**3. REPORT OF THE PORTFOLIO COMMITTEE ON AGRICULTURE, LAND REFORM AND RURAL DEVELOPMENT ON THE 2022/23 ANNUAL PERFORMANCE PLANS AND THE BUDGET OF THE DEPARTMENT OF AGRICULTURE, LAND REFORM AND RURAL DEVELOPMENT AND ITS ENTITIES, VOTE 29, DATED 10 MAY 2021.**

The Portfolio Committee on Agriculture, Land Reform and Rural Development (hereinafter referred to as the Portfolio Committee) examined the 2022/23 Vote 29: Agriculture, Land Reform and Rural Development and budget projections for the Medium Term Expenditure Framework (MTEF) period ending in the 2024/25 financial year. The process entailed scrutiny of the 2022/23 Annual Performance Plans (APPs) and Budgets of the Department of Agriculture, Land Reform and Rural Development (hereinafter referred to as the Department), and the relevant National Public Entities during briefings held on 19, 20 and 22 April and on 03 May 2022. Therefore, the Portfolio Committee 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 Vote 29: Agriculture, Land Reform and Rural Development as tabled by the Minister of Finance, and the Five-Year Strategic Plans and Annual Performance Plans of the Department of Agriculture, Land Reform and Rural Development (hereinafter referred to as the Department), and relevant public entities as listed in Table 1. The Committee process followed the tabling of Strategic Plans, APPs and budget allocations by the Department and its national public entities in Parliament as required in terms of the Public Finance Management Act (PFMA), 1999 (Act No. 1 of 1999). The APPs outline the annual plans in line with Strategic Plans and the allocated budget as per the Estimates of National Expenditure (ENE) tabled by the Minister of Finance. These planning documents were tabled in March and April 2022; and presented at briefing sessions on 19, 20 and 22 April as shown in Table 1 of this report.

**Table 1:** Briefing Sessions by the Department and its Public Entities

|  |  |
| --- | --- |
| Department and Public Entities under Vote 29 | Date of briefing |
| Department of Agriculture, Land Reform and Rural Development | 20 April 2022 |
| Commission on Restitution of Land Rights | 20 April 2022 |
| KwaZulu-Natal Ingonyama Trust Board | 03 May 2022 |
| Office of the Valuer-General | 20 April 2022 |
| Agricultural Research Council | 19 April 2022 |
| Onderstepoort Biological Product | 22 April 2022 |
| National Agricultural Marketing Council | 20 April 2022 |
| Perishable Products Export Control Board | 20 April 2022 |

During the scrutiny of the Strategic Plans and the APPs, the Portfolio Committee assessed whether the plans of the Department and Entities were aligned to the State-of-the-Nation Address (SONA) of February 2022, the National Development Plan (NDP) policy priorities and targets, the 2020-2024 Medium Term Strategic Framework (MTSF) and other key government policy priorities.

1. **Overview of the Strategic Focus of the Department of Agriculture, Land Reform and Rural Development, 2022/23 Annual Performance Plan and Budget Allocation**

**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 Sections 24(b)(iii), 25, and 27(1) of the Constitution of the Republic of South Africa (1996) that deal with environment and natural resources clause; property rights and land reform clause; and health care, food, water and social security clause - a framework for comprehensive rural development. 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. The seven Strategic Outcomes for the current MTSF period are 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) |
| 1. Improved governance and service excellence | P1: A capable, ethical and developmental state |
| 2. Spatial transformation and effective land administration | P5: Spatial integration, human settlements & local government |
| 3. Redress and equitable access to land and producer support | P2: Economic transformation & job creation and P5 |
| 4. Increased production in the agricultural sector | P2 and P3: Education, skills and health |
| 5. Increased market access and maintenance of existing markets | P2 and P7. A better Africa & world |
| 6. Integrated and inclusive rural economy | P2 and P5 |
| 7. Enhanced biosecurity and effective disaster risk reduction | P5 |

The Department’s plans for the 2022/23 financial year are further informed by the following key issues that have been highlighted by the President in the State of the Nation Address (SONA):

* Anticipated approval of the Expropriation Bill to speed up land reform and expand access to land; and finalising the establishment of the Agriculture and Land Reform Development Agency that is expected to play a central role in coordinating land reform and farmer support initiatives.
* Regulatory framework for industrial hemp and Cannabis sectors for potential job creation (approximately 130 000 potential jobs) and investment.
* The Sugar and Poultry Master Plans to increase investment, improve production and transformation in the two industries.
* Prioritisation of infrastructure projects under the R100 billion Infrastructure Fund, wherein Government plans to make an initial investment of R1.8 billion in bulk infrastructure, which will unlock seven private sector infrastructure projects valued at R133 billion.
* Supporting smallscale farmers and integrating them in the value chain. Over 100 000 farmers that have already received production inputs vouchers to expand their production through the Presidential Economic Stimulus Initiative (PESI); and the plans to expand the issuance of the inputs vouchers so that 250 000 smallscale farmers can be reached this financial year.

**3.2 Overview of the 2022/23 Budget Allocation and the Medium Term Expenditure Framework Estimates of the Department**

The Department’s budget will be decreasing over the medium term, its appropriation for the 2022/23 financial year is R17.3 billion, which is less than the R18 billion that was the adjusted appropriation for 2021/22. The decline in budget over the medium term expenditure framework (MTEF) period is across all Programmes except in Administration, which sees an average growth rate of 9 per cent over the medium term. As the Department constitutes both national and concurrent functions, approximately 53 per cent of the total vote appropriation (R9.1 billion) goes to transfers and subsidies, which include transfers to some of the Department’s entities, land reform grants and transfers to provinces as conditional grants. More than half of the Department’s total appropriation will be allocated to Programme 3: Food Security, Land Reform and Restitution during 2022/23.

As it has been the case in the previous financial year and despite its important and central role in agricultural production, biosecurity and management of agricultural disasters, Programme 2 will be allocated 14 per cent of the Department’s total appropriation while the Administration Programme will receive approximately 21 per cent of the total vote, which is 5 per cent more than in the previous financial year. Approximately R4 billion of the Department’s total appropriation, which is just under a quarter of its total budget allocation will go to compensation of employees (COE) during 2022/23. Of the R4 billion for COE, half will go to the Administration Programme (R2 billion), which also has the highest staff complement of 3 536 employees (inclusive of 749 vacancies). The Administration positions constitute 46 per cent of the Department’s approved total staff complement of 7 629 positions. The latter total includes 1 504 vacancies (19.7 per cent vacancy rate) for the entire Department.

**Table 3: Medium-Term Expenditure Framework including 2021/22 Adjusted Appropriation**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Programme/Branch** | **2021/22** | **2022/23** | **2023/24** | **2024/25** |
| **R’000** | **R'000** | **R'000** | **R'000** |
| **1. Administration** | **2 904 058** | **3 562 423** | **3 676 732** | **3 756 885** |
| *Ministry* | *71 820* | *66 968* | *59 739* | *69 620* |
| *Department Management* | *153 050* | *145 073* | *126 997* | *139 401* |
| *Internal Audit* | *60 092* | *57 672* | *51 167* | *55 939* |
| *Financial Management* | *297 853* | *266 123* | *231 217* | *244 288* |
| *Corporate Services* | *821 827* | *1 022 893* | *841 520* | *886 427* |
| *Provincial Operations* | *537 239* | *1 302 302* | *1 398 183* | *1 465 046* |
| *Office Accommodation* | *962 177* | *701 392* | *967 909* | *896 164* |
| **2. Agricultural Production, Biosecurity & Resources Management** | **2 613 010** | **2 501 203** | **2 403 287** | **2 528 412** |
| *Inspection and Quarantine Services* | *470 287* | *459 344* | *418 873* | *440 228* |
| *Plant Production and Health* | *162 901* | *202 963* | *195 623* | *209 744* |
| *Animal Production and Health* | *350 342* | *359 274* | *332 237* | *354 927* |
| *Resources and Disaster Management* | *342 667* | *287 008* | *261 664* | *274 965* |
| *Biosecurity* | *4 181* | *3 294* | *3 334* | *3 480* |
| *Agricultural Research Council* | *1 282 632* | *1 189 320* | *1 191 556* | *1 245 068* |
| **3. Food Security, Land Reform & Restitution** | **9 806 538** | **8 995 294** | **9 079 579** | **9 535 061** |
| *Food Security & Agrarian Reform* | *3 070 465* | *2 062 506* | *2 106 337* | *2 202 435* |
| *Land Redistribution and Tenure Reform* | *949 009* | *949 977* | *807 778* | *863 445* |
| *Nat. Ext. Services & Sector Capacity Development* | *575 003* | *573 977* | *552 725* | *580 650* |
| *Land Dev & Post Settlement Support* | *612 564* | *626 292* | *636 190* | *664 761* |
| *Commission on Restitution of Land Rights* | *-* | *20 680* | *18 371* | *17 665* |
| *Restitution* | *3 506 150* | *3 664 440* | *3 794 184* | *3 989 837* |
| *Agricultural Land Holdings Account* | *937 986* | *965 860* | *984 942* | *1 029 175* |
| *Ingonyama Trust Board* | *23 517* | *24 391* | *23 781* | *24 849* |
| *Office of the Valuer-General* | *131 844* | *107 171* | *155 271* | *162 244* |
| **4. Rural Development** | ***1 077 756*** | **821 384** | **843 389** | **883 703** |
| *National Rural Youth Service Corps (NARYSEC)* | *220 440* | *129 116* | *131 270* | *139 066* |
| *Rural Infrastructure Development* | *831 164* | *677 810* | *691 661* | *722 976* |
| *Technology Research and Development* | 26 152 | 14 458 | *20 458* | *21 661* |
| **5. Economic Development, Trade & Marketing** | **859 286** | **698 739** | **728 747** | **772 157** |
| *International Relations and Trade* | *213 730* | *138 493* | *134 157* | *143 130* |
| *Cooperatives Development* | *80 314* | *70 149* | *69 171* | *73 113* |
| *Agroprocessing, Marketing & Rural Industrial Dev* | *518 298* | *441 562* | *475 648* | *503 908* |
| *National Agricultural Marketing Council* | *46 944* | *48 535* | *49 771* | *52 006* |
| **6. Land Administration** | **762 612** | **708 655** | **655 968** | **692 356** |
| *National Geomatics Management Services* | *547 658* | *507 044* | *452 075* | *476 435* |
| *Spatial Planning and Land Use Management* | *204 219* | *190 797* | *192 399* | *203 911* |
| *Deeds Registration* | *1* | *1* | *1* | *1* |
| *South African Council of Planners* | *4 140* | *4 263* | *4 335* | *4 530* |
| *South African Geomatics Council* | *4 194* | *4 000* | *4 655* | *4 864* |
| *Integrated Land Administration* | *2 400* | *2 550* | *2 503* | *2 615* |
| **Total** | **18 023 260** | **17 287 698** | **17 387 702** | **18 168 574** |

Source: DALRRD – Annual Performance Plan 2022 – 2023

**3.3 Overview of the 2022/23 Budget Allocations and Programme Performance Plans**

**3.3.1 Programme 1: Administration**

The Administration Programme provides strategic leadership, management and support services to the Department. It received 20.6 per cent of the Department’s total budget, which is an increase of approximately 5 per cent from the prior year and the second largest allocation of the Department’s total appropriation for 2022/23. For a Programme that receives the second largest appropriation from the Vote and where 46 per cent of the Department’s personnel are located, the performance targets for the Administration Programme are not aligned with the financial resources allocated. Approximately 57 per cent (R2 billion) of the Administration Programme’s total budget will go to compensation of employees. The Programme has only two targets, viz. attaining an unqualified audit opinion on financial statements and paying 100 per cent of invoices within 30 days, a target it failed to achieve in the past two years. As Administration is responsible for strategic leadership, management and support services to the entire Department, more specific performance indicators would have been expected particularly for the Provincial Operations and the Corporate Services sub-programmes that both receive the lion’s share of the Programme’s budget for the year under review. As illustrated on Table 3, the Provincial Operations sub-programme is allocated approximately 37 per cent of the Administration budget followed by Corporate Services, which accounts for approximately 29 per cent of the Programme budget.

For the Provincial Operations sub-programme that receives the largest allocation of the Programme’s budget, specific targets would have been expected in respect of strengthening monitoring and evaluation (M&E) of projects that are implemented by provinces and other service providers, a weakness that has also been previously acknowledged by both the Committee and the Executive Authority. The Committee emphasised a need for stringent M&E mechanism with a renewed focus on project management, including monitoring of utilisation of grant funding awarded to projects as well as assessment of the socio-economic impact of programmes and projects funded by the Department. For the Corporate Services sub-programme, renewed focus on legislative and policy review, initiatives to address lack of consequence management and strengthen internal control deficiencies and other audit findings that have been highlighted by the Auditor-General of South Africa in previous years.

**3.3.2 Programme 2: Agricultural Production, Biosecurity and Resources Management**

The purpose of this Programme is to oversee livestock production, game farming, animal and plant health, natural resources and disaster management. Programme 2 received the third largest allocation of approximately R2.5 billion (Table 3), which is R1 billion less than Administration; and approximately 14 per cent of the total Vote appropriation. Despite its important role in promoting agricultural production, managing biosecurity and sector related risks, plant and animal diseases and pests including disasters, Programme 2’s budget allocation has been stagnant and will further decline by an average of 1 per cent over the MTEF period. Approximately 47.5 per cent of the Programme’s budget is the Parliamentary Grant transfer to the Agricultural Research Council (ARC). In terms of the sub-programmes, the Quarantine and Inspection Services sub-programme receives 18 per cent of the Programme’s total budget, which is the second largest allocation within the Programme after the ARC (Table 3). However, allocations to the ARC and the latter sub-programme will also be impacted by the decline in the Programme’s budget allocation over the MTEF period.

While the focus on Biosecurity as a sub-programme was welcomed in the previous year, there was, and there still is, a concern with the small budget allocation of R3.3 million (0.1 per cent of the Programme 2’s total allocation) in light of the continuing disease outbreaks particularly the foot-and-mouth disease (FMD), which is costing the livestock industry significant losses in export revenue. There also plant pests outbreaks such as fall armyworm and brown locusts that are not included in the APP for surveillance; as well as the recent outbreak of Avian influenza (flu), which has a negative impact on the growth and sustainability of the poultry industry. Both FMD and Avian flu have a negative and significant impact on sector employment and job creation. In light of the frequency of climate change related natural disasters, a significant budget allocation was expected for the Resources and Disaster Management sub-programme, which plays a central role in the implementation of policies and frameworks to mitigate disasters in rural and agricultural areas. There is a concern with the MTEF decline in the allocation to the latter sub-programme, which received R287 million (approximately 11.5 per cent of Programme 2’s total budget) for the 2022/23 financial year.

**3.3.3 Programme 3: Food Security, Land Reform and Restitution**

Programme 3, is responsible for acquisition and redistribution of land, as well as promotion of food security and agrarian reform, thus playing an important role in contributing to economic transformation and job creation (Priority 2 of the MTSF). The Programme received the largest allocation of R8.99 billion, which is 52 per cent of the Department’s total appropriation. Approximately R7.6 billion of Programme 3’s total appropriation, which is equivalent to 85 per cent of the Programme’s total budget, is for transfers to provinces, entities and households. Of the transferred R7.6 billion, approximately R3.7 billion is for households, which covers grant funding for land acquisition and farmer development support; R2.4 billion will go to other provincial and municipal transfers; R1 billion to Departmental agencies and accounts while R400 million will go to the Land Bank. The Restitution sub-programme, as discussed in detail in Section 4.1 of this report dealing with the Commission on Restitution of Land Rights, has been allocated R3.7 billion. It accounts for approximately 41 per cent of Programme 3’s total budget, followed by the Food Security and Agrarian Reform sub-programme, which received R2 billion (23 per cent).

As Table 3 shows, the allocation to the Food Security and Agrarian Reform sub-programme is declining over the MTEF period, in real terms (when taking inflation into account), the sub-programme will realise a 10.5 per cent decline in budget allocation. The stagnant budgetary growth and especially the decline in the MTEF period for the Food Security and Agrarian Reform sub-programme remains a disappointment and a concern. This is in light of the continuing hunger situation that has been compounded by the Covid-19 pandemic and climate related disasters as most people have lost sources of income and other livelihood means. Another area of concern is that despite its mandated contribution to the implementation of the National Food and Nutrition Security Plan, the Department’s APP lacks a framework or a clearly defined indicator to measure food security but the Department relies on quantitative targets that are implemented by provinces in the form of producer support programmes (conditional grants) without measuring the actual impact of such programmes on food insecurity. Conditional grants in this regard, will receive a combined allocation of approximately R2.2 billion (R1.6 billion for Comprehensive Agricultural Support Programme (CASP) and R610 million for Ilima/Letsema). Of the R1.6 billion that will be allocated for CASP, approximately R1.2 billion is for infrastructure and the rest is for Extension Recovery Planning (ERP) and revitalisation of Agricultural Colleges.

In the previous financial year, the Committee welcomed the reported re-launch of the Blended Finance Initiative (BFI) with the Industrial Development Corporation (IDC) as well as interest from commercial banks that was pronounced by the Executive Authority. However, the Committee then raised concern with the involvement of commercial banks in light of stringent requirements and higher interest rates, which are out of reach of smallholder farmers. It further emphasised reporting on the BFI and accounting for funds that have been transferred to the Land Bank. The Committee is yet to receive the detailed reports on both the BFI and funds transferred to the Land Bank; and further, the current APP still has no performance indicators or targets to that effect. Despite the Department’s previous reservations about the Land Bank’s financial challenges and experience with the implementation of the BFI including lack of accountability on transferred funds, it continues to transfer funds to the Land Bank. In the current financial year, R400 million will be transferred to the Land Bank through Programme 3. For the medium term period ending in 2025, a combined total of approximately R1.2 billion will be transferred to the Land Bank.

Expanding access to land is vital for the government’s efforts to reduce hunger and provide people with meaningful land-based livelihoods, especially smallholders and subsistence farmers. It is anticipated that the process will be boosted through the Expropriation legislation which, at the time of writing this report, was going through parliamentary processes and expected to be approved by the end of 2022. Taking cue from the government key priorities, the 2022/23 APP demonstrates a renewed focus on fast-tracking the delivery of land by settling restitution and labour tenants’ claims as well as provision of adequate post-settlement support over the medium-term. The proposed Land and Agrarian Development Agency (LARA), to be established in this financial year, will play a crucial role in coordinating land reform and related programmes. The Department has planned to deliver, in 2022/23, the following:

* A total of 585 CPAs will be supported to be compliant with the Communal Property Association Act (No 28 0f 1996). A focus on supporting CPAs is always a welcome commitment. However, the Committee expressed concern that 585 was a minor increase of eight compared to the target of 577 in the 2021/22 and there were many CPAs that were either dysfunctional, in distress or have completely collapsed. Further, there is little information in the plans about the CPA Amendment Bill which was approved by Parliament but not signed into law by the President. It thus means that the support mechanisms included in the amendments remain unimplemented.
* Through the Proactive Land Acquisition Strategy (PLAS), about 35 182 ha of strategically allocated land will be acquired, a slight increase compared to 33 777 ha targeted for acquisition in 2021/22 and to further increase in 2023/24 and 2024/25. About 50 per cent of the land to be acquired would be allocated to women, 40 per cent to youth, and 10 per cent to people with disabilities in line with the Beneficiary Selection Policy.
* Acquisition of 34 043 hectares of land for farm dwellers and/or Labour Tenants or ESTA occupiers in 2022/23, which is expected to increase gradually from 2023/24 and 2024/25.
* About 83 farms will be supported through the Land Development Support Programme (LDSP), a decrease of 63 compared to 146 farms that were supported in 2021/22. The number increases to 82 and 80 in 2023/24 and 2024/25. Whilst there is a drive to increase the amount of land delivered, LDS does not match the land delivery rate.
* The Department will allocate 34 043 ha of State land for land reform, gradually increasing to 37 543 ha in 2024/25.

**3.3.4 Programme 4: Rural Development**

Under Programme 4, the Department facilitates rural development strategies for socio-economic growth with an ultimate goal for an integrated and inclusive rural economy. The Department is expected to create integrated and inclusive rural economies with quality basic services, particularly education, health care and public transport. The budget allocation for rural development has decreased by 23,8 percent from the adjusted appropriation of R1.08 billion in 2021/22 to R821.4 million in 2022/23. The allocation to the NARYSEC sub-programme decreased by 41.4 per cent in nominal terms in 2022/23 compared to 2021/22. The largest share of the budget for the 2022/23 financial year is allocated to the Rural Infrastructure Development sub-programme, which accounts for 82.5 per cent of the total budget under this Programme, indicating commitment to contribute to the government’s priority of infrastructure development in rural areas in support of farmers and improved service delivery. The programme performance targets for 2022/23 are as follows:

* NARYSEC will train 699 young people in 2022/23, a decrease by 710 youth when compared to the target of 1 409 in 2021/22. With the noted decrease over the MTEF period, it means that the commitment to create job opportunities for the young people will be negatively impacted.
* Completion of 69 infrastructure projects in 2022/23 to support rural economic transformation. This is a decrease compared to 75 rural projects that were targeted for completion in 2021/22.

**3.3.5 Programme 5: Economic Development, Trade and Marketing**

The purpose of this Programme is to promote economic development, trade and market access for agricultural products; and foster international relations for the sector. Programme 5 received the smallest budget allocation of R698.7 million (4 per cent of the total Vote) for the 2022/23 financial year. Approximately R441.6 million (63 per cent of the Programme’s total budget) will be allocated to the Agroprocessing, Marketing and Rural Industrial Development sub-programme and R138.5 million to the International Relations and Trade sub-programme (20 per cent). The R48.5 million Parliamentary Grant transfer to the National Agricultural Marketing Council (NAMC) also takes place through this Programme. One of Programme 5’s objectives is to provide for the transfer of marketing skills to small and medium agroprocessing entrepreneurs. However, although approximately 63 per cent of Programme 5’s budget will go to the Agroprocessing, Marketing and Rural Industrial Development sub-programme, there are no specific targets that directly speaks to the objective in respect of agroprocessing. This is notwithstanding that the NDP expects the agricultural sector to create 1 million jobs by 2030 through agroprocessing.

For the target on AgriBEE Fund applications that will be finalised, which is based on a percentage, there is no baseline to provide an indication of how many applications does the Department normally receives and finalise in a year, based on previous experience. This is important as a measure of its transformation interventions given that some previously disadvantaged producers are not aware of the AgriBEE Fund or how to apply for it. In addition to what will be allocated to the Land Bank under Programme 3, the Department will transfer an additional R49 million to the Land Bank under this Programme for the current financial year, which is more than the previous year’s R40 million that was transferred to the Land Bank through Programme 5.

**3.3.6 Programme 6: Land Administration**

This Programme is responsible for 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. The budget allocation for land administration decreased from an adjusted appropriation of R762.6 million in 2021/22 to R708.6 million in 2022/23. The Deeds Registration Sub-programme generates its own revenue from selling information on deeds registration and does not receive any allocation from the Department. The largest share of the allocation of programme 6 goes to the National Geomatics Management Services Sub-programme, 71.6 percent in 2022/23. Together, the National Geomatics Management Services and Spatial Planning and Land Use sub-programmes receive 98.6% of the total allocation to the Programme. These are a crucial sub-programmes for improved land administration and spatial planning for integrated development.

The 2022/23 targets to contribute to spatial transformation are as follows:

* Completion of phase 1 of the e-DRS (75 per cent is estimated to have been completed in 2021/22) and phases 2, 3 and 4 will be completed by 2024/25. This transition to electronic lodgement and registration is aimed at enhancing efficiency in deeds registration and improvement in the turn-around times for delivery of title deeds.
* Produce implementation report of the National Spatial Development Framework (NSDF).
* The Deeds Registries Amendment Bill and memorandum on the Bill to be submitted to the Minister for submission to the Cabinet in 2022/23.

**4. Overview of the Strategic Focus of the Public Entities of the Department, their 2022/23 Annual Performance Plans and Budget Allocation**

The Department, as discussed above, oversee the operations of a number of national public entities of different status. For example, the status of the Commission on Restitution of Land Rights is currently under review with intension to ensure that it is fully autonomous as envisioned in the founding legislation. Table 4 below illustrates budget allocation for each entity.

**Table 4.** Budget Allocation to Entities for the MTEF Period 2022/23 – 2024/25

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Entity**  **R’000** | **2021/22**  **Adj. Approp.** | **MTEF Period Estimates** | | |
| **2022/23** | **2023/24** | **2024/25** |
| **1.** Commission on Restitution of Land Rights | - | 20 680 | 18 371 | 17 665 |
| **2**. Ingonyama Trust Board | 23 517 | 24 391 | 23 781 | 24 849 |
| **3.** Office of the Valuer-General | 131 844 | 107 171 | 155 271 | 162 244 |
| **4.** Agricultural Land Holdings Account | 937 986 | 965 860 | 984 942 | 1 029 175 |
| **5.** Agricultural Research Council | 1 282 632 | 1 189 320 | 1 191 556 | 1 245 068 |
| **6.** Onderstepoort Biological Products | - | - | - | - |
| **7.** National Agricultural Marketing Council | 46 944 | 48 535 | 49 771 | 52 006 |
| **8.** Perishable Products Export Control Board | - | - | - | - |
| **Total** | **2 422 923** | **2 355 957** | **2 423 692** | **2 531 007** |

Source: DALRRD – Annual Performance Plan 2022 - 2023

**4.1 The Commission on Restitution of Land Rights (CRLR or the Commission)**

The CRLR was established as an autonomous institution by the Restitution of Land Rights Act, 1994 (Act No. 22 of 1994). Restitution, as a sub-programme of Programme 3: Food Security, Land Reform and Restitution of the Department, is mainly implemented by the Commission whose mandate is to solicit, investigate and attempt to resolve land claims through registration and /or mediation or otherwise to refer the claims for adjudication to the Land Claims Court (LCC). By September 2021, a total of 82 295 claims were settled, benefiting 2.2 million beneficiaries comprising 444 057 households. The extent of the land acquired and restored to land claimants is 3.8 million ha, costing R24.4 billion. The total number of land claims outstanding as at January 2022 was 6 907 comprising 5 829 pure outstanding claims and 1 078 phased outstanding claims, mostly rural land claims in KwaZulu-Natal, Mpumalanga and Limpopo. The Commission has set itself three targets for the 2022/23 financial year, namely:

* *Settlement of outstanding claims (pre-1998 or old order claims):* There are about 6 907 outstanding claims, and the Commission plans to settle 1 125 land claims over the medium term. Although the number of claims to be settled has increased in 2022/23 and 2023/24, i.e. 336 and 549 respectively, when compared to 240 in 2021/22, it might take more than a decade to settle all old order claims (provided that the commission continue to operate at the planned rate of performance, and given budgetary and capacity constraints).
* *Finalisation of settled land claims (old order land claims):* The number of claims to be finalised over the medium term are 1 237, 372 of which will be finalised in 2022/23. This means that the number of claims to be finalised in 2022/23 has increased compared to the target of 316 claims that were targeted to be finalised in 2021/22. Whilst the increase is welcome, same concerns about the pace and the time to be taken for finalisation of claims remain.

The expected MTEF cost drivers in restitution are the acceleration of the settlement and finalisation of claims, including the clearing of the commitment register, and implementation processes towards attaining the autonomy of the Commission. The operational budget for the Commission in 2022/23 is R20.7 million. Household budget (for settlement and finalisation of claims, and development grants) for 2022/23 is R3.1 billion. The total allocation for Restitution is R3.7 billion, which is a marginal increase compared to the adjusted allocation of R3.5for 2021/22. The independent financial forecasting conducted under project Kuyasa indicated that an estimated amount of R65 billion is needed to settle all outstanding old order claims while an estimated R129 billion is needed to settle and finalise all outstanding old order claims. The commitment register currently stands at R5.2 billion, of which R2.4 billion or 46 per cent is in respect of development grants while 54 per cent is for land acquisition and financial compensation, i.e. a reduction from R5.7 billion in 2021/22 to R5.2 billion in 2022/23. Therefore, the current allocation of R3.7 billion is inadequate to allow for settlement of all outstanding claims within the shortest time possible.

**4.2 KwaZulu-Natal Ingonyama Trust Board (ITB)**

Section 2(b)(2) of the Ingonyama Trust Act, with subsequent amendments, provides that “The Trust shall, in a manner not inconsistent with the provisions of this Act, be administered 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) …” With this in mind, the Trust seeks ***to become a leader in sustainable communal land management***(Its vision). Its mission is to: (i) contribute to the improvement of the quality of life of the members of the traditional communities living on Ingonyama Trust land by ensuring that land management is to their benefit and in accordance with the laws of the land; and (ii) to develop progressive and radical business and land tenure models for the social and economic upliftment and the empowerment of the members of traditional communities who are beneficiaries of land owned by the Trust, and administered by the Ingonyama Trust Board (ITB) on behalf of the Trust.

The ITB has two programmes; namely, Administration and Land and Tenure Management programmes. The ITB did not officially table any budget allocations in the APP. The Committee could not ascertain the amount of the transfers from the Department, what, and how, it would be spent on; total estimated revenue to be generated by the Trust and a portion of the revenue to be utilised for the material benefit of communities living on the Trust land. The Committee could not assess whether there was adequate financial capacity to deliver on targets set in the APP. The Minister of Agriculture, Land Reform and Rural Development was in a process to engage the ITB to assist them table the budget.

**4.3 Office of the Valuer-General (OVG)**

The Office of the Valuer-General (OVG) was set up in terms of the Property Valuation Act (PVA), No.17 of 2014. It is listed as Schedule 3A public entity in terms of the Public Finance Management Act (PFMA), Act No.1 of 1999. The Office of the Valuer-General (OVG) is responsible for the following: (i) valuation of properties identified for land reform purposes, as well as where a Department requests for a valuation service to be rendered for purposes of acquiring or disposing of property; and (ii) developing criteria and procedures for the valuation of a property that has been identified for land reform purposes and monitoring the proper, efficient and effective valuation of such properties based on set criteria and procedures. Its work ensures that the compensation determined for land acquisition for land reform purposes is just and equitable. It is thus seen as an institution that could assist to fast track land reform through provision of a credible valuation. Over the last two years, there was a process to review the PVA and the work of the OVG, led by the Ministerial Advisory Panel on Land Reform (MAP). It is reported that the MAP has completed its work in reviewing the PVA and submitted the Report to the Minister for consideration.

The OVG receives transfers from the Department through Programme 3 (Food Security, Land Reform and Restitution) to cover the cost of land reform valuations. The total allocation for the OVG in 2022/23 is R107.2 million, a decrease of 18.7 per cent compared to the allocation of R131.8 million in 2021/22. However, the transfers are expected to increase to R162.2 million in 2024/25. Of the R107.2 million transferred to the OVG in 2022/23, R11.1 million (10.4 per cent) is for the Administration Programme, R43.1 million (40.2 per cent) is for valuations and R53 million (49.4 per cent) is for operations. In terms of economic classification, a large portion of the budget allocated to the Administration Programme is for compensation of employees (COE). There has been a noticeable increase in the allocation for Goods and Services under the Valuations Programme, which is expected to increase by 376.7 per cent in nominal terms in 2022/23 compared to 2021/2, while the allocation for COE is expected to decrease by 51.9 per cent.

The OVG has structured its expenditure into three programmes, namely Administration, Valuations and Operations. Its main priority in 2022/23 is to improve its capacity and reduce valuations backlog. Programme priorities are as follows:

* Under Administration, comprising governance, risk and compliance; and internal audit, the department aims to implement the corruption and fraud prevention mechanism.
* Valuations*,* focusing on credible valuations in line with the PVA, is expected to deliver on the following targets over the medium term:
  + To complete all valuations requested by clients within the specified times. The Committee noted that there has been an improvement in the performance, from 93 per cent achievement in 2020/21 to 100 per cent in 2021/22.
  + The average number of days to issue a valuation certificate should not exceed 50.
  + The average number of working days to resolve queries after issuing of final valuation certificate should not exceed 10.
* Operationsprovides business function services to the entire organisation. It is divided into five sub-programmes; namely Project Management Office (PMO), Human Capital Services; Strategy and ICT Services; Financial Management Services; and Supply Chain Management. Its main targets include the following: an approved implementation plan for the MAP recommendations and to fill 70 funded posts filled in line with the approved interim structure, which is an additional three to the number of posts filled in 2021/22 (67).

**4.4 Agricultural Research Council (ARC)**

The ARC was established in terms of Section 2 of the Agricultural Research Act, 1990 (Act No. 86 of 1990). It is listed in the PFMA as a Schedule 3A national public entity. The ARC is the principal agricultural research institution in the county. It provides agricultural research and development, technology transfer and support to the agricultural community. In addition, the ARC is the custodian of the country's national collections of biological assets. For the 2022/23 financial year, the ARC has been appropriated an amount of R1.2 billion through the Department’s Programme 2. The transfer constitutes baseline allocation for operational expenditure and capital expenditure. The Parliamentary Grant (PG) has been declining over the years and in the current MTEF period ending in 2025, the entity will realise a 7 per cent decline in the PG. Due to the constrained national fiscus, from the previous financial year onwards, the ARC has not been expecting the additional funding it used to receive from the Department of Science and Innovation (DSI). The entity’s budget process is based on zero-based budgeting principles i.e. all expenses must be justified for each new period and every function is analysed for its needs and costs. Personnel costs remain the highest cost driver, constituting 48 per cent of total expenditure for 2022/23, and approximately 69 per cent of the Parliamentary Grant. The entity’s operational costs continue to surpass the operational revenue and the ARC plans to address the challenge by enhancing external income and reducing the cost of doing business.

The ARC’s key strategic projects are:

* **Optimisation of personnel** costs for which R60 million has been budgeted.
* **Benchmarking of salaries**, which is not budgeted for and not affordable.
* **The Turnaround Strategy** for which a budget of R32 million has been set aside. This will also include the Commercialisation Strategy, which will be funded with R11.3 million from the aforementioned R32 million.
* **The amalgamation of Pretoria campuses,** which is not budgeted.

For the medium term, the ARC will be focusing on meeting the Medium Term Strategic Framework (MTSF) Priorities through six Outcomes that are aligned with the MTSF Priorities. Some of the key activities that will be undertaken under the entity’s 9 Programmes that are located within its different Business Divisions include:

* Developing new cultivars/varieties with improved desired characteristics, namely high yield, improved quality and improved nutritional quality, resistance/tolerance to biotic and abiotic stresses and adaptation to different environments and growing conditions; considering the needs of producers, processors and consumers.
* Biosecurity – Development of risk management and mitigation methods for crop production that includes the plant health research and services, climate mitigation research and services, genetic purity testing and services.
* Post-harvest management and product development for decreased food waste and longer shelf life; and agroprocessing of fruit, vegetables, medical plants, herbs, teas into various products.
* Genomic selection and genomic assisted breeding in crop and livestock improvement.
* Provide much-needed analytical services to national, provincial and local government and clients in the food and feed industry through its SANAS accredited laboratories. The services include product, chemical, microbiological and physical tests on feed and food samples.

The Committee appreciated the work of the Board including the appointment of the CEO. However, there was a concern regarding the impact of executive management vacancies at Human Resources; Impact and Partnerships and the recently vacant position of the Chief Financial Officer (CFO) and the strategic project that were not budgeted for. Funding constraints and personnel capacity particularly balancing optimisation of personnel costs with job losses while the entity on one hand was highlighting the need to appoint high-profile scientists who can generate external revenue were recognised as areas needing attention. In light of the frequency and ongoing FMD outbreaks, the slow pace of the establishment of the FMD Facility remains a major concern particularly as funding allocation for the Facility was first made in 2018/19. However, the prioritisation of the FMD Facility including the establishment of the Task Team by the Board to address FMD challenges was welcomed.

**4.5 The Onderstepoort Biological Products (OBP)**

The OBP was established in terms of the Onderstepoort Biological Products Incorporation Act, 1999 (Act No.19 of 1999). It is listed under Schedule 3B of the PFMA i.e. National Government Business Enterprise. It is governed by Act No. 19 of 1999, which should be read together with the Onderstepoort Biological Products Memorandum of Incorporation (MOI); and was declared as a National Key Point in 2007. The OBP is a state-owned bio-technical company that manufactures animal vaccines and related products for the global animal health care industry. The entity does not get a financial transfer from the Department but funds all its operations from its self-generated revenue, mostly from sale of vaccines. The entity’s total budget for 2022/23 is R166 million. Challenges with aged equipment breakages meant that the OBP suffered revenue losses in the past few years as it could not timeously produce some of the required vaccines.

The main focus remains ensuring a steady supply of vaccines and continued work on the modernisation of the vaccine manufacturing plant i.e. the good manufacturing practice (GMP) Facility. Therefore, a significant proportion of the entity’s budget will go towards production operations and revenue generation with approximately 59 per cent of the budget allocated to the Continuous Improvement of Business Operations Programme and 20 per cent to the Financial Stability Programme. Some of the challenges that were highlighted by the Board of the OBP including solutions include:

* People within the organisation - ongoing labour disputes that the Board inherited when it started its term in November 2020. Training of personnel and fostering engagements with unions is ongoing.
* Market share challenges – safeguarding the OBP’s Intellectual Property (IP) as some competitors are entering markets with unregistered vaccines. OBP is working with the ARC attorneys in defining and safeguarding IP.
* Production – old and aged infrastructure resulting in regular breakdowns; water and electricity interruptions. To address the challenges, the entity has developed a 7-year CAPIN Plan; planning on utilities jointly with the ARC’s Onderstepoort Veterinary Research Institute (OVR), which is located adjascent to the OBP and also got the Council for Scientific and Industrial Research (CSIR) involved.
* Protection of information – leakage of information including theft of information and documentation. The Board has requested the State Security Agency (SSA) to vet the entire staff complement.
* GMP Project – delays in project completion. The Board and management are addressing contract management and have instituted an investigation of role players.
* Governance – outdated policies and procedures. Review and development of policies has been prioritised for presentation to, and approval by, the Board in accordance with the Board and Sub-committee work plans for 2022/23.

The OBP further reported that, of the initial once-off allocation of R492.4 million that was allocated in 2013/14 for the GMP Project, R71 million is remaining while the project is far from being completed meaning that additional funding will be required to finalise the GMP Project. The lack of progress in the modernisation of the vaccine manufacturing plant (GMP) project, equipment breakages that affect vaccine production and availability, historical procurement and contract management challenges, as well as the entity’s personnel challenges including leakage of information were of major concern to the Committee. It acknowledged the interventions that have been introduced by the Board to address the numerous challenges within OBP including plans to appoint a new CEO and the measures to investigate and criminally charge transgressors and those involved in fraud and corruption.

**4.6 The National Agricultural Marketing Council (NAMC)**

The NAMC was established in terms of Section 3 and 4 of the Marketing of Agricultural Products Act, 1996 (Act No. 47 of 1996) as amended by Act No. 59 of 1997 and No. 52 of 2001. It is listed under Schedule 3A of the PFMA. The core mandate of the NAMC is to advise the Minister of Agriculture, Land Reform and Rural Development on agricultural marketing policies and their application, advise the Minister on statutory measures and undertakes research, on its own accord or as directed by the Minister on agricultural marketing policy in relation to national economic, social and development policies and international trends and developments. It also coordinates work relating to the statutory measures as mentioned in the Act and the work of Agricultural Industry Trusts.

For the 2022/23 financial year, the NAMC has a total budget of R51.2 million which comprised of the Parliamentary Grant of R48.5 million that has been transferred through Programme 5 of the Department and R2.7 million from its own revenue (bank interest and project management fees). Approximately 67 per cent of the entity’s total budget will go to compensation of employees and 33 per cent to goods and services. In order to streamline activities and strengthen its legislative mandate, the entity has undertaken a review of its organisational structure. However, it highlighted that available funding is not sufficient for operational (for example, traveling to farmers as it expands its footprint to all provinces) and administrative expenses including the additional positions on the approved new structure. Therefore, the entity is working on a Resource Mobilisation Strategy to ensure its financial stability.

In addition to its legislated core mandate, the NAMC was appointed in 2019 by the Minister of Agriculture, Land Reform and Rural Development to coordinate the process of compiling the Agriculture and Agroprocessing Master Plan (AAMP). The Master Plan has since been finalised and will be launched on 12 May 2022. For a period of 10 years, the NAMC will be involved in the monitoring and evaluation (M&E) of the implementation of the AAMP. The Committee welcomed the NAMC’s improved Annual Plan as previous matters that were raised by the Committee have been addressed but questioned the rationale for expanding its organisational structure when it does not have funding for additional posts. The Committee further appreciated expansion of some of the NAMC’s activities in provinces, where farmers have limited or no access to markets; and raised a concern regarding coordination of activities between the NAMC and the Department in identifying farmers that need support on market access.

**4.7 Perishable Products Export Control Board (PPECB)**

The PPECB was established in terms of Section 2 of the Perishable Products Export Control (PPEC) Act, 1983 (Act No. 9 of 1983). In addition to the PPEC Act, it is also governed by the Agricultural Product Standards (APS) Act, 1990 (Act No. 119 of 1990). It 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 and issuance of export certificates.

Its total budget for the 2022/23 financial year is R588.3 million. In terms of economic classification, due to the nature of the PPECB’s operations, approximately 68 per cent of its budget is spent on compensation of employees. In terms of Programmes, 63 per cent of the budget is allocated to the Statutory Operations Programme while 25 per cent goes to Corporate Services. The PPECB also introduced additional strategic projects to focus on Women in Leadership, People with Disabilities and a digital programme called Intellex (to assist producers with identifying potential export destinations). The Committee commended the PPECB for its clear and well-articulated Annual Plan, the continued good work and the role that it plays in the export of perishable products from South Africa including capacity building of smallholder farmers for export market access.

**5. Summary of Key Conclusions drawn from the Committee Deliberations on the 2022/23 APPs and MTEF Budget of the Department (DALRRD) and its Entities**

The Committee, having deliberated the findings and observations on the 2022/23 APPs and budget allocations of the Department and Entities, drew the following conclusions:

* 1. **The Department of Agriculture, Land Reform and Rural Development**
     1. Whilst being cognisant of the fiscal constraints of the country, the overall decline in the Department’s overall budget allocation over the MTEF period and particularly budget reduction in key departmental Programmes such as Agricultural Production, Biosecurity and Resources Management (Programme 2) and Food Security, Land Reform and Restitution (Programme 3) are contrary to the Department’s aim and strategic focus for the medium term; and could potentially undermine service delivery in respect of the Department’s NDP mandate and MTSF priorities. The miniscule budget allocation to the Biosecurity sub-programme in Programme 2 remains a concern in light of the continuing FMD challenge and most recently, avian influenza. Both diseases have a negative impact on export revenue, sector employment and sustainability.
     2. The reduction in the Department’s overall budget during the MTEF period also negatively impacts transfers to entities such as the ARC, which is not adequately funded given its essential role in ensuring up to date agricultural research and innovation to address imminent sectoral challenges that include climate change related high temperatures, water shortages, disease outbreaks and new pests; as well as impact of global trade competition to the agricultural sector.
     3. There is misalignment between financial resource allocation and performance targets among and within Departmental Programmes. As an example, the Administration Programme, which also has a largest staff complement, receives a larger budget than the more technical Programme 2 that is central to agricultural production, health and safety of agricultural products, resource conservation and management as well as disaster management. Despite its strategic role and large budget, Administration has two targets and 57 per cent of its budget goes to compensation of employees.
     4. Considering that more than half (53 per cent) of the total Budget Vote goes to transfers and subsidies in the current financial year, specific targets to strengthen monitoring and evaluation (M&E) would have been expected under the Administration’s Provincial Operations sub-programme. Weak M&E in the Department remains a challenge and will continue to affect accountability on transferred funds including the assessment of interventions that are implemented by provinces and other service providers (e.g. farmer support and food production programmes, infrastructure development, capacity development programmes, etc.).
     5. The need for further engagements on the Blended Finance Initiative (BFI), which is mentioned in the APP but and the National Treasury’s Estimates of National Expenditure (ENE) for the Vote, but with no specific targets in the APP. Engagements should include the Commercialisation of Black Producers Programme, for which BFI was established, other Departmental funding programmes as well as sector transformation instruments such as the AgriBEE Fund and Mafisa, which were historically administered by the Land Bank.

This should include an update on all funds that have been previously and currently transferred to the Land Bank through Programmes 3 and 5.

* + 1. Lack of concrete plans in capacitating subsistence and smallholder producers to fully participate and benefit from the Poultry, Sugar and Cannabis Master Plans that have been also cited in the SONA. With respect to the Cannabis Master Plan, save for the development of an annual report, there is no clear and specific target with an action plan to ensure that indigenous and historical growers of Cannabis (e.g. in the Eastern Cape and KwaZulu-Natal provinces) are prioritised and capacitated to participate and benefit from the implementation of the Cannabis Master Plan.
    2. The finalisation of the Agriculture and Agroprocessing Master Plan (AAMP) is welcomed and is expected to play a central role in the development and promotion of agroprocessing as well as facilitating market access for the smallholder producers.
    3. While the target on trade negotiations including the Agreement on African Continental Free Trade Area (AfCTA) is important and appreciated, there is a need for clear targets and assessment of interventions to capacitate and assist smallholder producers in particular to fully participate and benefit from such agreements once they become operational.
    4. The Committee noted silences with regard to the target of the number of labour tenants’ applications to settled over the medium-term, thus raising questions about implementation of the Court order and the oversight over the Department by the Special Master for Labour Tenants. Similarly, targets for implementation of the target for Transformation of Certain Rural Areas Act, (No. 94 of 1998) transfers has been dropped. It thus means that performance on these crucial areas that addresses tenure security envisaged in Section 25(6) will not form part of reporting on quarterly and annual reports, and can be easily overshadowed by other programmes that have been elevated
    5. An expected increase in the rate of land delivery has not been matched with requisite complementary support services as evidenced by the decline in the number of farms supported through LDS. Inability to match land delivery with complementary support is one of the factors resulting in a decline in land reform farms’ productivity.
    6. The plan lacks demonstrable evidence of implementation of amendments to the Extension of Security of Tenure Act and the Communal Property Association Act, approved by Parliament in 2016 and 2017 respectively. The Committee, having noted that these important pieces of legislation have not been signed into law by the President, expressed concerns with regard to delays and its impact on target groups/beneficiaries who will continue to suffer from the legislative gaps.
    7. There is lack of clear evidence of coordination of the Rural Development Programme with other government departments. A particular area of concern was with regard to a link of the work of the Department in the context of the District Development Model (DDM). DDM was thought to be a great opportunity for area-based approach and addressing communities needs and aspirations holistically.
    8. The decrease in the budget for NARYSEC and other sub-programmes means that the time taken to reach some of the most vulnerable groups in line to be assisted, especially the youth majority of whom are unemployed, will take longer as fewer people will receive the support from this Programme.
    9. The focus on infrastructure development was a welcome development and a step in their right direction. It has a potential to create jobs and thus improve the livelihoods of communities.
  1. **Public Entities of the Department** 
     1. **Commission (CRLR):** Given the ensuing process for research and gazetting of outstanding land claims, there is a room for a margin of error in the R65 billion needed to settle all outstanding old order claims because 43% of the outstanding claims to be researched and claimed properties valued by the Valuer-General.
     2. The Committee welcomed a process in motion to develop a defined process to determine a more accurate estimate cost related to finalisation of outstanding claims and quantification of the budget for clearing the commitment register.
     3. **ITB:** Failure of the ITB to table its budget together with the APP was seen as a total disregard of the National Treasury guidelines on the submission of APPs and strategic plans. It could further be interpreted as a subtle evasion of accountability and transparency by the Ingonyama Trust Board. Since the Fourth Parliament, the ITB has been given chance to address some of these issues. However, it appears as situation has regressed with the lowest being failure to present financial report of the Ingonyama Trust for the 2020/21 and Budget for 2022/23. It calls for honest conversation by all affected and concerned about the importance of the entity, the role it currently plays in land ownership and administration in a democratic South Africa and whether its programmes and current stature is in line with what the legislators envisaged.
     4. **OVG:** The Committee welcomed the report that the OVG has completed 100 per cent of backlog valuations in 2021/22.
     5. Whilst there are signs of improvement in the performance of the OVG, the offices of the Valuer-General and the Chief Operations Officers were yet to be filled. These are strategic positions that require urgent attention, and they remain unoccupied, there are risks that the organisation may not stabilise. It noted that in the past, the Committee had recommended that the Minister prioritise building the capacity of the OVG by filling the vacant positions of the Valuer-General (VG) and the Chief Operating Officer (COO).
     6. Whilst the Moloto matter has demonstrated that compensation may not be market value, it was a concern that the Court did not use the VG calculations. There is a need for the OVG to seek guidance from the courts on the question of just and equitable compensation. It noted that property values and compensation were two separate values.
     7. **ARC:** While the Committee commended the appointment of the CEO to ensure stability at executive management level, it remained concerned regarding the impact of critical vacancies in the ARC particularly the positions of the Group Executive (GE) for Human Resources and Management; GE for Impact and Partnerships and the Chief Financial Officer (CFO).
     8. The 7 per cent decline in the Parliamentary Grant allocation to the ARC over the MTEF period was a serious concern. Funding constraints and personnel capacity particularly balancing optimisation of personnel costs while the entity also highlighted the need to appoint high-profile scientists who can generate external revenue were recognised as areas needing urgent attention.
     9. In light of the frequency and ongoing FMD outbreaks, intervention is required on the slow pace of the establishment of the FMD Facility to develop FMD vaccines, for which the ARC received funding allocation in 2018/19 to enhance the country’s vaccine research capacity and ensure there is a secure local supply of the FMD vaccine. Dependence on imports for FMD vaccines may be costly and risky to the country’s livestock industry in the long term.
     10. **OBP:** The Committee appreciated the interventions by the Board of the OBP to address the entity’s numerous challenges that it encountered when it started its term in November 2020. However, the Committee noted that issues at OBP require urgent intervention from the Executive Authority as the Committee remains very concerned by the extent of the challenges in the National Key Point, which include inter alia the aged infrastructure and frequent equipment breakages, lack of progress on the GMP project, information leakage, IP protection and ongoing labour disputes.
     11. Fast tracking the modernisation of the vaccine manufacturing facility (GMP project) to ensure that the OBP is GMP-compliant and able to be a globally competitive supplier and distributor of vaccines and other biological products remains key. Lack of progress in the project was flagged for urgent attention as the impact of frequent equipment breakages threatens vaccine production and therefore, the sustainability of the OBP.
     12. The handing over of some cases to the South African Police Services (SAPS) and the Special Investigating Unit (SIU) for further investigation by the OBP’s Board was commended to ensure that there are consequences for people who contributed to some of the many challenges in the entity.
     13. The need for additional funding to the OBP specifically to finalise the GMP project was recognised pending completion of investigations and full account of the initial funding that was allocated for the project.
     14. **NAMC:** Recognition of the NAMC’s plans to expand its footprint to all provinces with respect to facilitation of market access for smallholder producers; and further raised a concern regarding lack of coordination of activities between the NAMC and the Department in identifying and capacitating farmers that need support on market access.
     15. The Committee questioned the NAMC’s rationale for expanding its organisational structure when it did not have funding for the additional positions in the newly approved structure.
     16. **PPECB:** Appreciation of the PPECB for the clear and well articulated Annual Plan and the continued work in assisting farmers with exports of perishable products and capacity building of smallholder farmers for export markets despite not receiving government financial support.

**6. Committee Recommendations**

After discussions and deliberations on the 2022/23 Annual Performance Plans (APPs) and Budget of the Department and the Entities (Budget Vote 29), the Portfolio Committee on Agriculture, Land Reform and Rural Development makes the following recommendations to the National Assembly (NA) for the attention of the Minister of Agriculture, Land Reform and Rural Development regarding Budget Vote 29. The Minister should -

* 1. Liaise with the Minister of Finance to discuss the declining budgetary allocation to the Vote despite the Department’s important mandate in respect of agrarian transformation through land reform, job creation and the important contribution to food security, biosecurity, natural resource and disaster management. Advocate for increased funding for Programme 2 as inadequate biosecurity can pose a threat to food safety and a reputational risk to the country’s agricultural exports.
  2. Submit to Parliament and present for discussion, the fit-for-purpose organisational structure of the Department, which should clearly illustrate how the merger of the two former Departments addressed duplication of functions among Programmes.
  3. Submit to Parliament an updated Legislation and Policy Review Programmes with clear time lines and resources for processing and finalisation during the current financial year. In the case of legislation, submit timeframes for planned introduction to Parliament.
  4. Submit to Parliament a Human Resource Plan with a specific focus on building and strengthening personnel capacity to address the challenges that were identified and reported by the Department of Public Service and Administration (DPSA) among some senior management service (SMS) level personnel.
  5. Ensure the development of an Action Plan to review and streamline the Department’s existing support programmes and conditional grants into an integrated Producer Support Programme/Scheme that was envisaged when the National Policy on Comprehensive Producer Development Support was developed to avoid duplication and resource wastage. The Action Plan should illustrate the alignment to the Department’s new mandate and the Farmer Production Support Units (FPSUs) that are expected to be central to the implementation of the Agriculture and Agroprocessing Master Plan.
  6. Strengthen Reporting Guidelines and ensure the development of Monitoring and Evaluation (M&E) Frameworks for conditional and other farmer support grants as well as all funds that have been transferred to other service providers (e.g. Land Bank, infrastructure contractors, consultants) and Entities for the implementation of the Department’s programmes/projects. The Department should report to Parliament on its M&E activities during each quarterly briefing.
  7. Submit to Parliament comprehensive reports on the implementation of the Blended Finance Initiative, transformation activities through the AgriBEE Fund, disbursement of Mafisa loans and utilisation of funds that have been transferred to the Land Bank since 2019/20.
  8. Submit to Parliament comprehensive reports on the activities (including planned ones) of the Department to facilitate and promote the participation of smallholder producers in the Poultry, Sugar and Agriculture & Agroprocessing Master Plans including M&E of agricultural interventions in respect of the implementation of the Master Plans.
  9. Provide a progress report on the finalisation of the Cannabis Master Plan including roles and responsibilities of other sector departments. For the 2022/23 financial year (including outer years of the medium term), the Department has a performance target to “develop an annual report on the implementation of the Cannabis Master Plan”, specify the activities that will be undertaken in 2022/23 towards the development of the annual report on the implementation of the Cannabis Master Plan.
  10. Submit an Action Plan to fast-track the participation of the agricultural sector in the Trade Agreement on African Continental Free Trade Area (AfCFTA) while ensuring protection of local producers from unfair imports; and also present an Action Plan on capacity building of smallholder producers to enable their full participation in the Agreement on AfCFTA.
  11. Ensure consistent monitoring of the implementation of the Comprehensive Backlog Reduction Strategy of the CRLR and submit quarterly reports to Parliament, including the financial reports.
  12. Ensure that the CRLR quantifies the cost of its Commitment Register and develop a three-year plan for clearing the Commitment Register and submit quarterly implementation reports to Parliament.
  13. Ensure that the CRLR develop and implement a research plan to ensure that all the outstanding land claims are researched by the end of 2022/23, and further present to Parliament quarterly implementation reports.
  14. Ensure that the ITB officially tables the 2022/23 budget allocations for both the ITB. In line with sections 22(1) and (2) of the KwaZulu-Natal Ingonyama Trust Financial Regulations(1998), the ITB must also submit to the Minister a written report on the activities of the Trust during 2020/21 financial year; a report which shall include audited financial statements, reflecting the Trust’s financial affairs during that year for tabling and consideration by the Portfolio Committee.
  15. Develop an implementation plan for the recommendations of the previous 2021/22 Budget Vote Report and the 2021/22 Budget Review Recommendations Report with regard to the ITB and present implementation reports to Parliament.
  16. Clear programmes and specific targets for empowerment of youth, women and people with disabilities within the rural communities are streamlined in various programmes of the Department and entities; for example, prioritising them for access to land and productive use of land as well as giving the opportunity for development in the agricultural sector.
  17. Prioritise engagement with the Ingonyama Trust Board, the Trustee and other relevant stakeholders including the National Treasury and the Auditor-General to address the challenges confronting the ITB, including its mandate and funding, the separation of the ITB from the Ingonyama Trust and its relevance in the current dispensation.
  18. Motivate for additional funding for the ARC in respect of its important and central role in agricultural research, the agricultural sector competitiveness and contribution to the development of innovations to address the country’s agricultural challenges including natural disasters. Further ensure the entity fast-tracks the filling of the three vacant executive management positions and other critical vacancies.
  19. Facilitate the prioritisation of the FMD Facility by the ARC and make sure that it submits to Parliament a detailed Action Plan with timeframes on the development and completion of the FMD Facility. Further ensure that the Task Team that has been established by the ARC Board to address FMD challenges carries out its responsibilities and report on intervention progress on a quarterly basis.
  20. Strengthen oversight over the OBP and prioritise engagements with the entity while ensuring that the Board and the entity are supported to effectively address the serious challenges that the OBP face. The current state and security measures in the entity, which is a National Key Point, are of serious concern to the Committee. Provide quarterly updates to Parliament on interventions to address challenges at OBP.
  21. Ensure that the OBP fast-tracks the appointment of the CEO and the filling of other critical vacancies to avoid further instability at the entity.
  22. Ensure that the OBP submits an Action Plan with timeframes and funding needs for the completion of the GMP Facility; and also provides quarterly updates on ongoing investigations and vaccine availability.
  23. Submit a framework on coordination of activities between the Department and the NAMC including differences between interventions of the Department to those of the NAMC in respect of capacity building programmes for market access for smallholder producers. The framework should also provide information on targeted commodities, areas/districts of intervention in different provinces and impact of such interventions.

*The Committee further recommends that, unless otherwise indicated, within three months after the adoption of this report by the National Assembly, the Minister should submit to Parliament, responses to the above recommendations.*

*Report to be considered.*