

BRIEFING TO THE PORTFOLIO COMMITTEE ON RURAL DEVELOPMENT AND LAND REFORM

Date: Wednesday, 29 February 2012

Time: 10:00

Venue: M514, 5th Floor, Marks Building

Accounting Officer: P M Shabane



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Context

- Executive Authority monitors progress on the Department's operational plan which includes monthly budget report through an Executive Management Committee
 - The Accounting Officer then ensures that any remedial action agreed upon is implemented within 14 days.
 - The report of the third quarter was discussed in January
- The Department and the Commission presented the annual reports of 2010 to the Committee in October 2011.
 - The following reports reflect progress made to-date to clear up audit queries.



Part (ii)

SECOND AND THIRD QUARTER EXPENDITURE TRENDS: 2011-2012



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Per Programme	2011/2012							
	Current budget	Spending Q3	Balance	% Spent Q3	ENE budget	Spending Q2	Balance	% Spent Q2
	R'000	R'000	R'000		R'000	R'000	R'000	
1. Administration	911,483	615,660	295,823	67.5%	606,104	353,386	252,718	58.3%
2. Geo-spatial and Cadastral Services	555,902	364,214	191,688	65.5%	388,104	181,386	206,718	46.7%
3. Rural Development	901,868	392,059	509,809	43.5%	441,276	196,757	244,519	44.6%
4. Restitution	2,497,293	889,596	1,607,697	35.6%	2,497,293	653,222	1,844,071	26.2%
5. Land Reform	3,270,151	2,639,120	631,031	80.7%	4,191,469	1,990,499	2,200,970	47.5%
TOTAL	8,136,697	4,900,649	3,236,048	60.2%	8,124,246	3,375,250	4,748,996	41.5%



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Part (iii)

ACTIONS TAKEN TO ADDRESS THE ISSUES RAISED BY THE AUDITOR GENERAL



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QUALIFICATION

- **ISSUE:**

- Completeness of Immovable Asset Register.

- **MANAGEMENT ACTION PLAN:**

- Research and analyse the remaining 236 properties by 30 November 2011.
 - Obtain and analyze a bulk download of all persons' names and corresponding land parcels (from the Chief Registrar of Deeds)



QUALIFICATION

- **PROGRESS:**

- Research on 236 properties is completed
- Property description and registered owner name comparison were done per provincial deeds office (7.6 million properties).
- Lists of registered owner names that are not on the register were compiled.
- An immovable asset register policy was drafted and will be finalised by 31 March 2012 for implementation 01 April 2012.



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EMPHASIS OF MATTER

- **ISSUE:**

- Attention is drawn to the fact that unsurveyed land is not recognised in the financial statements until the full surveying process has been completed, only the approximate extent of 2 870 711.31 hectares were disclosed.

- **MANAGEMENT ACTION PLAN:**

- Finalise the surveying of remaining parcels by 2013



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EMPHASIS OF MATTER

- **PROGRESS:**

- As at 31 December 2011, 883 000 hectares of unsurveyed state land comprising Administrative Areas and SDFs, were surveyed and approved.



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EMPHASIS OF MATTER

- **ISSUE**

- Restatement of prior years figures as a result of addition of restitution claims registered in the name of the state.

- **Management Action Plans**

- Identify all land parcels acquired by the Commission on Restitution of Land Rights and registered in the name of Government.
 - Issue guideline for a procedure to be followed when acquiring land in the name of the state.



EMPHASIS OF MATTER

- **PROGRESS:**

- Procedure for Processing Restitution Claims on State Land was approved on 19 January 2012 and implemented immediately

- Monitoring of compliance by Quality Control Committee.

- Restitution technical support team:

- Analysing the expenditure made since 2009 and identifying properties which have been registered in the name of state that are not recorded in the asset register.



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EMPHASIS OF MATTER

- **ISSUE:**

- When claims are instituted against the Department, only the capital amount is disclosed as a contingent liability and not the interest and legal costs that may arise through court proceedings.
- Only the amount that is recommended by the Quality Control Committee is disclosed as contingent liabilities.



EMPHASIS OF MATTER

- **MANAGEMENT ACTION PLAN:**

- To reduce the number of court cases as a result of offers made and not honored.
- Document Management Control Systems

- **PROGRESS:**

- The powers to negotiate settlement is centralised to the Regional Land Claims Commissioner.



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EMPHASIS OF MATTER

- **PROGRESS:**

- All files were captured in all provinces,
 - A cover sheet was compiled for each claim before scanning.
 - The cover sheet is called **Meta data** which will be used to search and retrieve information on the file.
- Scanning has been completed in the majority of sites except Limpopo, North West, Pretoria and a few in the Eastern Cape.
 - We plan to complete this by 31 March 2012



EMPHASIS OF MATTER

- **ISSUE:**

- There has been no movement on R642 million of the total R6,573 billion Restitution commitments due to changes in restitution settlement options, community disputes, tribal disputes, family disputes and/or untraceable claimants



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EMPHASIS OF MATTER

- **MANAGEMENT ACTION PLAN**

- A Restitution Technical Committee was put in place to do a full analysis of the commitment register.

- **PROGRESS**

- Expenditure has been categorised into financial compensation, land purchase, grants, attorney fees and conveyance fees.



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EMPHASIS OF MATTER

- **ISSUE: Fruitless and Wasteful Expenditure**
 - Expenditure of R73,406 million was incurred as a result of interest paid as compelled by the court on the late settlement of land purchases
- **MANAGEMENT ACTION PLAN:**
 - Develop a litigation handling procedure
 - Analyse the expenditure and determine if any disciplinary action is required.



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EMPHASIS OF MATTER

- **PROGRESS:**

- A circular was issued specifically for the settling of court orders based on the Nyathi Judgment.
- Further investigations to determine route cause of not adhering to court order deadline in progress.



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Conclusion

- Continuous engagement with both parties:
 - The Department met with the Auditor General (AG) and agreed on working together with the Office of the Accountant General (OAG) to ensure that the reporting framework is clearly understood by both parties.
 - A follow-up meeting was held with OAG
 - Another meeting will take place jointly at a date still to be confirmed by the OAG.



Thank you



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