



land affairs

Department:
Land Affairs
REPUBLIC OF SOUTH AFRICA

OFFICE OF THE DIRECTOR-GENERAL

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Ms L L Mabe / Mr B J Mkhali
Co Chairpersons: Joint Budget Committee
Parliament Republic of South Africa
P O Box 15
CAPE TOWN
8000

Dear Ms Mabe and Mr Mkhali

SUBMISSION TO THE JOINT BUDGET COMMITTEE ON THE 2007 MEDIUM TERM BUDGET POLICY STATEMENT

1. INTRODUCTION

The purpose of this submission is to present the Department's Medium Term Budget Policy to the Joint Budget Committee as well as to respond to the matters addressed in the letter of invitation for the briefing session which will take place on the 2 November 2007. Kindly be informed that the Director-General, Mr Glen S Thomas, is currently not available. This submission will be brought to his attention on 24 October 2007 and if any changes are to be made subsequent to this, a resubmission will be made reflecting such changes.

2. BACKGROUND

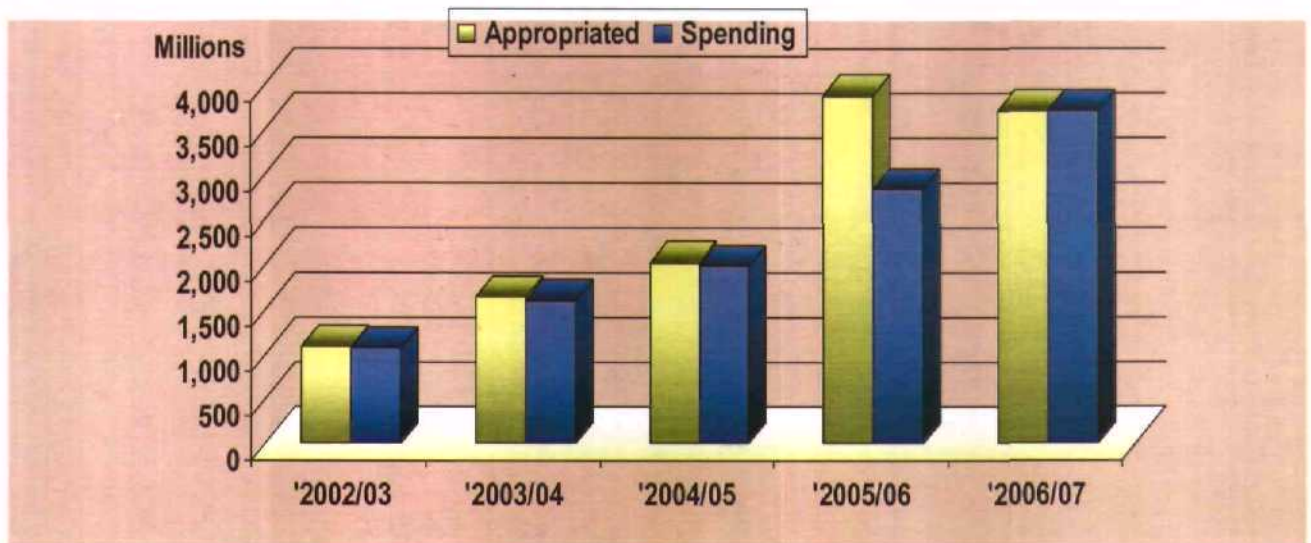
The planning process in the Department is underpinned by national policy priorities of poverty alleviation, organization and capacity of the state, economic growth and alignment of spatial plans.

A further alignment has been conducted to take into account directives from Cabinet Lekgotla, the President and the Minister.

A review of the Departmental Strategic Framework in terms of measurable objectives and outputs per programme was performed followed by an extensive analysis of the spending and reprioritisation within the baseline in order to ensure alignment of resource allocation with strategy.

3. DISCUSSIONS

3.1 Expenditure Trends and the 2006/07 Audit Outcomes



Expenditure trends in the past five financial years have been commendable. The noted low spending in 2005/06 was due to the increased budget allocation as it is evident that expenditure in real terms still exceeded the previous years.

The table below illustrates the percentage spending in the past five financial years.

Financial Year	Budget Allocated	Spending at Year end	Spending as a % of Budget
2002/03	1,091,861	1,077,196	99%
2003/04	1,654,997	1,608,438	97%
2004/05	2,031,882	1,990,989	98%
2005/06	3,897,000	2,847,000	73%
2006/07	3,730,196	3,725,551	100%

Spending in the current financial year has reached an all time record of 49% against a linear target of 50%.

The table below illustrates the financial performance in the first six months of the 2007/08 financial year.

	Budget 2007/08 R'000	Spending to date R'000	Exp vs. Budget %
Compensation of employees	609 269	222 351	36.49%
Goods and services	641 255	243 548	37.98%
Transfers – Capital transfers	4 006 313	2 005 964	50.07%
Capital assets – Operations	71 515	10 612	14.84%
Land and Subsoil Assets	342 053	292 412	85.49%
Other	8 114	4 843	52.70%
TOTAL	5 678 519	2 779 730	48.95%

3.1.1 Adjustment Estimates

The Department submitted a Treasury Committee memorandum requesting an adjustment estimate of R1 billion to augment the funding needs under

Programme 4, Restitution, unfortunately only R250 million was approved for the Richtersveld claim.

The Department is presently looking at how best funds can be reprioritised and mobilized for the programme.

3.1.2 Outcomes of the 2006/07 Audit

Spending for the 2006/07 financial year has reached an all time record of 99.9% with the Restitution and Land Reform Programmes accounting for 80% of the allocation.

Needless to say this commendable performance has been dampened by the qualification received on Movable Asset Management and the management lease land revenue.

Qualification on Asset Management

The qualification is attributable to the old assets that could not be located for physical verification and that the Asset register did not comply with the minimum requirements of the Asset Management Guidelines; e.g. order numbers and invoice numbers are not recorded in the register.

Some of the interventions put in place to address this matter include the reconciliation of previous years' information, retrieval of source documents in order to link the outstanding information and the creation of capacity of the asset management component.

Qualification Lease Land Revenue Management

The qualification is due to incomplete information on all land available for leasing and the incompleteness of revenue collected.

The root cause is lack of effective lease contracts management, poor collection of revenue and lack of a credible debtors system.

Notable progress has been made with regard to the development of a debtors leasing system, manual compilation of a database, creation of capacity in the Provincial Land Reform Offices.

The current action plan includes the setting up of systems and processes to ensure that revenue collected through the agency agreement with the Provincial Departments of Agriculture is duly collected and paid into the National Revenue fund via the Department.

3.2 Mandate and Medium term Policy Priorities

The medium term policy priorities of the Department are aligned with the broader government priorities of the Shared Growth Initiative for South Africa (ASGISA), provision of security of tenure and administration, restoration of land rights, and the provision of geo-spatial information and land use legislation.

The above policy priorities are further enshrined in the strategic plans of the Department under the following strategic objectives:

- Redistribution of 30% of white owned agricultural land by 2014 for sustainable agricultural development
- Settlement of all outstanding land claims by 2008 and implementation of restitution awards
- Provision of land for sustainable human settlement. Industrial and economic development
- Provision of efficient land use and land administration services
- Provision of efficient State land management that supports development
- Provision of skills development framework for land and agrarian reform to all relevant stake holders

- Development programmes for the empowerment of women, children, people with disabilities and those living with HIV/AIDS.

Settlement of land claims by 2008

To date the Restitution Programme has already settled 74 574 out of the 79 696 the lodge claims, representing a 94% progress. The bulk of the remaining 5122 claims are rural claims, and due to their complex nature, it is anticipated that a 1/3 of them will not be finalized by 2008.

Some of the initiatives put in place to address the challenges are:

- The shortening of the project cycle, including the cascading of delegations to the commissioners
- Increasing the staff establishment and putting in place retention strategies to reduce the high staff turnover.
- Eliminating protracted land price negotiations by implementing expropriation
- Working closely with other state departments
- Continued engagements with agricultural unions and land owners to solicit cooperation necessary for the swift settlement of claims
- Consulting with traditional authorities and houses of traditional leaders to get their support for restitution.

Redistribution of 30% of white owned agricultural land by 2014 for sustainable agricultural development

It is common knowledge that South Africa has got 100 million hectares of agricultural land, and that 82 million hectares are in the hands of white farmers. The government has set itself a target of delivering 24 million hectares to the historically disadvantaged people.

To date only 4% representing approximately 4 million hectares has been delivered through the land reform programmes.

It was noted that one of the key contributors to the slow pace of land reform was ascribed to inadequate implementation systems. To this end the Department has concluded an intense business process mapping which was aimed at interrogating the status quo and the development of new progressive and aggressive land delivery mechanisms.

These mechanisms include amongst other things:

- The fostering of leadership and planning alignment with the Department of Agriculture for improved and timely provision of agricultural support.
- Devolving of functions to District levels and capacitating the district offices.
- Developing area based plans to enable integrated planning.
- Implementation of the Pro-active Land Acquisition Strategy (PLAS) whereby prime agricultural land is acquired pro-actively based on the lands needs expressed in the Provincial Growth and Developmental Strategies.
- Other initiatives include strengthening of the relations with the key stakeholders like organized agriculture and NGO's for post settlement support.

3.2 Personnel Establishment and Vacancy Ratios

- The establishment of the Department reflects 4772 posts of which 3353 are filled and 1419 are vacant. This reflects a vacancy rate of 30%.
- In March 2007 the Department had a vacancy rate of 27%. This situation was exacerbated by the 328 additional posts that were created around May 2007 for the Restitution programme.
- Although the slow filling of posts is largely attributable to scarce skills and inflexible public service policies, the following table illustrates the "bottomless bucket" syndrome that is caused by unavoidable internal promotions caused by particularly in the land reform, restitution and Deeds environment.

Movement of staff: March to September 07		
		Cumulative Total
Total Vacancies as 16 March 07		1186
New Appointments	425	
Internal Promotions	375	800
Balance of vacancies		386
Add additional vacancies caused by:		
• Internal promotions	375	
• Deaths	9	
• Resignations	168	
• Dismissal	5	
• Retirements	26	
		583
Total Vacant posts		969
Effectively Filled Posts		217

- The above table demonstrates a commendable effort that was undertaken by the Department with regard to the swift filling of posts. Notwithstanding the negative effect posed by internal promotions, the Department has managed to fill 800 posts within 7 months.
- The breakdown of vacant posts in terms of level of skills

Description	Level of skills	Vacant posts as %
Senior Managers	13 – 16	2,2%
Middle Managers	10 -12	20%
Skilled	6 -9	50%
Semi skilled	3 - 5	21%
Unskilled	1 - 2	6.8%
		100%

- Breakdown per Programme

Programme	Number of posts	Number of posts filled	Number of vacant posts	Vacancy Rate
Administration	767	516	251	33%
Surveys and Mapping	254	217	37	15%
Cadastral Surveys	562	434	128	23%
Restitution	1,135	642	493	43%
Land Reform	722	547	175	24%
Spatial Planning	96	35	61	64%
Deeds Registration	1,236	962	274	22%
Total	4,772	3,353	1,419	30%

3.4 Skills development and training

In order to address the above situation of increasing vacancies, the Department has put together a comprehensive programme of action as follows:

Internship Programme

- Assist DLA create a pool of suitably qualified and skilled people to draw from by equipping students with necessary practical experience.

Bursary Scheme

- DLA has 168 prospective bursary holders studying degrees and diplomas in Geomatics, Surveys, Cartography, Town and Regional Planning at various Universities and Technicons.

Graduate Programme

- The DLA has embarked on the above programme to build capacity and fill vacant entry level positions. Graduates undergo a structured training

programme and practical work experience and sign a 4 year contract. Training is done by DLA in partnership with different tertiary institutions

- 21 graduates commenced in deeds on 1 Oct 07 and other branches will follow in a staggered approach. All graduates have been allocated mentors.

Other Skills Development Programmes

- The Department is currently in the process of conducting a skills audit of all employees at different levels. This exercise is aimed at identifying the current skills gaps, job fit, and training needs in order create a knowledgeable and productive workforce.
- The Department also runs a vast number of job related training for staff through institutions such as SAMDI.

Skills development for beneficiaries

- An MOU with the University of Fort Hare. Through this partnership training programmes for land reform beneficiaries in the Eastern Cape have been developed. Training for beneficiaries will commence in November.
- Consultation with stakeholders and beneficiaries in all provinces are continuing to develop a skills development framework.

3.5 Infrastructure and Maintenance budget

The Department does not have a major infrastructure budget; the amounts managed hereunder relates to maintenance and repair work done through the Department of Public Works. Proper internal controls are in place for the management of such funds.

3.6 Transfer and grant management

The transfers and grants funds are closely managed from approval stages to the payment point.

Although delegations have been given to the Regional Land Claims Commissioners and Chief Directors in the Provincial Land Reform Offices, measures are in place to ensure proper management.

Quality assurers have been appointed in each Regional Land Claims Commissioners office to provide financial and risk management support.

The land reform grants are approved through Provincial Grants Approval Committees which include other stakeholders like the Department of Agriculture.

All projects are also captured on the financial systems used by the Department (BAS). Payments are centrally made at the National Office. There is proper segregation of duties and reconciliation with regard to the payments of grants.

Transfers to Municipalities are also done in a controlled environment using agency agreements or the Division of Revenue Act. These transfers are closely monitored by National Office in conjunction with the Provincial Land Reform Offices.

3.7 Monitoring and Evaluation systems

- Risk and Compliance Directorate have developed standardised systems and procedures for components to report on operational plans.
- The Monitoring and Evaluation Directorate on the other hand, has been more closely aligned and its capacity increased to capacitate it to monitor

(as well as report on) both the organisational performance as well as validate effectively, source of information.

- Operational and Financial performance is also monitored closely through various structures in the Department, the Strategic Committee (STRATCOM) which meets monthly to discuss strategic issues including operational and financial performance.
- The Department is in the process of implementing an electronic system called "project tracking tool" which enhance the close monitoring of projects.
- Performance agreements and work plans are actively monitored by the Human Resource section. Assessments are also conducted quarterly for junior staff and annually for senior managers.

4. Conclusion

Yes indeed, it is not only the budget that will enable the Department to reach the 2014 target, but an integrated radical approach that will also involve the private sector and organized agriculture.

Yours sincerely



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ACTING CHIEF OPERATIONS OFFICER
for DIRECTOR-GENERAL