

**NATIONAL ASSEMBLY**  
**QUESTION FOR WRITTEN REPLY**  
**QUESTION NUMBER: 846 [NW1008E]**

**846. Mrs A Steyn (DA) to ask the Minister of Finance:**

- (1) (a) What reasons did the Department of Agriculture, Land Reform and Rural Development (DALRRD) give to the National Treasury for spending only 49% or R1,3 billion of its allocated funds for its Agricultural Land Holding Account (ALHA), which was allocated R2,7 billion, by the end of the 2019-20 financial year when it requested a rollover of the unspent funds and (b) what proposed spending changes did the DALRRD provide in their application to the National Treasury for a rollover of funds that were originally meant for the ALHA;
- (2) whether the DALRRD provided the National Treasury with a schedule indicating the month(s) in which the expenditure is expected to be incurred; if not, what is the position in this regard; if so, what are the relevant details?

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**REPLY:**

- (1) (a) The DALRRD's requested the National Treasury to retain the surplus from the 2019/20 financial year due to underspending on a number of projects for the following reasons.
  - *Recapitalisation and development projects:* Non- Accountability of previous disbursements.
  - *Guarantees on Land Acquisition:* The DALRRD indicated that there were lengthy negotiations on some projects between sellers of land and the department which concluded at the end of quarter 3 and beginning of quarter 4. After conclusion of agreements, the projects had to go for conveyancing and registration process by Deeds Office which delayed the payments.
  - *Contracted one Hectare one Household projects:* were not completed due to slow mobilization of the projects due to lengthy stakeholder consultation process, and disputes amongst beneficiaries.
  - *Contracted Land Development Support:* The DALRRD indicated that they had to request Section 66 and Section 72 approvals (PFMA restrictions on borrowing, guarantees and other commitments) from the National Treasury to

enter into contracts with ABSA and FNB for the purpose of mitigating the risk of farmers misusing the funds as experienced in the past with the Recapitalization and Development Programme (RADP) program. The approval was granted during December 2019. A team of agricultural engineers from former the Department of Agriculture, Forestry and Fisheries (DAFF) were assembled and deployed to the farms to reassess the infrastructure. Transfers were made after receipt of the assessment reports of relevant infrastructure required on farms, and some of these project assessments were only concluded during the 2020/21 financial year.

- *Contracted forensic audit:* delays due to ongoing forensic audit. The DALRRD indicated that the amount would be paid after close up report is received on forensic audit performed. The expenditure was expected to be disbursed within 30 days after receipt of invoice.
- *Open orders:* Valuations for land acquisition projects not yet concluded at the end of the financial year.
- Further ALHA received an additional R277 million towards the end of March 2020 (end of 2019/20 financial year) for COVID-19 Disaster Fund.

(b) The DALRRD, did not provide any proposed spending changes. The retained surplus is supposed to be spend during the 2020/21, during which the approval would be valid.

(2)

- The DALRRD provided the cash flow / expenditure disbursement terms, which ranges from 2 days after registration of land by Deeds Office; 30 days after receipt of invoice; and some projects expenditure to be disbursed within 1 year.
- The table below indicates the disbursement terms, project values and project terms.

**Table 1: List of commitments at the end of 2019/20**

Commitment description	Project term (years)	Cash flow disbursement term	Reason for slow spending	Project budget (R'000)	Project Surplus (R'000)
Recapitalisation and Development projects	5	1 year	Non Accountability of previous disbursements	122 436	122 436
Guarantees on Land Acquisition	0.5	2 days after land registration by Deeds	Lengthy negotiations on some projects between seller and department which concluded end of quarter 3 and beginning of quarter 4, after agreement projects have to go for conveyancing and registration process by Deeds Office.	146 436	146 436
Contracted one Hectare one Household projects	unlimited	1 year	Slow mobilization of the projects due to lengthy stakeholder consultation process. Disputes amongst beneficiaries These commitments are mainly second or third tranches, which are earmarked to be finalised this financial year.	28 257	28257
Contracted Land Development Support	5	1 year	The Department had to request Section 66 and Section 72 approvals from Treasury to enter into contracts with ABSA and FNB for the purpose of mitigation the risk of farmers misusing the funds as experienced in the past with the RADP program. The approval was granted during December 2019. A team of Agricultural Engineers from DAFF were assembled and deployed to the farms to reassess the infrastructure. Transfers were made after receipt of the assessment report of relevant infrastructure required on farms. Some of these project assessments were only concluded in the current financial year.	716 990	716 990
Contracted forensic audit	1	1 year	Retention amount will be paid after close up report is received on forensic audit performed.	1 710	1 710
Contracted project management	1	30 days after receipt of invoice	Balance for project will be paid after final review and sign off the close up report.	477	477
Open Orders	0.5	30 days after receipt of invoice	Valuations for land acquisition projects not yet concluded.	2 828	2 828
<b>Total</b>				<b>1 019 135</b>	<b>1 019 135</b>

COVID Disaster Fund	0.5	30 days after receipt of invoice	Current financial year, funds received from department during 2019/20.	513 844	513 844
<b>Grand Total</b>				<b>1 532 979</b>	<b>1 532 979</b>