

REPORT OF THE PORTFOLIO COMMITTEE ON AGRICULTURE, RURAL DEVELOPMENT AND LAND ADMINISTRATION; ECONOMIC DEVELOPMENT, ENVIRONMENT AND TOURISM ON THE 2013/14 BUDGET AND ANNUAL PERFORMANCE PLAN OF THE DEPARTMENT OF AGRICULTURE, RURAL DEVELOPMENT AND LAND ADMINISTRATION; ECONOMIC DEVELOPMENT, AND LAND ADMINISTRATION (VOTE 5)

1. INTRODUCTION

The Portfolio Committee on Agriculture, Rural Development and Land Administration; Economic Development, Environment and Tourism (the Committee) is mandated by Section 114 (2) of the Constitution of the Republic of South Africa to oversee the Department of Agriculture, Rural Development and Land Administration (the department) in its planning, budgeting, performance and reporting.

Consideration of the Annual Performance Plan (APP) of the department in line with its five year strategic plan and appropriated budget for the financial year under review is thus a crucial oversight tool used by the Committee to hold the department accountable for its performance throughout the financial year. Thus, the Committee tables this report in support of the oversight work done in consideration of the 2013/14 APP of the department and corresponding budget appropriated to vote 5, as per the Mpumalanga Appropriation Bill, 2013.

Ultimately, the Committee is concerned that the department uses its appropriated budget in fulfilment of its core mandate to deliver quality services that support the small scale and emerging farmers; to regulate a thriving agricultural sector that contributes to the provincial economy; and to implement a credible land reform process that addresses past imbalances in land use and leads to comprehensive and sustainable rural development in the Province.

2. METHOD OF WORK

The Office of the Speaker requested the department to submit 50 copies of the 2013/14 APP, budget and organogram to the Legislature by 02 April 2013. The only document tabled in the Legislature on 12 April 2013 was the APP, which the Speaker subsequently referred to the Committee for consideration and report back to the House.

The department was requested to submit the outstanding copies of the organogram and budget documentation to the Legislature before the scheduled meeting on 03 May 2013. On 26 April 2013 the department tabled one file containing the budget, organisational structure and cost per head information.

The Committee was briefed on 30 April 2013 by the researcher on the analysis of the initial APP that was tabled on 12 April 2013 and the one file of budget documentation that was tabled on 26 April 2013. Specific areas were identified where the APP did not comply with the National Treasury Framework for Strategic and Annual Performance Plans. The department was informed of the non-compliance issues and other inconsistencies in the APP order to make the necessary corrections to the APP before the scheduled Committee meeting on 03 May 2013.

On 02 May 2013 the department again tabled only one file containing the revised APP, the budget, the organisational structure (approved in 2010) and cost per head information.

The department appeared before the Committee on 03 May 2013 to present its revised APP with supporting budget documentation. Based on the deliberations, the department was requested to re-work the APP again and to submit further additional documentation by 07 May 2013.

The revised APP (dated 07 May 2013) was tabled in the Legislature and the Speaker referred the APP to the Committee for consideration and report back in the House. Thereafter the Committee met on 08 May 2013 to consider and adopt its report on budget vote 5.

3. GENERAL OBSERVATIONS

Regarding procedural tabling matters, the department's failure to table all the requested documentation on time, as per the PFMA, raised procedural challenges for the Committee.

- a) The department was reminded that failure to table the requested copies of the APP as per the given timeframe is a contravention of the PFMA.
- b) The MEC subsequently tabled an apology to the Speaker on 09 May 2013 regarding the non-compliance with tabling procedures, with the assurance that this matter will be corrected going forward.

The following concerns regarding the structure, content and quality assurance of the APP were brought to the department's attention for ongoing improvement:

- a) The department had to re-work the APP twice to correct issues of non-compliance with the National Treasury Framework and also to clean up some discrepancies raised by the Committee. Although the department asserted in its updated progress report on house resolutions that it had indeed consulted with National Treasury and had followed the Framework for Strategic Plans and APP's, the Committee was not convinced that the APP presented to the Committee displayed that. The department was again urged to comply fully with the National Treasury Framework;
- b) The revised strategic objectives were not indicated in Annexure D of the APP as required by the National Treasury Framework;
- c) The department needs to ensure that the five year Strategic Plan and the APP are always aligned; and in cases where there have been strategic changes, the relevant annexures should be included in the APP;
- d) Programme performance indicators (PPIs) in Annexure E of the APP were not always specific, measurable, attainable, relevant, and timely;
- e) The APP reflected cumulative quarterly targets in most instances, which gave the impression that the quarterly targets were not adding up to the planned annual targets. The department agreed to improve this so that the quarterly targets clearly add up to the respective annual targets reflected in the APP; and
- f) The Committee noted the importance of submitting the Implementation Plan to the Committee so that quarterly breakdown of targets could be seen and monitored.

4. OUTLINE OF THE POLICY PRIORITIES AND STRATEGIC GOALS

The Committee acknowledged the department's commitment to intensify its efforts regarding the following priorities linked to Outcome 7, which are central to the department fulfilling its three-fold mandate of agriculture, rural development and land administration:

- a. **Massification of Crop production through Masibuyele Emasimini;**
- b. **Acceleration and strengthening of animal production and livestock improvement through Masibuyele Esibayeni;**
- c. **Acceleration of Land and Agrarian Reform;**
- d. **Acceleration of Agri-business Development and Marketing;**
- e. **Strengthening the programmes on Skills Development, Community Mobilization and Empowerment;**

- f. Investing in Research and Development;
- g. Improving Spatial Planning and Tenure Security

The department's strategic goals are linked to Outcome 7 of the 12 Provincial outcomes. Outcome 7 is to ensure vibrant, equitable and sustainable rural communities with food security for all and it consists of 5 outputs, which are:

- Output 1: Sustainable agrarian reform with a small and large farming sector**
- Output 2: Improved access to affordable and diverse food**
- Output 3: Improved rural services to support livelihoods**
- Output 4: Improved employment opportunities and economic livelihoods**
- Output 5: Enabling institutional environment for sustainable and inclusive growth**

The Committee is satisfied with the department's progress towards its below-mentioned strategic goals, as seen in its programme plans in the APP are to:

- Goal 1: support development of a sustainable agrarian reform and large farming sector**
- Goal 2: create rural jobs and promote sustainable economic livelihoods;**
- Goal 3: improve services to support healthy livelihoods**
- Goal 4: improve access to affordable and diverse food**
- Goal 5: improve the institutional delivery environment by ensuring that there are credible IDPs and skills audit**

The table below further sets out the department's planned strategies against the corresponding implementing programmes of the APP:

Planned Strategies	Corresponding Programmes
Provincial Comprehensive Rural Development Strategy	Programme 2: Sustainable Resource Management Programme 3: Farmer Support and Development Programme 4: Veterinary Services Programme 5: Research & Technology Development Programme 8: Rural Development Coordination
Masibuyele Emasimini Programme	Programme 3: Farmer Support and Development
Livestock improvement strategy; and Aquaculture and fisheries strategy	Programme 3: Farmer Support and Development Programme 4: Veterinary Services
Skills Development, and Transformation of Agricultural Training Institutes	Programme 5: Research & Technology Development Programme 6: Agriculture Economics Services Programme 7: Structured Agricultural Education & Training
The Agricultural Risk Disaster Management Implementation Strategy	Programme 2: Sustainable Resource Management Programme 4: Veterinary Services Programme 6: Agriculture Economics Services
Provincial Land Care Strategy (Integrated resource management)	Programme 2: Sustainable Resource Management

Sustainable land development (Integrated SDF with IDP)	Programme 2: Sustainable Resource Management Programme 9: Land Administration
Integrated food security and nutrition programme (IFSNP)	Programme 3: Farmer Support and Development
Land reform (Post settlement support of land reform beneficiaries)	Programme 2: Sustainable Resource Management Programme 3: Farmer Support and Development Programme 4: Veterinary Services Programme 8: Rural Development Coordination Programme 9: Land Administration
Agricultural Departmental funding strategy	Programme 1: Administration

The Committee noted that these strategies seek to align the department's five year strategic plan with the APP and ensure that the programmes on rural development, farmer support and agricultural related skills development are effectively coordinated to address the challenges of poverty alleviation and food security in the province through the Comprehensive Rural Development Programme (CRDP), Masibuyele Emasimini (ME), Masibuyele Esibayeni (MESP), Comprehensive Agricultural Support Programme (CASP) and Skills development in the province.

Millennium Development Goals (MDGs)

The Committee recognises that MDG 1 and 7, which are about poverty eradication and ensuring a sustainable environment respectively, are indeed policy matters which are integral to the core mandate of the department. Hence the Committee holds the department to account for the use of its allocated 2013/14 budget vote 5 to address these important goals to which the country is a signatory. The department is also expected to show the Committee how the department's costed programme plans in the APP address the MDGs in the 2013/14 financial year. At the Committee's request, the department presented detailed information to substantiate its commitment to achieving the MDGs, in particular MDG1.

The following was noted with regard to the department's planning and budgeting for the MDGs:

- a) The departmental APP has improved in terms of considering the MDGs. The Committee is thus pleased that the department has taken the advice of the Committee seriously;
- b) However, although the APP does *reflect* targets and performance indicators that address the MDGs 1 and 7, the targets do not specifically mention the MDGs. The targets are also

not quantified and thus do not speak to the current and projected statistics in reducing the poverty datum line by the stipulated timeframe of 2014;

- c) Planned activities to address the MDGs are budgeted for within the relevant programme budgets, although the reference in the programme budgets should be more specific;
- d) The targets under programmes 2, 3 and 8 directly address poverty and hunger eradication (MDG1) by striving to create sustainable jobs, supporting small scale farmers and increasing household food security and income generation;
- e) Sustainability of the environment (MDG7) is ensured through continued efforts to address land care and sustainable resource management through programme 2. **However, the Committee noted with concern that the Land Care Strategy was again not finalised during the 2012/13 financial year as planned by the department.**
- f) The Committee cautioned the department to ensure that their targeted plans and activities should continually work towards achieving the MDG country targets.

The Committee acknowledged the work being done by the department with regard to the MDGs, yet remains concerned that the APP did not specifically reflect the following:

- a) Quantified programme performance indicators;
- b) Quantified, current information on the department's contribution towards the attainment of the MDG country target of halving poverty by 2014;
- c) Clear projections of how much is yet to be done to lower the poverty datum line in order to achieve the country targets; and

5. MEC'S OVERVIEW OF THE 2013/14 ANNUAL PERFORMANCE PLAN

The MEC presented an overview of the key strategic and policy issues that influenced the 2013/14 departmental plans and informed the Committee that:

- a) **The decentralisation of the Supply Chain Management (SCM) function to the districts** was meant to improve service delivery in the province and to ensure adherence to the 30 days payment deadline.
- b) The department said that it did have capacity at the district level to execute this function. In each of the four districts, the SCM function would be managed by a financial manager (deputy director) supported by the necessary officials for expenditure control, budget and

SCM as well as the district director who would also chair the Bid Committee. In addition, capacity building workshops had been conducted to address district level databases and procedure manuals have been developed for the officials. The districts would also be monitored by regular visits to ensure compliance.

- c) The department told the Committee that the delegation of the SCM function would not have baseline implications because the structural changes to accommodate the four districts had been made; however, the Committee remarked that there could be implications for the organisational structure at the district level.
- d) **Sustainable resource management** services would be enhanced due to the absorption of four candidate engineers (graduates) into the department; this brings the in-house engineers to twelve. The MEC indicated that this is coupled with negotiations with the University of Kwa-Zulu Natal for creation of portfolios which will ensure that candidate engineers qualify as professional engineers on completion of their studies.
- e) Regarding capacity building of the agriculture graduates, the MEC also indicated that they were being linked to the revitalization of land reform projects.
- f) **On skills development**, the collaboration agreements between the Lowveld College of Agriculture (LCA) with key partner universities such as University of the North West and University of Swaziland would enhance the academic offerings of the LCA to include Bachelor's degree in Agriculture.
- g) The MEC emphasized that **youth development programmes** would be prioritized.
- h) **Farmer support services** also received a boost with the signing of service level agreements with farmers organisation, African Farmers Association of South Africa (AFASA) and cooperatives in the 18 local municipalities as a means of strengthening the departmental mechanisation programme and ensuring proper engagements and ownership by farmers.
- i) The MEC indicated that the **provincial rural development strategy** (CRDP strategy) was approved by Cabinet on 22 August 2012; thus it is expected that stakeholder departments and other role-players will have a clearer understanding of their specific roles in the implementation of the CRDP. The MEC also announced that Cabinet had given an instruction to include Dipaliseng local municipality as an eighth priority municipality for

CRDP rollout; this is in addition to the initial seven CRDP priority municipalities identified as having the highest poverty rates in the Province.

- j) Preparations for the establishment of the **Fresh Produce Market (FPM)** which is the department's flagship rural development infrastructure project for the 2013/14 financial year, are at an advanced stage. The MEC indicated that Cabinet had approved the purchase of land for the Fresh Produce Market (FPM) at a total cost of R51.3 million; the land was identified as the Boschrand Farm, about 10km away from the provincial government complex, on the P166 road to Mashishing. The FPM has been registered in the national infrastructure plan as a PPP (public private partnership) in partnership with HL Hall and Sons (Pty) Ltd.
- k) In implementing the FPM the department has planned to organise commodity groups of cooperatives into agri – hubs in each of the 18 local municipalities. These hubs will serve as production and packaging sites in support of the FPM. Agreements will be signed with other government departments to link the agri-hubs with schools, hospitals and home-based care projects in the municipality in order to supply them with the required produce and commodities.

The Committee interacted with the MEC on her overview and made the following observations:

- a) **Delegation of SCM function to the districts:** Despite the department's explanation of the structures and systems in place and the capacity building that has been done at district level, the Committee remains unconvinced that the department has the capacity at district level to support the decentralisation of the SCM function, even though for invoices less than R500 000. The lack of capacity to deal with the appointment of service providers and ensuring adherence to the 30 days payment deadline remains a concern for the Committee.
- b) The Committee failed to understand how the department could assert that the delegation to the districts could not have baseline implications since more staff would be required to execute the work. The Committee then requested the department to submit the information on the delegations of specific functions to officials who would perform the duties at district level. This information was submitted on 07 May 2013.
- c) The department's assertion that the organisational structure would be affected by the delegation of the SCM function to districts raised strong concerns from the Committee based on the fact that any amendments to the organisational approved structure of the department was a policy matter.

- d) **On skills development and transformation of the agricultural training institutes:** the Committee was assured by the MEC that the students of the Mbombela campus of the LCA would still continue to receive their classes at the Mbombela campus, despite it being identified as the seat of the Province's new university.
- e) The Committee welcomed the MEC's report about the links with the University of the North West and the University of Swaziland. It was noted that this relationship was being developed so that the LCA should benefit from the strengths of these two universities, with a view to improve the academic offerings at the Mbombela campus of the LCA to include the degree studies in the B. Agriculture programme, in addition to the existing B. Tech programme.
- f) The Committee is optimistic about the new university for the province and emphasized that the B. Agriculture degree should be part of the new curriculum. The Committee emphasized the importance of access to universities, in particular, access for historically disadvantaged groups; it was resolved that the MEC should elevate this matter to the MINMEC forum.
- g) The Committee welcomed the MEC's assertion in support of the Premier's State of the Province Address that the issue of youth development could not be ignored. The Committee supported the department's plans to continue assisting the youth to take agriculture as a prominent subject at both the Mbombela and Marapyane campuses of the Lowveld College of Agriculture (LCA). The Committee urged the department to continue supporting the youth through their various programmes and interventions.
- h) **CRDP strategy and budget allocation:** The Committee commends the department's progress made in coordinating the rollout of the Comprehensive Rural Development Programme (CRDP) in the Province thus far.
- i) The adoption of the CRDP strategy (provincial rural development strategy) by Cabinet is welcomed together with the R71 million allocation to Programme 8 to implement the strategy, as it is geared towards the creation of sustainable agricultural jobs meant to develop the rural economy.
- j) **Fresh Produce Market (FPM):** The department's plans for the establishment of the FPM raises expectations that cooperative and agri-business development will receive substantially more attention during the 2013/14 financial year; this is supported by the Committee because rural development through agriculture is the department's core mandate.

- k) The Committee appreciates that the CRDP and the Mpumalanga Economic Growth and Development Path (MEGDP) as driven by the Department of Economic Development, Environment and Tourism (DEDET) are both focussed on developing cooperatives. Therefore, it is noted that between the DARDLA and the DEDET (votes 5 and 6) there is great potential and opportunities for cooperatives and agri-business development. Further opportunities exist in the provincial MOU's with other countries such as the Republic of Oman; the IBSA (India, Brazil and South Africa) and BRICS (Brazil, Russia, India, China, and South Africa) agreements.
- l) **Technology Research and Development:** The department has developed a draft aquaculture strategy. It was submitted to the Committee as additional information in support of the Committee's consideration of the 2013/14 APP. The Committee is cognisant of the fact that fisheries is a national competency of the Department of Agriculture, Forestry and Fisheries (DAFF) and that currently the department's programmes in aquaculture relate to a research function. However, the Committee urged the department to finalize the aquaculture strategy and continue seeking ways to implement fisheries projects as it is a potential agro-processing sector.

6. UPDATED PROGRESS REPORT ON 2012/13 BUDGET HOUSE RESOLUTIONS

The HOD presented the updated progress report on House resolutions to the Committee. See Annexure A on page 34 of this report.

The department was commended for the informative and comprehensive responses to the House Resolutions. The Committee noted that the department has taken seriously the concerns of the Committee as expressed in the House Resolutions and the implementation thereof was evident in the department's planning.

The Committee will continue to monitor the implementation of the House resolutions through its oversight of the departmental quarterly progress reports and during the various oversight visits during the financial year.

7. ANALYSIS OF THE ANNUAL PERFORMANCE PLAN

7. 1. PART A: STRATEGIC OVERVIEW

7.1.1. Performance Delivery Environment

The Committee made the following observations on Part A:

- a) The updated situational outlook in part A was relevant in that it centred on economic growth and employment creation within the province and the agricultural sector at large.
- b) The information presented by the department when relating expenditure trends to strategic goals (page 32 of the APP) did not elaborate on which specific strategic goals would benefit from the department's 6.9% increased budget allocation for 2013/14. Reference is merely made to the budget revisions being on special allocations.
- c) In the MECs foreword, there was an acknowledgement of the commemoration of the 1913 Natives Land Act. However, the foreword did not refer to sub-programme 8.2 (Land and Agrarian Reform) which is directly responsible for implementation of land reform programmes in the Province.
- d) Mention is made, though, of the two flagship sub-programmes, Masibuyele Emasimini and Masibuyele Esibayeni under Programme 3 (Farmer Support and Development) which contribute towards correcting some of the imbalances created by that Act.

7.1.2. Organisational Environment

The department's vision and mission as per the revised five year Strategic Plan are as follows:

Vision: a vibrant, equitable, integrated and sustainable urban and rural communities with a world class, united and prosperous agricultural, forestry and fisheries sector with food security for all.

Mission: to lead and facilitate integrated, comprehensive, sustainable development and social cohesion by participating and partnering with all sectors of society, through agriculture, rural development and land administration.

7.2. PART B: PROGRAMMES AND SUB-PROGRAMMES

7.2.1. Programme and sub-programme structure

The APP again has a nine programme structure (from 2012/13) since there were no new function shifts between the programmes this year.

7.2.2. Programme and sub-programme budget structure

The department's total budget allocation for the 2013/14 financial year is **R 1 050 045 billion**, which is a significant **increase of R 69 569 million (6.9%)** when compared with the R 980 476 million main appropriation for the 2012/13 financial year. The reasons for this increase are mainly due to money needed to implement the rural development strategy and the Fresh Produce Market. Allowance has also been made for the increase in compensation of employees to cater for additional appointment of staff in programme 3 (Farmer support services).

In **Table 1** below reflects the department's programme structure and budget breakdown over the past three financial years:

Programme	FY 2011/2012 Adjusted Appropriation		FY 2012/2013 Adjusted Appropriation		FY 2013/2014 Main Appropriation	
	R thousand	Amount	%	Amount	%	Amount
1. Administration	124 449	12.9	138 468	14.1	129 806	12.4
2. Sustainable Resource Management	46 169	4.8	53 154	5.4	57 740	5.5
3. Farmer Support and Development	564 750	58.9	501 859	51.1	491 536	46.8
4. Veterinary Services	93 159	9.7	103 340	10.5	107 100	10.2
5. Research and Technology Development Services	36 001	3.7	38 368	3.9	37 062	3.5
6. Agriculture Economics Services	3 996	0.4	36 195	3.6	54 302	5.2
7. Structured Agricultural Education and Training	70 205	7.3	78 892	8.0	63 555	6.1
8. Rural Development Coordination	New programme from 2012/13		12 493	1.3	86 502	8.2
9. Land Administration	19 144	1.9	19 564	1.9	22 442	2.1
Total Budget	971 725		982 333		1 050 045	

Over the past three (3) financial years it is clear that the bulk of the budget has gone to the core service delivery priorities centred on programme 3 (Farmer support and Development). However, the Committee noted that programme 3 has seen a gradual percentage decrease of the total

budget over the past three financial years, from 59% in 2011/12 to 51% in 2012/13 and now 47% in the current year.

Total Economic Classification expenditure breakdown

Table 2 below shows the expenditure trend of the department according to economic classification over the past three (3) financial years:

ECONOMIC CLASSIFICATION	R' million	FY 2011/2012 Adjusted Appropriation	FY 2012/2013 Adjusted Appropriation	FY 2013/2014 Main Appropriation
Current Payments		578 645	620 538	689 888
Compensation of employees		385 578	419 911	452 892
Goods and Services		193 067	200 627	236 996
Transfers and subsidies		301 072	286 300	324 392
Provinces and municipalities		-	160	1 356
Public corporations & private enterprises		-	-	20 000
Households		301 072	286 140	303 036
Payments for capital assets		78 156	75 495	32 935
Buildings and other fixed structures		28 752	37 757	8 965
Machinery and equipment		49 074	7 656	1 937
Land and subsoil assets		-	30 000	21 000
Software and intangible assets		310	82	1 033
Payments for financial assets				2 830
Total		957 873	982 333	1 050 045

Compensation of employees has been allocated **R 452 892 million** which is **46, 2%** of the total 2013/14 main appropriation and R32 981 million more than the 2012/13 adjusted appropriation. The department has reported on page 15 of the APP that the increase in the budget for compensation of employees is due to an annual increase on Extension Recovery Programme allocation to cater for farmer support services extension staff and staff at Marapyane College. The Committee welcomes this in support of farmer development.

The budget for goods and services is allocated R213 699 million which is 21, 8% of the total budget allocation of the department. This is an increase from R200 627 million to R236 996 million to cater for contractual obligations and planning processes for Fresh Produce projects.

7.2.1. Conditional Grants

The total conditional grants received by the department for the 2013/14 financial year totals to an amount of **R 227 013 million** and makes up 21.6% of the total appropriation. There has been an increase of **R55 657 million** in conditional grants when compared to the amount received in the 2012/13 financial year.

Table 3 below shows the breakdown of the total conditional grant allocation to the department:

Conditional Grants	FY 2011/2012 (Adjusted Appropriation)	FY 2012/2013 (Adjusted Appropriation)		FY 2013/2014 (Main Appropriation)	
	Amount	Amount	Variance	Amount	Variance
R ' million					
Comprehensive Agricultural Support Programme (CASP)	102 932	114 829	11 897	96 300	-18 529
Ilima / Letsema Projects Grants	40 000	42 000	2 000	43 845	1 845
Land Care Programme Grant	5 198	10 958	5 760	10 249	-709
EPWP Integrated Grant Management	1 855	3 569	1 714	5 619	2 050
Infrastructure Grant to province	14 900	-	-14 900	-	-
Comprehensive Rural Development Programme	-	-	-	71 000	71 000
Total (Conditional Grants)	164 885	171 356		227 013	
% of Total budget	17.2	17.4		21.6	

The Committee noted the following with regard to the department's grant funding:

- a) The considerable (R18 529 million) reduction in the Comprehensive Agricultural Support Programme (CASP) conditional grant and the slight cut to the Land Care programme grant (R709 thousand) have affected the programme budgets for programmes 3 and 2 respectively, where they are housed.
- b) The Comprehensive Rural Development Programme grant of R71 million is a new grant for this financial year and is intended to bolster the programme budget for programme 8 (Rural Development Coordination) which is meant for development of rural communities.
- c) The infrastructure grant to the province has been cut and the Expanded Public Works Programme grant has been increased by R2 050 million.
- d) Ilima Letsema grant has also seen a slight increase of R1 845 million.

NOTE: All the reflections of increases and decreases from programme 1 to programme 9 in the analysis of programmes are calculated in comparison with the adjusted appropriations for the preceding financial year 2012/13.

ANALYSIS OF THE PROGRAMMES

After considering all the afore-mentioned budget information, the Committee continued to deliberate on the programmes of the APP.

PROGRAMME 1: ADMINISTRATION

The purpose of this programme is to ensure that all nine core function programmes of the department are adequately provided with political leadership; strategic leadership (planning, organising and monitoring), corporate support services; financial management support; and public communication support services.

Programme 1 still consists of five sub-programmes, budgeted for as follows:

PROGRAMME 1 Sub-programmes	FY 2011/2012 (Adjusted Appropriation)	FY 2012/2013 (Adjusted Appropriation)	FY 2013/2014 (Main Appropriation)	
	Amount	Amount	Amount	Variance
Office of the MEC	6 118	6 790	4 377	-2 413
Senior management	15 316	13 722	21 002	7 280
Corporate Services	39 966	44 835	53 009	8 174
Financial management	55 235	64 989	45 106	-19 883
Communication services	7 814	8 132	6 312	-1 820
Total	124 449	138 468	129 806	-8 662

The Committee made the following observations on Programme 1:

- Programme 1 has a budget allocation of R129 806 million which is 12% of the total budget allocation of the department and has decreased by R8 662 million.
- The economic classification budget trends are as follows: compensation of employees is allocated R80 418 million, is an increase of 13.18%; goods and services has received R42 169 million, is decreased from R62 643 million.

Sub-programme: Financial Management

- It has been a weakness of the department to not settle their invoices with service providers within the 30 days payment deadline. In response to the Auditor-General's concerns over the past three financial years with regard to issues of financial

management, administration and good governance, the department had reported about a reviewed Supply Chain Management (SCM) policy and that specific controls had been put in place to ensure that service providers were paid on time. However, in the 2013/2014 APP, the department is making a major move to decentralise the SCM function (for invoices below R500 000) to the districts.

- b) The Committee probed the above matter with the department and even requested further information on the delegation of the SCM function, as well as the Bid Committee members. The Committee was not convinced that the department is adequately capacitated to delegate the SCM function to the districts.

Sub-programme: Corporate Services

- a) The department is **currently operating on the 2010 approved organisational structure**. A report on the organisational structure was submitted to the Committee, from which it was noted that at the beginning of the 2013/14 financial year there were 1 974 posts on the approved organisational structure. Of these posts, 1 641 were filled. It was also noted that there were 333 vacant funded posts, of which 127 critical posts were identified to be filled in the current financial year at a cost of R38 072 132 million, as per the department's 2013/14 recruitment plan.
- b) **The following seven (7) key funded posts are still vacant:**
- Programme 1: two level 14 posts (Policy and Planning; Corporate Services)
 - Programme 1: one level 13 post (Communications)
 - Programme 3: one level 13 post (Food Security – Masibuyele Emasimini)
 - Programme 5: one level 13 post (Animal production)
 - Programme 7: one level 13 post
 - Programme 8: one level 14 post

PROGRAMME 2: SUSTAINABLE RESOURCE MANAGEMENT

The purpose of this programme is to ensure that communities are provided with agricultural infrastructure development services to ensure sustainable development and management of agricultural resources. The programme plays a key role in promoting the expanded Public Works programme (EPWP) in the rehabilitation of degraded land.

PROGRAMME 2 Sub-programmes	FY 2011/2012	FY 2012/2013	FY 2013/2014	
	(Adjusted Appropriation)	(Adjusted Appropriation)	(Main Appropriation)	
R' million	Amount	Amount	Amount	Variance
Engineering services	32 713	32 713	39 429	6 716
Land Care Services	8 837	14 658	13 752	-906

Land use management	3 150	1 595	3 489	1 894
Disaster & Risk Management	1 469	700	1 070	370
Total Budget	44 700	53 154	57 740	4 586

The sub-programme structure is the same as the previous financial year, budgeted per sub-programme as reflected above.

The Committee made the following observations on Programme 2:

- a) Programme 2 has a budget allocation of R 57 740 million which is 6% of the total budget allocation of the department and has increased by R 4 586 million.
- b) The economic classification budget trends are as follows: compensation of employees is allocated R38 391million, which is an increase of 4.93%; goods and services receives R5 611 million, which has increased from R 5 480 million.
- c) The increase in the budget for engineering services is welcomed as this is a critical and scarce skill.

Sub-Programme: Land Care

Conditional Grants	FY 2011/2012 (Adjusted Appropriation)	FY 2012/2013 (Adjusted Appropriation)	FY 2013/2014 (Main Appropriation)	
R' million	Amount	Amount	Amount	Variance
Land Care Programme Grant	5 198	10 958	10 249	-709

- a) The Land Care sub-programme budget has decreased by R906 thousand.
- b) The Committee raised a concern about the unclear reason given by the department for the budget cut to programme 2 as it was attributed to a 'significant increase in the Land Care Grant' (APP, page 48) yet the Land Care Programme Grant (conditional grant) has decreased by R709 thousand.
- c) The Committee raised a further concern that in addition to the cuts in budget and conditional grant, programme 2 had experienced some management challenges (disciplinary proceedings) which had resulted in the provincial Land Care strategy not being finalised in June 2012 as planned.

PROGRAMME 3: FARMER SUPPORT AND DEVELOPMENT

This is the central service delivery programme in the department, which is responsible for delivering district level services in support of the agrarian reform and rural development.

The sub-programme structure is the same as the previous financial year, budgeted as follows:

PROGRAMME 3 Sub-programmes	FY 2011/2012 (Adjusted Appropriation)	FY 2012/2013 (Adjusted Appropriation)	FY 2013/2014 (Main Appropriation)	
			R' million	
	Amount	Amount	Amount	Variance
Farmer Settlement & Development	128 739	133 739	140 864	7 125
Extension and advisory services	262 364	255 633	254 946	-687
Food Security	173 647	112 487	95 726	-16 761
Total Budget	564 750	501 859	491 536	-10 323

The Committee made the following observations on Programme 3:

- Programme 3 has a budget allocation of R 491 536 million which is the largest slice of the departmental budget at 47%; however, this amount has decreased by R10 323 million.
- The economic classification budget trends are as follows: compensation of employees is allocated R 128 643 million, which is an increase of 8.71%; goods and services received R110 960 million, which has increased from R 24 986 million;
- Transfers and subsidies (households) received R250 773 million, which has decreased by R19 617 million.

Sub-programme: Farmer settlement and support

- The Committee is in support of the bulk of the budget going to programme 3 but notes the decreased budget allocation in the current financial year. Furthermore, a concern was raised that as the core service delivery programme, the department should ensure that this programme is adequately budgeted for.
- The Committee acknowledged that the department had in the previous financial year identified 292 failed land reform farms to be revitalized as a means to create more jobs as well as increase skills transfer and productivity at the farm. In support of this programme, the Committee supported the department's intervention to link graduates from the department's agricultural college (LCA) to these land reform farms to provide further vital skills transfer and capacity building.

- c) The Committee noted that the department rigorously interacts with the business sector to enlist businesses as equity partners for the beneficiaries of land restitution farms. As always, the Committee cautioned the department to guard against the equity or strategic partners coming into the farm (business) and jeopardise beneficiaries' ownerships rights.

Sub-programme: Food Security (Masibuyele Emasimini and Masibuyele Esibayeni)

- a) The sub-programme is a key contributor to job creation, income generation and household food security through CASP and Masibuyele Emasimini (ME) funded projects.
- b) The Committee was in support of the departments programmes on ME and Masibuyele Esibayeni (MESP) because they were assisting the smallholder and subsistence farmers to plough, plant and harvest as well as breed and trade in livestock in order to sustain their livelihoods and develop their particular skills.
- c) The Committee thus acknowledged the department's report that a total of 73 936 hectares for subsistence and small holder farmers were ploughed and planted, benefitting 76 890 individual farmers. The department indicated that the harvests from these farms will in future form part of the feeders to the Fresh Produce Market and that ultimately they would supply markets such as the government nutrition programme and communities at large.
- d) The Committee also acknowledged that a total of 113 200 hectares for subsistence and land reform farmers will be ploughed and planted during the 2013/14 financial year through the newly formed departmental partnerships with farmer organisations such as the African Farmers Association of South Africa (AFASA). The department was encouraged to continue with this intervention and ensure that the ME targets are well planned in line with seasonal planting cycles and that climate forecasting is done to ensure that the planned targets are met to the maximum extent possible.
- e) On Masibuyele Esibayeni (MESP), the department informed the Committee that they are developing partnerships with the Industrial Development Corporation (IDC) and the University of Limpopo to assist livestock farmers to focus on Nguni cattle production and thus bring the farmers into the mainstream of the economy. The Mpumalanga Nguni Cattle Development project was launched in July 2012 as a result of the partnership. The Committee noted that the department was making progress in this regard and had invested R5.5 million to the partnership in the 2011/12 financial year; the investment had been increased to R9.5 million in the 2013/14 financial year and 25 cattle projects would benefit as compared to the 17 projects in 2012/13.

PROGRAMME 4: VETERINARY SERVICES

The purpose of this programme is to promote animal health, welfare and production in the province. Through veterinary public health programmes the health and welfare of both humans and animals are also promoted.

The sub-programme structure is the same as the previous financial year, budgeted as follows:

PROGRAMME 4 Sub-programmes	FY 2011/2012 (Adjusted Appropriation)	FY 2012/2013 (Adjusted Appropriation)	FY 2013/2014 (Main Appropriation)	
			R' million	Variance
Animal Health	72 993	78 021	80 270	2 249
Veterinary Public Health	13 748	17 711	19 024	1 313
Veterinary Laboratory Services	6 418	7 608	7 806	198
Total Budget	93 159	103 340	107 100	3 760

The Committee made the following observations on Programme 4:

- a) Programme 4 has a budget allocation of R 107 100 million which is 3.63% of the total budget allocation of the department and has increased by R 3 760 million. The Committee commended the increased baseline for programme 4, as it had resolved previously that the budget had to be increased for this important programme that provided support to livestock farmers under programme 3 (Farmer support and development);
- b) The economic classification budget trends are as follows: compensation of employees is allocated R 86 936 million, which is an increase of 6.08%; goods and services has received R15 896 million, which is an increase of R14 480 million.

PROGRAMME 5: TECHNOLOGY, RESEARCH AND DEVELOPMENT

The programme has a responsibility to provide agricultural research services and to develop and transfer appropriate agricultural technologies to improve agricultural productivity, both in crop and animal production. It also establishes and strengthens partnerships with other agricultural research institutions.

The sub-programme structure is problematic, as sub-programme Information Services was shifted to Programme 9 in the previous financial year 2012/13. It is a concern that the correction was not made in the 2013/14 budget structure of the department.

According to the budget submitted to the Committee, programme 5 is budgeted as follows:

PROGRAMME 5 Sub-programmes	FY 2011/2012 (Adjusted Appropriation)	FY 2012/2013 (Adjusted Appropriation)	FY 2013/2014 (Main Appropriation)	
	R' million	Amount	Amount	Variance
Research Services	17 614	18 795	16 407	-2 388
Information Services	4 382	4 724	5 113	389
Infrastructure Support Services	14 005	14 849	15 542	693
Total Budget	36 001	38 368	37 062	-1 306

The Committee made the following observations on Programme 5:

- a) Programme 5 has a budget allocation of R 37 062 million which is 3.53% of the total budget allocation of the department and has decreased by R1 306 million;
- b) The economic classification budget trends are as follows: compensation of employees is allocated R 30 176 million; goods and services receives R15 896 million, which is an increase of R14 480 million.

Sub-programme: Research

- a) The draft Aquaculture strategy was submitted to the Committee. It was noted that the research and implementation of Aquaculture is at an advanced stage; the department plans to implement an Aquaculture centre of excellence, which has an allocated budget of R2 million.
- b) The Committee also noted the department's announcement that it is the first in the country to have developed an Aquaculture strategy.
- c) The Committee supports the department's initiatives in aquaculture infrastructure and programmes and urged that the allocated budget be used accordingly.

PROGRAMME 6: AGRICULTURAL ECONOMICS

The purpose of this programme is to provide timely and relevant support to internal and external clients with regard to agricultural marketing, agricultural statistical information and agricultural feasibility and viability studies in order to ensure sustainable agriculture and rural development.

The sub-programme structure is the same as the previous financial year, budgeted as follows:

PROGRAMME 6 Sub-programmes	FY 2011/2012 (Adjusted Appropriation)	FY 2012/2013 (Adjusted Appropriation)	FY 2013/2014 (Main Appropriation)	
	R' million	Amount	Amount	Variance
Agriculture Business Development & Support	3 996	36 195	48 073	11 878
Macroeconomics	-	-	6 229	6 229
Total Budget	3 996	38 368	54 302	15 934

The Committee made the following observations on Programme 6:

- a) Programme 6 has a budget allocation of R 54 302 million which is a R15 934 million increase, due to the new mandate of establishing a Fresh Produce Market in Mpumalanga. Macroeconomics sub-programme function was shifted to programme 6 in 2012/13, hence there is no reflection of budget allocation for 2012/13 financial year.
- b) The economic classification budget trends are as follows: compensation of employees is allocated R6 607 million, which is an increase of 149.69% due to the programme shift of value chain managers from sub-programme 3.2 for the Fresh Produce Market. It was also mentioned in the APP (page 32) that a Director Agricultural Economics had been appointed.
- c) Goods and services has received R5 777 million, which is an increase of R2 628 million.

Sub-Programme: Agriculture Business Development and Support

- a) The department reported to the Committee that the establishment of the Fresh Produce Market (FPM) is on course. Detailed plans and diagrammatic representation of the envisaged FPM were presented to the Committee. It was noted that construction of the infrastructure will commence in October 2013.
- b) The department informed the Committee that the plans for the FPM were informed by and benchmarked with best practice, through establishing partnerships with international experts for knowledge sharing.
- c) The Committee raised a question about the unclear amounts being reported for the FPM expenditure. The department indicated that the roll out of bulk infrastructure for the FPM such as water, electricity, sewer and road networks would be at a cost of R57 million. Earlier during the deliberations, the department had indicated that the land was purchased

at a cost of R51.3 million. In addition the department indicated that a further R20 million has been earmarked for the development of the agri-hubs in the eight (8) CRDP municipalities. The Committee had requested the department to submit the total budget and funding model for the FPM, as a means to get clarity on the actual budget for the FPM. The information was submitted to the Committee on 07 May 2013. However, the concerns of the Committee regarding the actual budget of the FPM remains as an area for further clarity.

- d) The Committee will continue to monitor the department's performance and expenditure on the FPM based on the 2013/14 appropriated budget and approved APP, against the above-mentioned report that was submitted to the Committee on 07 May 2013.
- e) The important point for the Committee is that the department's spearheading of the FPM should truly support its core mandate to the farmers and the cooperatives in rural areas.

PROGRAMME 7: STRUCTURED AGRICULTURAL TRAINING

This programme is responsible for the provision of agricultural training services at the Higher Education and Training (HET) and Further Education and Training (FET) levels. Training offered at the Lowveld College of Agriculture, based in Nelspruit, focuses on HET programmes for students whilst FET programmes are conducted throughout the province for farmers on commodity basis.

The sub-programme structure is the same as the previous financial year, budgeted as follows:

PROGRAMME 7 Sub-programmes	FY 2011/2012 (Adjusted Appropriation)	FY 2012/2013 (Adjusted Appropriation)	FY 2013/2014 (Main Appropriation)	
R' million	Amount	Amount	Amount	Variance
Higher Education and Training	57 970	66 325	50 608	-15 717
Further Education and Training	12 235	12 567	12 947	380
Total	70 205	78 892	63 555	-15 337

The Committee made the following observations on Programme 7:

- a) Programme 7 has a budget allocation of R63 555 million which is 6.05% of the total budget allocation and has decreased by R15 337 million.
- b) The economic classification budget trends are as follows: compensation of employees is allocated R46 485 million, which is an increase of 24, 13%; goods and services receives R12 307 million, which is an increase of R2 623 million.

Sub-Programme: Higher Education and Training

- a) The Committee was concerned about the decreased allocation to this programme, yet there are plans to introduce university degree curriculum in the Lowveld College of Agriculture (LCA).
- b) The Committee appreciated the department's strategic focus on skills development through the Lowveld College of Agriculture (LCA). The Committee supports the increased budget allocation for additional infrastructure and human resources for the Marapyane campus, as there is a dire need for agricultural infrastructure, skills development and services in that area of the Province. The Committee also welcomes the planned expanded academic offerings of the LCA (B. Tech programme) since the Province needs a pool of these scarce skills.
- c) The issue of accreditation and access to higher learning for previously disadvantaged individuals was discussed at length. The Committee cautioned that the Marapyane college campus must achieve its objective to be properly accredited by SAQA in order to provide its graduates with credible qualifications.
- d) The Committee expressed an interest in visiting the college to assess the progress; during the 2012/13 budget deliberations that the Marapyane College infrastructure development plans would span three (3) financial years.
- e) Thus the Committee is in support of the allocated budget for Programme 7.

PROGRAMME 8: RURAL DEVELOPMENT COORDINATION

The objectives of the new programme are to coordinate CRDP in the Province, to support agrarian reform by facilitating land acquisition applications in the Province, to solicit baseline information from rural communities and to mobilize poor households in the seven most deprived municipalities targeted for CRDP. The function of this programme is coordination, facilitation and convening stakeholder meetings in rural communities.

The sub-programme structure is the same as the previous financial year, budgeted as follows:

PROGRAMME 8 Sub-programmes	FY 2012/2013 (Adjusted Appropriation)	FY 2013/2014 (Main Appropriation)	
	Amount	Amount	Variance
Comprehensive Rural Development Programme	5 107	20 816	15 709
Land and Agrarian Reform	3 249	61 990	58 741
War on Poverty & Community mobilization	4 137	3 696	-441
Total	12 493	86 502	74 009

The Committee made the following observations on Programme 8:

- a) Programme 8 has a budget allocation of R86 502 million which is 8.23% of the total budget allocation and has increased by R74 009 million due to implementation of the rural development strategy. The Committee supports this and urges the department to ensure that the strategy is implemented in line with the noble spirit in which it has been envisaged.
- b) The economic classification budget trends are as follows: compensation of employees is allocated R19 948 million, which is 23% of the programme budget; goods and services receives R 30 576 million, which is 35.3% of programme budget.
- c) The Comprehensive Rural Development Programme (CRDP) was elevated from a sub-programme to be a stand-alone programme during the 2012/13 financial year.

Sub-Programme: Comprehensive Rural Development Programme

- a) The department indicated that a total of R2, 1 billion has been collectively set aside by departments for the rollout of the CRDP in all wards of the respective municipalities as indicated by the Premier in his 2013 State of the Province Address. The department is urged to make full use of the approved strategy to hold sector departments accountable for their roles and responsibilities towards the implementation of rural development in the Province.
- b) The Committee supports the emphasis on the use of cooperatives to implement CRDP as well as land and agrarian reform programmes and urges the department to use the budget accordingly.

Sub-Programme: Land and Agrarian Reform

- a) The department informed the Committee of the Cabinet directive that the department should conduct a Land Summit in the Province before the end of June 2013. The department has been tasked to assess the situation in the province as a means of planning for the Summit. The Committee supported this consultation with the people of the Province but emphasized that the department should clarify to the people the difference between land ownership and land usage, as they were separate but related matters

encapsulated in the 1913 Natives Land Act and the Spatial Planning and Land Use Management Bill, 2012 respectively.

- b) In support of land and agrarian reform, the Committee emphasized the need for linkages between Programme 8 and programme 3 (Farmer support and development), sub-programme 2.1 (Engineering services), sub-programme 6.1 (Agricultural support and business development) and programme 7 (Structured Agricultural Training).
- c) The Committee welcomed the department's programme to combine skills development, youth development, land reform, farmer support, cooperatives support and rural development, in which the department has planned to appoint 150 unemployed agricultural graduates across the province through cooperatives in the 18 local municipalities.

PROGRAMME 9: LAND ADMINISTRATION

The programme provides support to municipalities in the creation of credible IDP's and to improve land tenure security by providing tenure upgrading and town establishment services. It also ensures the effective use of urban and rural land and facilitates pre- and post-settlement options to land reform projects.

The Information services sub-programme was shifted to programme 9 in the 2012/13 financial year; there were no function shifts in the current financial year 2013/14.

The sub-programme structure is the same as the previous financial year, budgeted as follows:

PROGRAMME 9 Sub-programmes	FY 2012/2013 (Adjusted Appropriation)	FY 2013/2014 (Main Appropriation)	
	Amount	Amount	Variance
Planning & Survey Services	13 053	13 623	570
Land Administration	6 511	8 819	2 308
Total	19 564	22 442	2 878

The Committee made the following observations on Programme 9:

- a) Programme 9 has a budget allocation of R22 442 million which is 2.13% of the total budget allocation and has increased by R2 878 million decreased by R15 337 million.
- b) The economic classification budget trends are as follows: compensation of employees allocation has increased by R15 288 million; goods and services receives R7 042 million, which is an increase of R 451 thousand.

Sub-Programme : Planning and Surveying services

- a) The Committee noted that the Spatial Planning and Land Use Management (SPLUM) Bill, which is currently before the Committee for consideration, is an important piece of legislation that seeks to address issues of spatial development of land against the backdrop of the historical imbalances in the management and use of land.
- b) The Committee noted that this bill supports the department's land and agrarian reform programmes and projects. However, the Committee cautioned the department that they should use their allocated budget to ensure that they are able to support the municipalities once the SPLUM Bill is passed as an act. The Committee also noted that some of the smaller municipalities might be faced with capacity and resource challenges to implement the SPLUM Bill.
- c) The Committee urged the department to ensure that rural development is included in the Spatial Development Frameworks (SDFs) and integrated development plans (IDPs) once the SPLUM Bill is passed.
- d) The Committee also noted that the SPLUM Bill is a framework bill and once passed as an act, it will necessitate that the Province formulates its own spatial planning and land use bill. This process will also do away with the Mpumalanga Development Tribunal and the Mpumalanga Townships Board.
- e) The Committee is in support of the programmes of Land and Agrarian reform and emphasized that the department make every effort to achieve the planned targets for agri-villages establishment, security of land tenure and transfer of title deeds.

8. FINDINGS

After considering the 2013/14 Annual Performance Plan and budget documentation of the department, the Committee made the following findings:

8.1. On procedural and quality control matters regarding the APP and budget documentation:

- a) The department did not comply with the stipulated date and procedure given by the Legislature for the submission of the 2013/14 budget review documentation. The department's late tabling of its budget documentation raised procedural challenges for the Legislature.

- b) The department submitted its APP three times (twice re-worked), yet in the past budget deliberations the Committee had provided the department with detailed analysis of the structural non-compliance with the National Treasury framework, as well as quality assurance issues regarding the APP.
- c) The Implementation Plan is an important supporting document to the APP that unpacks the APP and can assist the Committee when it considers and approves the APP; however, the Implementation Plan was not attached to the APP.

8.2. On the matter of decentralising the Supply Chain Management function to the districts:

- a) The Committee is not convinced that the department has sufficient capacity at the district to deal with this function;
- b) The delegation of this function may have implications for the approved organisational structure.

8.3. Regarding programme 2 (Sustainable Resource Management):

- a) The department has not provided clear information on the budgeting for programme 2;
- b) The department had planned to finalise the provincial Land Care Strategy by June 2012 but did not achieve this target as the programme performance was hampered by internal disciplinary proceedings against the management of Programme 2.

8.4. Based on previous oversight visits and house resolutions on the Nkomazi Red Meat Abattoir, the Committee remains very interested in the success of the project and the development of its beneficiaries, since the Nkomazi Local Municipality has one of the highest rates of poverty in the Province and also because the beneficiaries have been working hard for many years to realize a profitable agri-business that can benefit the surrounding communities through sustainable job creation and provision of food.

8.5. The department has successfully supported Mr FJ Sibeko, a very skilled and passionate farmer in the Pixley ka Isaka Seme Local Municipality to manage some of the land reform farms; however, Mr Sibeko has not been assisted thus far to gain a title deed for the farm he has assisted government to resuscitate.

8.6. The findings of the Committee regarding the department's planned establishment of the Fresh Produce Market (FPM) were that:

- a) The actual budget for the project was not clearly presented to the Committee;
- b) The department has planned to establish agri-hubs in the 8 CRDP local municipalities, which will supply produce for the School Nutrition Programme and the FPM;
- c) The department has registered the FPM in the national infrastructure development plan as a public private partnership, with HL Hall and Sons (Pty) Ltd as a strategic partner; and
- d) The department indicated that the construction of the Fresh Produce Market in Mbombela Local Municipality will begin in October 2013.

8.7. The Committee welcomed the approval of the provincial rural development strategy by Cabinet, which gives more structured and measurable approach for the development of rural municipalities.

8.8. The department has planned to conduct a Land Summit within the first quarter of the 2013/14 financial year, in response to a Cabinet resolution and in commemoration of the centenary of the 1913 Natives Land Act; the project is not costed, however.

9. RECOMMENDATIONS

After considering the Annual Performance Plan (APP) of the department, the Committee recommends that the Accounting Authority must:

9.1. On procedural and quality control matters regarding the APP and budget documentation:

- a) Ensure that the department always complies with the submission dates and requirements for the APP and budget documentation.
- b) The Accounting Authority must, within seven (7) days of the tabling of this Committee report, inform the Legislature in writing of the specific managers that are responsible for compilation, consolidation and submission of documentation to the Accounting Authority and the Executive Authority for official sign off and tabling in the Legislature, as well as the specific internal timeframes they are given to ensure the timely submission of documentation to the Legislature.

- c) Ensure that the 2013/14 Implementation plan is formally submitted to the Legislature; in future this plan must always be attached as an annexure when tabling the APP and budget documentation.

9.2. Regarding the delegation of the SCM to the districts:

- a) The Committee can only support this if the Accounting Authority ensures that proper systems are in place and that correct procedures are strictly adhered to by officials when executing the SCM function at the district level, so that all the prescripts of the Auditor-General, Treasury and of the PFMA are complied with.
- b) Ensure that the policy implications regarding the delegation of the SCM function are appropriately addressed, which will include the organisational structure; so that the structure does not become bloated and thus create problems in future for the department regarding the compensation of employees budget.

9.3. Regarding programme 2 (Sustainable Resource Management), the department must:

- a) Provide a report on the reasons for the budget and conditional grant cuts on this programme;
- b) Ensure that the management challenges that were reportedly experienced in this programme are resolved as soon as possible and provide a report to the Legislature on the outcome;
- c) Ensure that the programme is adequately capacitated to finalize the necessary consultation phase for the approval of the Land Care strategy; this strategy must be implemented as a matter of urgency.

9.4. Regarding the sustainability of agricultural infrastructure projects:

- a) Intensify the monitoring of and fast track the completion of agricultural infrastructure projects visited by the Committee since 2008/09 and ensure that they become fully operational.
- b) All outstanding House resolutions from oversight visits to infrastructure projects must be fully implemented; the Committee must be kept informed of further business developments, community dynamics and any challenges experienced by the department as well as the project beneficiaries.

- 9.5. The department should consider the Committee's proposal that Mr FJ Sibeko, the exemplary farmer from Dr Pixley ka Isaka Seme local municipality, should be nominated for the prestigious Farmer of the year award. The department must also facilitate processes to support the eventual transfer of ownership to this farmer, of the farm that he has managed exceptionally well on behalf of the provincial and national government.
- 9.6. **Regarding the establishment of the Fresh Produce Market (FPM) the department must:**
- a) Submit quarterly progress and expenditure reports on the FPM in line with the planned targets as per the 2013/14 APP and the allocated budget for the project. These expenditure reports should be part of the 2013/14 quarterly reports that will be considered by the Committee.
 - b) Provide regular updates regarding progress on the agri-hubs in the local municipalities.
- 9.7. **Regarding the Comprehensive Rural Development Programme (CRDP) the department must:**
- a) Provide the Legislature with packaged copies containing the Rural Development strategy (as approved by Cabinet on 22 August 2012) the approved CRDP Business Plans and relevant documentation in support of a fuller understanding of the CRDP concept.
 - b) Ensure ongoing effective coordination and implementation of the approved Rural Development strategy and CRDP Business Plans in line with the costed planned targets of programme 8 and also with the noble aims of the strategy to empower rural communities.
- 9.8. Submit a report on the costed plans and concept documentation for the proposed Land Summit, which the department is planning to conduct by the end of June 2013; the report and information must be submitted by 24 May 2013.

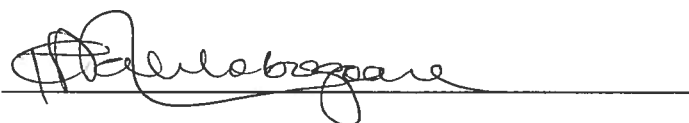
CONCLUDING RECOMMENDATIONS:

- a) The Committee requests the House to adopt this report with its recommendations, thereby approving the **R 1 050 045 billion** budget allocated to vote 5.
- b) In support of the allocated budget vote 5 for the 2013/14 financial year, the Committee hereby approves the revised 2013/14 Annual Performance Plan of the Department of Agriculture, Rural Development and Land Administration, as revised and tabled in the Legislature on 07 May 2013 and considered by the Committee on 08 May 2013.
- c) The department must submit a progress report on the implementation of the House resolutions contained in this report by no later than **31 July 2013**.
- d) After the first progress report, the department should update the Committee on a quarterly basis on the progress made in implementing the House Resolutions, as well as any challenges being experienced. These quarterly updates on House resolutions should be attached as annexures to the 2013/14 quarterly performance reports that are submitted to the Committee for consideration.

9. CONCLUSION

The Honourable Members of the Committee thoroughly engaged with the APP and budget documentation of the Department of Agriculture, Rural Development and Land Administration in consideration of the 2013/14 budget vote 5. The Chairperson sincerely thanks the Members of the Committee for their keen participation during the deliberations with the department. The Committee extends a word of appreciation to its support staff for providing necessary support.

On behalf of the Committee, the Chairperson also expresses support for the MEC as she steers the department during the 2013/14 financial year to fulfil its core mandate. This includes providing agricultural support to small scale and emerging farmers, intensifying land and agrarian reform for the people of Mpumalanga, particularly in this centenary year of the 1913 Natives Land Act, as well as accelerating the implementation of the newly adopted provincial rural development strategy. The Committee also urges the HOD and the senior management team of the department to continue their efforts to implement the programmes that reflect the priorities of government for a transformed and thriving agricultural sector.



HON. RC MAHLOBOGOANE (MPL)

2013.05.16

DATE

**CHAIRPERSON: PORTFOLIO COMMITTEE ON
AGRICULTURE, RURAL DEVELOPMENT AND
LAND ADMINISTRATION; ECONOMIC DEVELOPMENT,
ENVIRONMENT AND TOURISM**

**ANNEXURE (A): UPDATED PROGRESS REPORT ON THE 2012/13 BUDGET VOTE 5
HOUSE RESOLUTIONS**

DEPARTMENT OF AGRICULTURE, RURAL DEVELOPMENT AND LAND ADMINISTRATION	
House Resolution as at 15 May 2012	Updated Progress Report as at 03 May 2013
<p>1. Continuously attend to the advice of the Committee with regard to the structural weaknesses and non-compliant issues identified in the APP (Part A and B). The HOD is accountable to ensure that the APP always complies with the National Treasury framework.</p>	<p>1. The house resolution was not fully implemented. Although the department asserted that the 2013/14 APP had been developed within the National Treasury regulations framework and that they had worked with Treasury and Office of the Premier to ensure compliance with all requirements, the initial tabled 2013/14 APP had to be re-worked twice as it had not conformed to the National Treasury framework. The Committee had tasked the HOD to ensure full compliance of the APP with the framework. It was noted that the Department committed itself to continue to ensure that it keeps itself up to date with all the required relevant legislatives prescripts and framework. The Committee will continue to hold the HOD to account for compliance in this regard.</p>
<p>2. Indicate the costed, planned quarterly targets for the 2012/13 financial year, which are specifically aimed at addressing the Millennium Development Goal 1 to eradicate poverty and extreme hunger. The department must also indicate the role it has played in the reduction of the poverty line from 2005 to 2008.</p>	<p>2. This House resolution focussed on the departments plans to achieve the MDGs; the Committee accepted that this resolution was being implemented on an ongoing basis. The department explained that it is indeed doing a lot to eradicate extreme poverty and hunger. In its response, the department extracted the detailed programme performance indicators from the 2013/14 APP. The Committee was also assured by the department that the specific financial resources for the MDG1 came through the budget of Programme 3, specifically Masibuyele Emasimini Programme (equitable share) and the Illima Letsima (conditional grant) under Programme 3.3. The Committee acknowledged the department's commitment to implement programmes that increase food security, which is a direct contribution to addressing extreme poverty and hunger.</p>

House Resolution as at 15 May 2012	Updated Progress Report as at 03 May 2013
<p>3. Finalise the provincial Land Care Strategy, as indicated to the Committee (by June 2012) and implement the strategy in line with the department's mandate.</p>	<p>3. The House resolution had directed the department to finalise the Land Care Strategy; the Committee noted that the strategy had been developed in partnership with the Agricultural Research Council (ARC) and was not able to complete the necessary consultation processes to finalise the strategy for approval. not been finalised as planned by June 2012. The department reported that challenges experienced with the management of Programme 2 (Sustainable Resource Management) had hampered the finalisation of the strategy. The Committee urges the department to clear up this matter as soon as possible and ensure that there is adequate management capacity in Programme 2 to implement the planned projects and finalise the strategy. The Committee welcomed the appointment of the Director Land and Agrarian Reform and acknowledged the department's continued efforts to revitalize failed land reform farms. (Draft Land Care Strategy attached)</p>
<p>4. Implement the revitalisation of the failed land reform farms as planned. The following information must be submitted to the Committee:</p> <ol style="list-style-type: none"> The specific failed land reform projects to be revitalized in the 2012/13 financial year; The detailed focussed plans for revitalization; The measures put in place to prevent the projects from failing again; The major reasons for the collapse of the land reform projects. 	<p>4. The House resolution was implemented; the requested information and documents were submitted to the Committee. The Department is currently compiling a status report of the farms and will submit a comprehensive report.</p> <p>** DEPARTMENT TO SUBMIT COMPREHENSIVE REPORT.</p>
<p>5. Finalise the Nkomazi Red Meat Abattoir completely, by 30 September 2012, as indicated to the Committee. On completion of the project, the MEC is to submit a final report on all major aspects of the project, which should include:</p> <ol style="list-style-type: none"> A complete expenditure report on the project up to completion, including the R550 000 allocation for the 2012/13 financial year; A report on the completed infrastructure and compliance with all the relevant industry 	<p>5. The House resolution has been satisfactorily addressed; the department reported in the past that there were few outstanding snags which the appointed service provider was busy finalizing, all the indicated outstanding work has since been completed. The following progress was reported as 03 May 2013:</p> <ul style="list-style-type: none"> The processes of the appointment of the Strategic Partner was done with the provisions of Supply Chain .Private business community submitted proposals, invited to

	<p>Departmental priorities (eg) the Fresh Produce Market. The Department will continue to fill vacant funded posts to enhance capacity within the programme. During the 2013/14, the Department will be appointing a Director for animal production, Vet Specialist Director, one official on public health and food safety and four officials on animal health.</p>
<p>7. Ensure that the APP reflects the function shift of programme 5.2 Information Services to Programme 9 and the corresponding shift of the operational budget.</p>	<p>7. The APP has been revised as reported. The budget structure for Agriculture and Rural Development, as gazetted by National Treasury however determines that Program 5.2 (Information Services/Technology Transfer Services) must be under Program 5. Due to the fact that deviation from the budget structure is not allowed, the moving of the budget to Programme 9 would not be possible.</p>
<p>8. Ensure that programme 5 has sufficient capacity to implement the planned fisheries programmes of the department. The transformation of the fisheries sector is crucial to the department's successful implementation of the fisheries programmes.</p>	<p>8. The department reported that it is the first in the country to have developed an Aquaculture strategy and will be implementing an Aquaculture centre of excellence which has an allocated budget of R2 million. The Committee notes the response but urges that the strategy be finalised and that the fisheries programmes be prioritized going forward. The department should not lose sight of the transformation of the sector.</p> <p>(DRAFT AQUACULTURE STRATEGY WAS ATTACHED)</p>
<p>9. Regarding the Fresh Produce Market, the department must:</p> <ol style="list-style-type: none"> Finalise the feasibility study report as indicated (by May 2012); Submit a full report on the feasibility study findings, once approved by Cabinet; Submit the concept document, project scope and proposed funding options, including the total proposed cost to government that will be involved in establishing the market over the coming financial years; Consider doing the EIA before the land acquisition; Capacitate the historically disadvantaged farmers adequately in order for them to benefit fully from the market; and Ensure that all stakeholders are continuously and adequately consulted on all aspects of the project 	<p>9. The department reported that various specialist reports in terms of the feasibility study have been completed and were studied by the Department to ensure that they have addressed the issues as raised in the Terms of Reference. The reports are currently being forwarded to Executive Council and as soon as approval is obtained, the documents will be forwarded to the Committee.</p> <p>The resolution was noted by the department and they committed to submit the summary of findings as well as a copy of the full report to the Committee once approved by Cabinet. Attached, were the preliminary comments from the Cluster Committee, as the documents are still being forwarded to the Executive Council for their resolution.</p> <p>The department reported that the Fresh produce market is now entering the implementation phase of development and the results of the fresh produce market planning will be provided</p>

<p>implementation in all three phases, as the effective management of stakeholders is crucial to the success of this project.</p>	<p>to the Committee as soon as approved by Executive Council.</p> <p>A preliminary environmental scoping report has been done prior to the purchase of the land and is attached for the Committee's information (ENVIRONMENTAL FEASIBILITY REPORT WAS ATTACHED)</p> <p>The business model of the Agri- Hubs is based on the development of smallholder farmers that would be organized into primary cooperatives. Secondary cooperatives would deliver the produce to the agricultural hub for utilization by the school nutrition program, hospitals, correctional services, wholesalers and retailers, any surplus would be send to the main fresh produce market in Mbombela for distribution into other value chains (Wholesale, Retail, Export and School Nutrition). Any shortages can also be augmented by supply from the main fresh produce market in Mbombela.</p> <p>Agri- Hubs within the 7 CRDP municipalities is seen as an integral infrastructure investment to support smallholder producers within the province to deliver their produce to market.</p> <p>The department reported that a total of 362 primary cooperatives and 18 secondary cooperatives were registered. This number is expected to increase as the Department continues to mobilize rural communities towards food production. A list of cooperatives established is attached for the Committee. (LIST OF COOPERATIVES WAS ATTACHED)</p> <p>A diagrammatic representation of a model for the Integration of smallholder production and distribution was attached to the department's progress report.</p> <p>In terms of stakeholder consultation the department reported the following:</p> <ul style="list-style-type: none"> • Engagements with industry players are ongoing and major retailers like Freshmark have already been visited. Massmart is scheduled for the CEO. Major producers like ZZ2, Halls have been engaged and are keen to become part of the Endeavour. • 2 major Fresh Produce Market Forum Meetings, 17 April 2012 and 11 December 2012 have already been conducted
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	<p>that included invitations to all major players within the fresh produce sector to obtain their valuable inputs and contributions to the process.</p> <ul style="list-style-type: none"> • Talks with NAMBOARD (Swaziland) and Maputo Port Authority (Mozambique) are also on-going- regarding import, export and infrastructure (cold chain) of agricultural commodities. • Visiting current markets like Joburg Market, Tshwane Market and others to learn from their current situation. • Meetings with local and district municipalities to ensure that all efforts are streamlined towards the same goal (Steve Tshwete Market, Nkomazi Market) • Integration of the all the initiatives from the various municipalities. • Collaboration with Limpopo Province is on-going
House Resolution as at 15 May 2012	Updated Progress Report as at 03 May 2013
<p>10. Regarding the Lowveld College of Agriculture (Marapyane campus and Nelspruit campus), the department must:</p> <ol style="list-style-type: none"> a. Appoint a suitably qualified, experienced principal at the Marapyane campus to ensure the efficient running of the college. b. Submit a comprehensive report on the current state of affairs at the Marapyane campus and the Nelspruit campus, indicating the following: <ul style="list-style-type: none"> ➤ Infrastructure plan for the Marapyane College, indicating project phases since commencement until completion; ➤ Expenditure report on both campuses as at 31 March 2012, indicating total spent on major infrastructure upgrades conducted to date, as well as the equipment and other resources purchased; ➤ Capacity of both campuses to deliver on their mandates; ➤ Plans to expand the academic offerings for 2012/13. 	<p>10. The Committee was informed that a suitably qualified principal was appointed and assumed duty on the 1st of June 2012. Mr. Gerhardus Petrus Viljoen has a Master of Science Degree in Sustainable Agriculture and has extensive experience in the field. He has worked more than ten years as a principal at the Settlers Agricultural High School and has extensive understanding of the local agricultural production issues.</p> <p>A COMPREHENSIVE REPORT ON THE CURRENT STATE OF BOTH THE CAMPUSES OF THE LOWVELD COLLEGE OF AGRICULTURE COVERING ALL THE ITEMS AS OUTLINED IN THE RESOLUTION WAS ATTACHED.</p>

House Resolution as at 15 May 2012	Updated Progress Report as at 03 May 2013
<p>11. Regarding the Comprehensive Rural Development Programme (CRDP), the department must:</p> <ul style="list-style-type: none"> a. Incorporate the findings from the stakeholder consultative meetings into the rural development strategy; b. Submit the strategy to the Committee as soon as it is approved by Cabinet; c. Ensure that the CRDP business plans are aligned with the provincial rural development strategy, once it is approved; and d. Ensure the efficient functioning of the Council of Stakeholders in each CRDP municipality. 	<p>11. The department reported that a provincial summit was conducted on the 24th of July 2012. All findings which were recorded from the consultative meetings with the stakeholder and the provincial summit were incorporated into the strategy. This led to the finalisation of the strategy document which was presented to the Executive Council on the 22nd August 2012. The strategy was approved and adopted for implementation by all Departments. The CRDP strategy is serving as the guideline for the implementation of projects under CRDP municipality.</p> <p>The business plan was developed along the principles of the approved rural development strategy. It has been noted that the Councils of Stakeholders in all 8 CRDP municipalities have become efficient in dealing with the matter of development. This has been observed through few queries from communities to CRDP office at Head Office. The councils of stakeholders are able to discuss issues like involvement of local community in the development of projects, luring private investors into investing in rural development initiatives and ensuring that all stakeholders do participate in the programme.</p>
<p>12. The department must submit <i>all</i> outstanding information as reflected in this report, <i>including</i> the reports below:</p> <ul style="list-style-type: none"> a. Report on the challenges experienced in the department's partnership with Standard Bank in the CRDP municipalities; b. Report on investigation into the matter of the stolen tractor; c. Report on the impact of the closure of the saw mill in Thaba Chweu Municipality; d. Report on transformation of the forestry sector and the special programmes for capacity building for cooperatives in the timber industry. 	<p>12. The department is still working with Standard Bank, however due to the challenges of cooperatives not meeting some of the lending requirements that the bank required such as an audited three year financial statement and collateral, Standard Bank advised that they will rather finance cooperatives through MEGA since they have worked with them before and have mutual agreement. Currently MEGA is working on the model to further lend the money to the cooperative after loaning from the bank.</p> <p>The investigation of the case by the police is still underway but the service provider contracted with the implementation of Masibuyele Emasimini in the area will replace the tractor.</p> <p>The Forestry mandate still remains with National; the Department is still doing consultations regarding the above matter.</p>