous AGSA findings relating to PESI.

7.5 Submit to Parliament a progress report on a quarterly basis on the litigation cases against the Department worth R1.58 billion including the prior year's R2.2 billion and the R17.5 million on which the NAMC is a co-respondent.

7.6 Submit an updated detailed report on all Farmer Production Support Units (FPSUs) throughout the country including details on their funding, status of functionality, operational activities and areas or producers that they support.

7.7 Introduce the Land Redistribution Bill without delay to address the existing challenges related to the cost of land acquisition and provide legislative guidance on the property valuations and further find mechanisms to make implementation of PLAS and ALHA more effective.

7.8 All the outstanding ALHA matters as identified by the Auditor-General, particularly accounting for all the funds disbursed, should be addressed within the current financial year. The Minister must also submit to Parliament a plan of action and thereafter quarterly reports on progress being made to address the identified issues.

7.9 Submit the Draft Land Tenure Policy and the Communal Land Tenure Bill to the Committee for discussion of the policy direction on communal land tenure in South Africa.

The Department's Public Entities

ARC:

7.10 Ensure that the ARC Board engages regularly with the entity's Executive Management and Internal Audit Functions to review the entity's Audit Improvement Action Plan to address the repeat audit findings that have been identified by AGSA.

7.11 The ARC should submit to Parliament on a quarterly basis, progress on the implementation of such an Audit Improvement Action Plan and specific activities towards an improved audit outcome.

7.12 The ARC should submit to Parliament a detailed report on the R7.4 million irregular expenditure on which it received a qualification from AGSA; and consequence management steps that have been taken on the expenditure.

7.13 Ensure that the ARC submit a progress report to Parliament on a quarterly basis on the construction of the FMD Facility.

7.14 The ARC should submit to Parliament an Improvement Plan to address the challenges related to its Asset Register and management of its assets.

OBP:

7.15 Ensure that the OBP Board engages with the entity's Executive Management and Internal Audit Functions to review the entity's Audit Improvement Action Plan to address the audit outcomes and findings from AGSA.

7.16 Engage regularly with the Board of the OBP to get an update on resolving the challenges associated with delays in the GMP Project and frequent equipment breakdowns that threaten the OBP's vaccine production potential and consequently, the entity's revenue generation and sustainability.

7.17 Ensure that the OBP, on a quarterly basis, provides progress to Parliament on the finalisation of Phase 1 and work on Phase 2 of the GMP Project including an update on the litigation process between the entity and the former contractor for the GMP Project.

7.18 Ensure that the Board of the OBP fast tracks the appointment of the CEO and filling of other critical vacancies.

NAMC:

7.19 Ensure that the Board of the NAMC engages with the entity's Management and Audit Functions to review the entity's Audit Improvement Action Plan in order to effectively address the repeat audit findings that have been identified by AGSA.

7.20 Ensure that the NAMC submit to Parliament on a quarterly basis, progress on the implementation of the Audit Improvement Action Plan and report on steps taken against personnel responsible for the R2.1 million irregular expenditure incurred in 2022/23.

7.21 Ensure the NAMC submit to Parliament the report on the R154 million irregular expenditure that was incurred in previous years for which the National Treasury refused condonement and instructed the entity to implement consequence management. The NAMC reported in 2022 that it has appointed a consultant to further investigate the irregular expenditure.

7.22 Ensure that the Board of the NAMC submit to Parliament a report on the implementation of the recommendations from a Preliminary Report that was issued on 01 February 2021 on suspected fraud, corruption and conflict of interest on the procurement and contract management relating to the Agriculture and Agro-processing Master Plan (AAMP).

7.23 The NAMC should submit to Parliament a progress report on the litigation cases on a quarterly basis.

CRLR:

7.24 The Minister together with the Chief Land Claims Commissioner must engage National Treasury to secure funding for the full implementation of the roadmap towards autonomy of the Commission. Further, seek National Treasury's prioritisation, in budget allocation, of settlement of old order claims so that all those claims are settled over the next five years and new order claims will thus follow.

7.25 Until the Restitution of Land Rights Amendment Act is amended to align the reporting times of the Department and the Commission, the Minister must table the annual reports of the Commission as provided for in the Restitution of Land Rights Act.

7.26 Ensure that landholding entities, i.e. CPAs and Trusts, being established for registration of land transferred under land reform programmes are referred to the Department for post land transfer support. Such support includes, but not limited to, governance matters, funding and other institutional support to enhance social cohesion and functional entities.

OVG:

7.27 The Minister should submit a report on the MAP processes, detailing key activities and achievements to date as well as the intended dates for completion of its work on the review of the PVA. Further elaborate how the MAP process will assist in improving the mandate and functions of the OVG.

7.28 Ensure that strategic leadership positions for the OVG are filled without delay in order to bring about stability in the leadership of the entity as well as enhance its performance.

ITB*:*

7.29 Ensure that the ITB and the Ingonyama Trust attend to matters raised by the Auditor-General in terms of strengthening internal controls. The Board, through the Minister, must report about progress made to ensure internal audit and other arrangements to enhance accountability have been set up. Key amongst those is the accountability of the Ingonyama Holdings.

7.30 The Minister, the ITB and the Trustee should engage on matters relating to the future relationship of the Ingonyama Trust Board and the Department, consider the implications and report to Parliament.

7.31 Ensure that the ITB quantifies the cost implications of the 2021 *CASAC v Ingonyama Trust* judgment so that it maps a way forward about paying back the money that it collected from communities under its Residential Lease Programme. Further, the Minister must present a programme of action to achieve the said judgement. The ITB must ensure that it complies with the judgment within a reasonable time taking into consideration availability of resources.

Unless otherwise indicated, responses to the above recommendations should be submitted to the National Assembly not later than 1 month after the adoption of this report by the National Assembly.

Report to be considered.