BRIEFING TO THE PORTFOLIO COMMITTEE ON RURAL DEVELOPMENT AND LAND REFORM

Financial and Fiscal Commission

19 October 2016

For an Equitable Sharing of National Revenue

PRESENTATION OUTLINE

1. Role and Function of the Financial and Fiscal Commission
2. Background
3. Departmental Analysis
4. Annual Report Analysis (2015/16)
5. Concluding Remarks

Appendix: FFC Recommendations on Rural Development from Submission for the Division of Revenue 2017/18

FINANCIAL AND FISCAL COMMISSION

Role and Function of the FFC

- The Financial and Fiscal Commission (FFC)
  - Is an independent, permanent, statutory institution established in terms of Section 220 of Constitution
  - Must function in terms of the FFC Act
- Mandate of Commission
  - To make recommendations, envisaged in Chapter 13 of the Constitution or in national legislation to Parliament, Provincial Legislatures, and any other organ of state determined by national legislation
- The Commission's focus is primarily on the equitable division of nationally collected revenue among the three spheres of government and any other financial and fiscal matters
  - Legislative provisions or executive decisions that affect either provincial or local government from a financial and/or fiscal perspective
  - Includes regulations associated with legislation that may amend or extend such legislation
  - Commission must be consulted in terms of the FFC Act
  - Current research strategy focuses on developmental impacts of IGFR

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2. BACKGROUND

BACKGROUND

Dwellers living in poverty in 2011:

=> Rural 68.8%

=> Urban 30.9%

The rate of reduction between 2006 and 2011:

=> Rural: 15%

=> Urban: 24%

Commitment to rural development throughout:

=> National Development Plan (2012-2030)

=> Medium Term Strategic Framework (2014-2019)

Development of a “Comprehensive Rural Development Programme” (CRDP)

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BACKGROUND [CONT.]

- Rural households pay more for a basket of food than urban households
  - In 2011, the average food expenditure of rural households was 23.9% and only 10.7% for urban households (StatsSA, 2014)
- The unemployment rate, particularly among the youth, in rural areas is much higher than the national and urban unemployment rate
  - Using the strict definition, the rural unemployment rate stood at 33% and 44% in urban areas (SALDRU, 2013)
- Access to basic services has increased, but at slower pace than in urban areas e.g. sanitation backlogs have decreased since 1994 but still remain high in rural areas, despite government interventions
  - In 2014, B4 municipalities and districts had high sanitation backlogs of 47% and 31% , respectively (FFC, 2016)

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POLICY CONSIDERATIONS

- The National Development Plan (NDP) identifies key strategies to develop rural economic opportunities and ensuring food security such as:
  - Job creation through land reform and agricultural development by promoting small scale irrigated farming
  - Create security of tenure for communal farmers, especially women
  - Invest in infrastructure and support services
- The Agricultural Policy Action Plan (APAP) developed to implement NDP and New Growth Path (NGP) goals
  - Gives expression to outcomes 4 (decent employment through inclusive growth) and 7 (comprehensive rural development and food security)
- Efforts by the Department of Rural Development and Land Reform (DRDLR) and Department of Agriculture, Forestry and Fisheries (DAFF) to collaborate in implementing APAP is a step forward for the sector

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SECTOR CHALLENGES

- South Africa's worst drought in 30 years has impacted negatively on the agricultural sector with the sector contracting by 18%, 19.7%, 12.6% in the 1st, 2nd and 3rd quarter of 2015, respectively
  - The drought-induced decline in agricultural output carries substantial social effects, which include food insecurity and poverty
    - Recent analysis by the World Bank indicates that an estimated 50,000 people slipped into poverty due to the drought, with the largest increase in poverty occurring in Mpumalanga, Eastern Cape, Northern Cape and Limpopo, with large percentage of the population resident in low-income agricultural households or communities
- Concern that the land reform programme in South Africa has been unsuccessful and that the associated policy uncertainty (particularly in reference to the implications of the Constitutional judgment on the Restitution of Land Rights Amendment Act) around land reform serves to hinder the growth and stability of the agricultural sector and, more generally, the rural economy

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SECTOR CHALLENGES [CONT.]

- The impact of land reform with respect to key rural outcomes such as food and nutrition security, job creation and agricultural output, found that most land reform beneficiaries tended to be worse off than those who did not benefit from land reform, particularly in respect of food and nutrition security and household income (FFC,2016)
- Recent policy proposals (e.g. re-opening land claims process) likely to require a substantial amount of funding to implement
  - A lower than anticipated economic outlook could have a negative impact on the medium term spending plans of DRDLR as well as its strategy to achieve APAP goals
- A lack of proper coordination has undermined sector outcomes (E.g. An evaluation of the Comprehensive Rural Development Programme (CRDP) found the linkage with the land reform programme is weak

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3. Departmental Analysis

DEPARTMENTAL OVERVIEW

- The department consists of 5 programmes
  - Administration, National Geomatics Management Services, Rural Development, Restitution and Land Reform
    - Three entities report to and fall under the budget of the department (Agricultural Land Holding Account, KZN Ingonyama Trust Board and Registration of Deeds Trading Account)
- Mandate: Create and maintain an equitable and sustainable land dispensation and act as a catalyst in rural development to ensure sustainable rural livelihoods, decent work and continued social and economic advancement for all
- Focus of the department over the 2016 MTEF period:
  - Recapitalising and redeveloping redistributed farms
  - Establishing agri-parks; the One Household, One Hectare programme
  - Extending the lodgement of land claims; the national rural youth service corps
  - Security of tenure, establishing the SA Geomatics Council
  - Strengthening the rights of people working on the land

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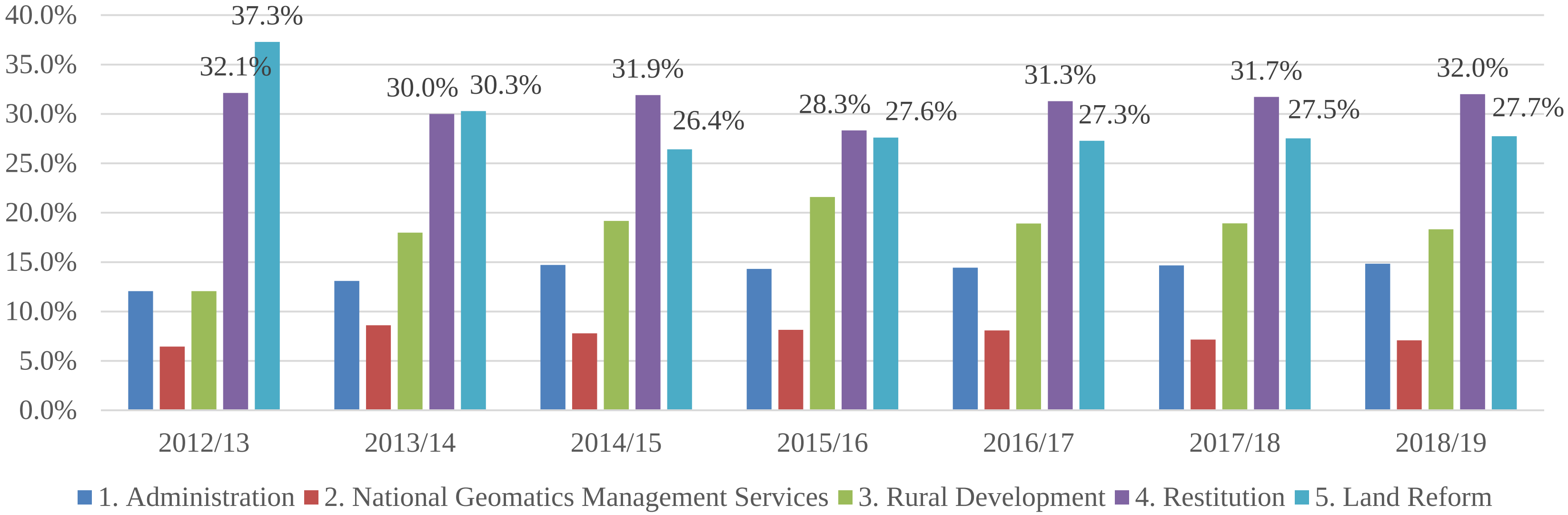
DEPARTMENTAL BUDGET AND PROGRAMMES

- Between 2012/13 and 2015/16, budget allocated to the department declined by a real annual average of 4.5% per annum
- In 2016/17, the department receives an allocation of R10.1 billion which translates into a real year on year growth of 3.4%.
  - Growth in 2016/17 driven by a 14.19% real increase in the Restitution programme for speeding up restitution
  - Over the rest of the 2016 MTEF period however, the allocation to the department is projected to decline by 2% in 2017/18 and 1% in 2018/19

	Audited Outcome			**Revised Estimate**	**Medium Term Expenditure Framework Estimates**			**Real Annual Average 2012/13-2015/16**	**Real Annual Average 2016/17-2018/19**
Programme (R'mil)	**2012/13**	**2013/14**	**2014/15**	**2015/16**	**2016/17**	**2017/18**	**2018/19**		
1. Administration	1 077	1 239	1 382	1 315	1 462	1 548	1 644	1.23%	-0.01%
2. National Geomatics Management Services	575	815	733	748	818	755	785	3.38%	-7.60%
3. Rural Development	1 076	1 701	1 801	1 985	1 914	1 996	2 031	16.16%	-2.88%
4. Restitution	2 866	2 837	2 998	2 603	3 168	3 346	3 545	-8.28%	-0.25%
5. Land Reform	3 326	2 863	2 482	2 537	2 762	2 905	3 073	-13.47%	-0.53%
Total	**8 920**	**9 454**	**9 396**	**9 187**	**10 124**	**10 549**	**11 079**	**-4.35%**	**-1.36%**

BUDGET COMPOSITION ACROSS PROGRAMMES



- Land Reform, Restitution and Rural Development programmes consume the largest share of the department's budget – by end of 2016 MTEF period, these programmes are projected to consume 78% of the department's budget
  - Over the 2016 MTEF period, strong focus on the Restitution programme

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Economic Classification

R'mil	Audited Outcome			Revised Estimate	Medium Term Expenditure Framework Estimates			Real Annual Average	Real Annual Average
	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2012/13-2015/16	2016/17-2018/19
Compensation of employees	1 728	1 541	1 792	2 115	2 143	2 219	2 352	1.3%	-1.2%
Goods and services	1 417	2 175	1 342	1 345	1 680	1 689	1 760	-6.9%	-3.5%
Transfers and subsidies	5 605	5 471	5 458	5 666	6 282	6 622	6 949	-5.0%	-0.8%
Payments for capital assets	124	254	793	62	19	20	18	-25.0%	-8.5%

- Transfers and subsidies are largest item and are predominantly to households in respect of restitution claims
  - Over the 2016 MTEF period, transfer and subsidies projected to show a real annual average decline of 0.8% per annum
- Spending on compensation to employees is to decline over the medium terms
  - The result of Cabinet approved reductions to lower the aggregate expenditure ceiling – reduction amounts to R828 million over the 2016 MTEF
- Projected decline in Goods and Services over 2016 MTEF period, the result of cost containment measures

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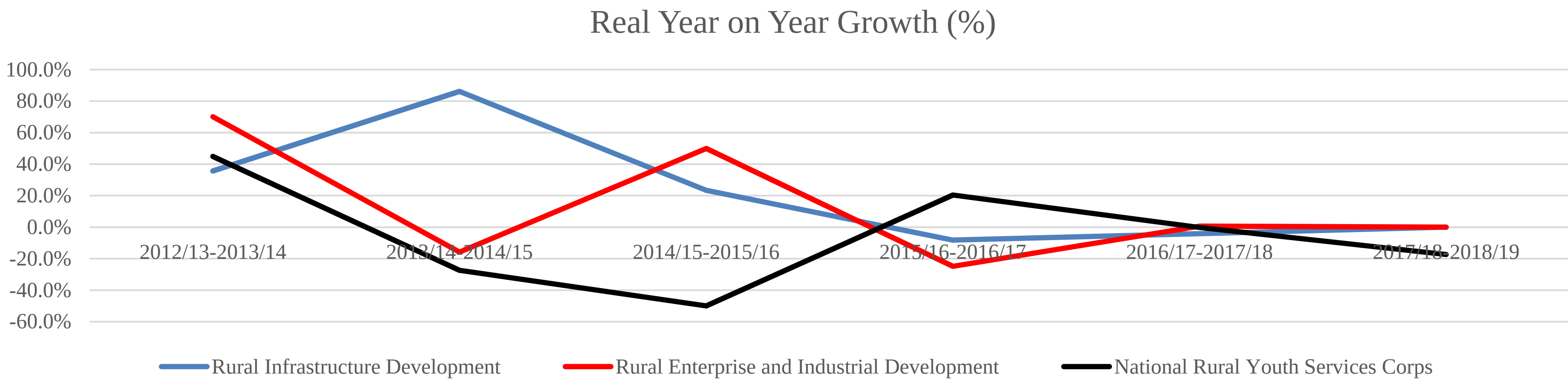
PROGRAMME 3: RURAL DEVELOPMENT



- The largest subprogramme is the Rural Infrastructure Development subprogramme, which receives an allocation of R1.9 billion in 2016/17
  - Significant growth in Rural Infrastructure Development subprogramme between 2012/13 and 2015/16 due to reprioritisation of funds (amounting to R2.6 billion in 2014/15) to facilitate improved access to basic infrastructure to households
- Rural Enterprise and Industrial Development subprogramme is only programme over the 2016 MTEF period projected to show positive albeit marginal real annual average growth
  - 2015/16 spike in growth coincides with the introduction of agri-parks and is expected to contribute to the one household, one hectare initiative which promotes food security and rural livelihoods
- Significant growth in National Rural Youth Services Corps subprogramme in 2016/17 due to renewed emphasis on projects to promote sustainable rural livelihoods. However over outer years of 2016 MTEF period, allocations to this subprogramme projected to decline by 0.2% in 2017 and 17.4% in 2018 due to cost containment measures

Programme 4: Restitution

R'000	Audited Outcome			Adjusted Appropriation	Medium Term Expenditure Framework Estimates			Real Annual Average 2012/13-2015/16	Real Annual Average 2016/17-2018/19
	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19		
Restitution National Office	38 786	160 048	126 909	59 303	217 546	233 467	239 254	9.1%	-1.1%
Restitution Regional Offices	356 416	388 073	610 128	427 356	437 740	490 006	522 577	0.6%	3.0%
Restitution Grants	2 470 532	2 288 581	2 260 900	2 116 010	2 512 922	2 622 562	2 783 371	-10.1%	-0.8%
Total	**2 865 734**	**2 836 702**	**2 997 937**	**2 602 669**	**3 168 208**	**3 346 035**	**3 545 202**	**-8.3%**	**-0.3%**

- Following a significant reduction in overall growth of Restitution Programme in 2015 due to Cabinet approved reductions (as a result of slow spending on land restitution grants), the allocation to this programme recovers in 2016, showing a strong real growth of 14%
- Strong historical (2013/2014) growth in the National and Regional Offices subprogrammes, was due to increased spending aimed at speeding up the restitution process
  - Over the 2016 MTEF period growth in the Restitution Regional Offices subprogramme is prioritised and projected to grow by a real annual average growth of 3% per annum

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PROGRAMME 5: LAND REFORM

R'000	Audited Outcome			Adjusted Appropriation	Medium Term Expenditure Framework Estimates			Real Annual Average 2012/13-2015/16	Real Annual Average 2016/17-2018/19
	2012/13	**2013/14**	**2014/15**	**2015/16**	**2016/17**	**2017/18**	**2018/19**		
Land Reform National Office	128 991	204 499	170 262	166 160	242 678	249 996	260 959	3.0%	-2.2%
Land Reform Provincial Offices	245 983	285 343	385 524	480 497	451 790	486 566	512 967	18.4%	0.5%
Land Reform Grants	634 332	661 744	295 487	524 871	539 426	651 984	689 799	-11.1%	6.6%
KZN Ingonyama Trust Board	18 816	14 500	17 294	18 069	18 788	19 727	20 871	-6.6%	-0.6%
Communal Land Rights Programme	–	–	–	–	–	–	–		
Agricultural Land Holding Account	2 298 335	1 697 119	1 613 529	1 342 027	1 502 117	1 488 011	1 580 116	-20.8%	-3.3%
Office of Valuer-General	–	–	–	5 484	7 000	8 442	8 587		4.4%
Total	**3 326 457**	**2 863 205**	**2 482 096**	**2 537 108**	**2 761 799**	**2 904 726**	**3 073 299**	**-13.5%**	**-0.5%**

- The largest subprogramme in the Land Reform Programme is the Agricultural Land Holding Account,
  - Subprogramme is responsible for buying/holding land until suitable beneficiaries are identified – subprogramme’s budget is used for recapitalisation, development and land acquisition
- Land Reform Grants subprogramme prioritised over the 2016 MTEF period, projected to grow by a real annual average growth rate of 6.6% per annum
- Office of the Valuer-General subprogramme introduced in 2015/16, smallest subprogramme – positive growth projected for the 2016 MTEF period

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PUBLIC ENTITIES

- Agricultural Land Holding Trust
  - Established in 2009 to purchase strategically located land to further land redistribution process
  - Entity receives an annual transfer from DRDLR and is administered wholly by the Department
- Ingonyama Trust Board
  - Manages communal land in KwaZulu-Natal on behalf of communities
  - Receives annual transfer to augment expenditure
- Registration Deeds Trading Account
  - Contribute to land planning, land and property administration
  - Receives annual transfer to augment entity's budget

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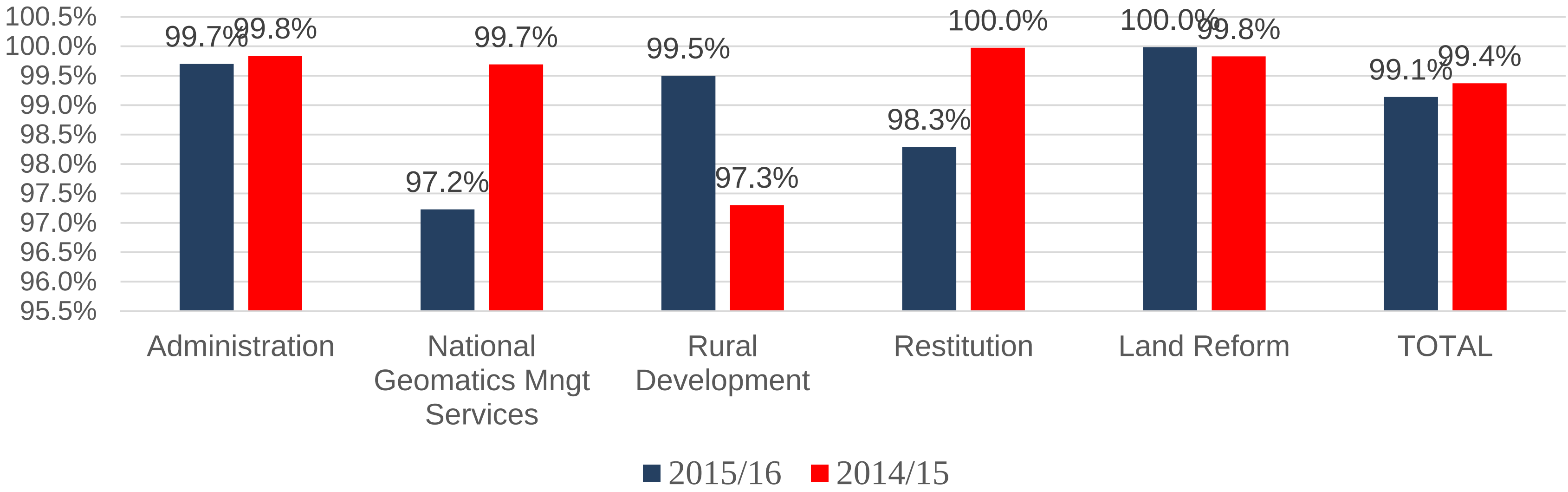
DEPARTMENTAL TRANSFERS TO ENTITIES

R'000	Audited Outcome 2012/13	2013/14	2014/15	Adjusted Appropriation 2015/16	Medium Term Expenditure Framework Estimates 2016/17	2017/18	2018/19	Real Annual Average 2012/13-2015/16	Real Annual Average 2016/17-2018/19
Agricultural Land Holding Account	2 298 335	1 697 119	1 613 529	1 342 027	1 502 117	1 488 011	1 580 116	-20.8%	-3.3%
KwaZulu-Natal Ingonyama Trust Board	18 816	14 500	17 294	18 069	18 788	19 727	20 871	-6.6%	-0.6%
Registration of Deeds Trading Account	11 129	241 741	113 194	15 929	67 639	128 241	135 911	6.7%	33.7%

- Agricultural Land Holding Account is the departments largest entity, projected to receive R4.6 billion over the 2016 MTEF period
- All departmental entities set to experience real annual average declines in allocations over the 2016 MTEF period, except for the Registration of Deeds Trading Account
  - Registration of Deeds Trading Account strongly prioritised by the department, particularly over the 2016 MTEF period (real annual average growth of 33.7% projected)

4. Annual Report Analysis

SPENDING PERFORMANCE



- The department's spending performance have marginally declined from 99.4% in 2014/15 to 99.1% in 2015/16
  – The department provides no explanation of the underspending, which is highest in the National Geomatics Management Services and Restiution
  – However,

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ASPECTS HIGHLIGHTED BY THE AUDITOR-GENERAL, 2015/16

- Audit opinion of department = financially unqualified, with emphasis of matter
- The AG raised the following matters:
  - No daily or monthly internal controls in place leading to material misstatements that were subsequently corrected.
  - Information system weaknesses which is not ideal for credible preparation of financial and performance information.
- The AG also reported that 17 cases were being investigated by the internal audit function as at 31 March 2016 which relate to:
  - Allegations of corruption, fraudulent land claims, mismanagement of valuations and procurement irregularities, among others.
  - The financial impact have not been quantified as investigations were still ongoing.

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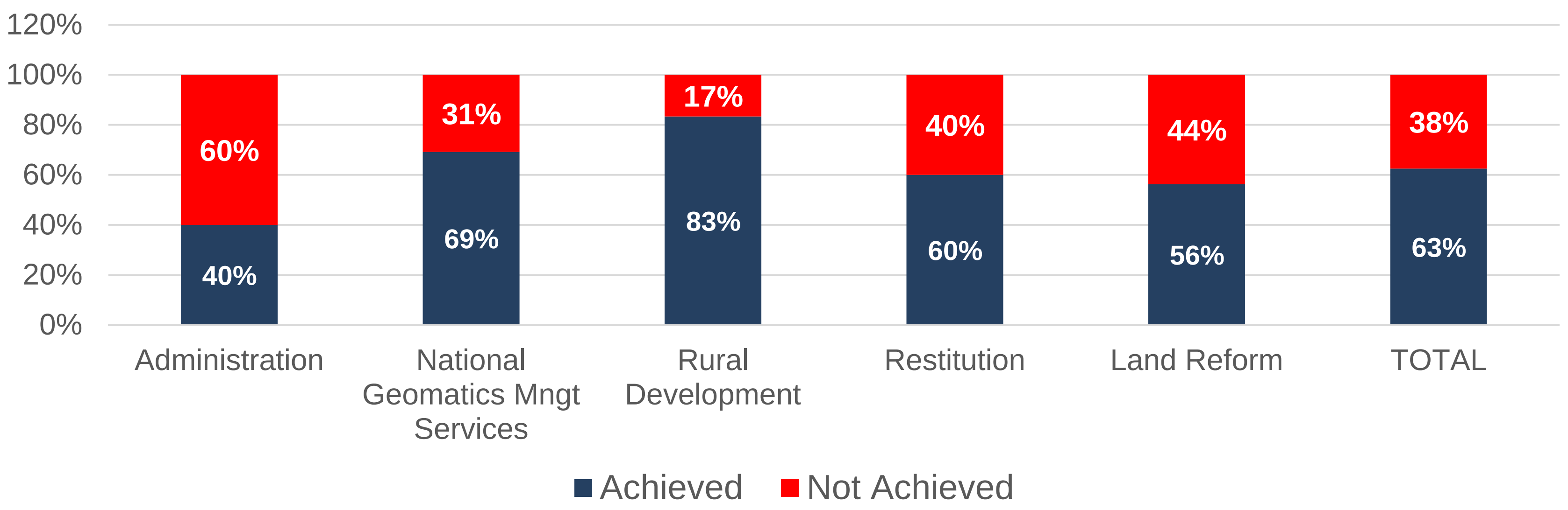
ASSESSMENT OF PERFORMANCE TARGETS (1)



- The department met or exceeded 63% of all its performance targets in 2015/16. In some instances, targets were exceeded, which may explain why the department spent close to 99% of its total budget
- The Auditor-General made no material findings on the performance information concerning the usefulness and reliability

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ASSESSMENT OF PERFORMANCE TARGETS (2)

- The department's performance indicators are well formulated and most indicators meet the SMART principle. However, performance of some indicators concerning.
- Administration
  - Only 40% of disciplinary cases finalised within 90 days (target = 60%). This has financial implications because it translates in lost work days if some of these cases involve staff that are on suspension
  - Only 40% of vacancies filled within 4 months. There are no indicators that aim to address the challenge of filling posts timeously
- National Geomatics Management Services
  - The indicator "Sets of solution modules deployed" was terminated due to an investigation by the Special Investigations Unit (SIU)

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ASSESSMENT OF PERFORMANCE TARGETS (3)

- Rural Development
  - Some of the indicators under this programme could be more specific, especially those that relate to the department's role in facilitating and supporting various outputs
    - E.g. 1: "No. of infrastructure projects facilitated…"
    - E.g. 2: "No. of rural enterprises supported..."
- Restitution
  - The department over-achieved in settling land claims (*target:* 463/*achieved:* 617).
  - However, no information on land claims backlogs are reported. Therefore unable to assess progress in settling land claims backlogs
  - Claims lodged by 1998 to be researched not achieved (*target:* 2660/*achieved:* 2542), largely due to poor research reports submitted by service provider

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Assessment of Performance targets (4)

- Land Reform
  - Only achieved 11% of the total target on allocating hectares to farm dwellers and labour tenants. There is no clear explanation for the under-performance.
  - Only 14% of labour tenants applications were settled. Capacity constraints provided as the reason for the under-performance
  - The department over-achieved by 33% in allocating hectares to smallholder farmers. However, it is unclear whether this allocation is on a lease-only basis or if it also involves a transfer of ownership rights

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TRANSFER PAYMENTS

- Besides public entities, the department also makes transfer payments to NGOs, universities and other agencies
  - Some agencies receiving transfer payments have not spent allocation (E.g. Agricultural Research Council only spent 70% of allocated funds). The department does not provide any reasons for the underspending on individual transfer payments
  - The committee needs to ascertain that agencies underspent for valid reasons and not because funds were transferred late into the financial year

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5. Concluding Remarks (1)

- In 2016/17, the department receives an allocation of R10.1 billion which translates into a real year on year growth of 3.4% - growth is being driven by a prioritisation of the Restitution programme
- Land Reform, Restitution and Rural Development programmes consume the largest share of the department’s budget – by end of 2016 MTEF period, these programmes are projected to consume 78% of the department’s budget
- Concern that policy uncertainty around land reform, especially in light of the Constitutional Court judgement, serves to hinder the growth and stability of the agricultural sector and, more generally, the rural economy
- A multi sectoral policy approach is needed to attain rural development objectives

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5. CONCLUDING REMARKS (2)

- The Committee needs to ascertain from the department:
  - How it will address some of the human resource challenges highlighted in the annual report
  - The extent of the land claims backlog, how long it will take to address backlogs and whether the department is taking any measures to speed –up the process
  - Reasons for the poor performance on indicators servicing land tenants and farm workers and what measures are being taken to address the problem
  - An explanation on the underspending by agencies receiving transfer payments from the department

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FFC's Website: www.ffc.co.za

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Appendix: Rural Development Recommendations from FFC's Submission for the Division of Revenue 2017/18

RECOMMENDATIONS

- Provincial Offices of the Premier in consultation with the provincial departments of education, health, agriculture and roads must identify the rural development needs and set annual delivery targets against which provincial equitable share (PES) allocations will be assessed
- National Treasury in collaboration with the departments of education, health and roads must ensure that criteria for allocating infrastructure conditional grants takes into account spending efficiency, delivery targets and performance as well as the applicable national norms and standards on access to infrastructure
- The department of agriculture and national treasury must review the framework for allocating agriculture conditional grants to reduce the use of non-agriculture land size as an indicator of need and incorporate factors that are closely aligned to the objectives of the grant, in particular promotion of agriculture activity
- The department of Planning Monitoring and Evaluation (DPME) must conduct a comprehensive review of expenditure outcomes associated with infrastructure conditional grants targeted at the rural provinces, to ascertain the extent to which infrastructure backlogs have been reduced and the efficacy of spend

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RECOMMENDATIONS

- Government should develop a comprehensive definition of rural areas and rural development to be applied across the three spheres of government. The Department of Rural Development and Land Reform (DRDLR) and the DPME must convene a task team with other relevant government departments to develop a definition of rural, remote and rural development that is clear and simple to categorise and measure
- Government must deal with disparities within and between regions by harnessing the growth potential of rural areas
- Government must strengthen intergovernmental relations
- The DRDLR together with the DPME convene a task team with other relevant government departments to develop a new rural development research agenda

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RECOMMENDATIONS

- Government enhances agricultural productivity by establishing a framework for the implementation, evaluation and monitoring of key agricultural grants targeted at subsistence and small scale farmers
- The bulk of municipalities where agriculture accounts for a fifth (or more) of total gross value added (GVA) are category B3 and B4. Rather than the relatively blanket approach to allocation, agriculture based grant allocations would need to be weighted to ensure that reflect need and intensity associated with location of agricultural activities
- Beyond existing grant framework:
  - Government needs to address co-ordination and communication between departments and local government institutions tasked with rural development
  - Plans to enhance the economic developmental role of rural municipalities is effected through integrated development plans (IDPs) and planning for infrastructure spend geared towards enhancing potential multiplier effect through effective investment in creating linkages with other sectors such as manufacturing, trade and retail

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RECOMMENDATIONS

- CASP and Recap should be consolidated under one funding programme for post-settlement support to emerging and land reform farmers under DAFF as it has more expertise in the area of agriculture. Currently both funding instruments are servicing the same target audience and funding the same activities. The consolidated fund should provide timeous support to land reform beneficiaries as delays was one of the main reasons for the creation of Recap. The consolidated fund should also be complemented by investigating models of affordable loan funding by development finance institutions (DFIs) so that the funding framework for land reform farmers achieves a greater outreach
- To improve land reform outcomes, coordination between DRDLR and DAFF should be strengthened at both a policy and implementation level
- Implementation gaps in the land reform programme should be addressed through reprioritised funding from existing baselines
- The role of municipalities in supporting land reform beneficiaries should be clarified. This is necessary as the centralising of decision making and responsibility at a national level results in many loop-holes and omissions at lower levels

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RECOMMENDATIONS

- The Economic Development Department (EDD), in collaboration with departments of agriculture, forestry and fisheries, rural development and land reform and public enterprises, designates a single champion for rural finance and development. This champion should guide and coordinate investment by DFIs in rural areas, and encourage crowding-in by the private sector
- The Department of Telecommunications and Postal Services (DTPS) must ensure that South African Post Office (SAPO) modernises and broadens focus towards becoming a one-stop shop in rural areas
- The Department of Public Enterprises ensures that Transnet contributes to regional economic growth and development by connecting business to customers and goods to markets. Transnet should also transport agricultural goods, so as to include rural communities from rural areas where they produced to urban areas where they are consumed, processed, or sent out of the country
- DTPS should put measures in place to improve Telkom's network infrastructure in rural areas, so as to improve cellular network coverage. Telkom and SAPO, under the guidance of the DTPS, should forge a partnership to develop the mobile market

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RECOMMENDATIONS

- Government through the DTI, National Treasury and Departments of Social Development and Public Works should consider narrowing the focus of public employment programmes (PEPs) and utilising the Community Works Programme (CWP), Social and Non Profit Organisation (NPO) sectors of the Expanded Public Works Programme (EPWP) as an explicit strategy for addressing rural poverty
- Given that funding for PEPs is insufficient to cover all unemployed, focus should be based on giving unemployed individuals without access to a grant priority. At present, a significant share of participants are either on a social grant or employed elsewhere. Government should also carefully balance the need to improve the conditions of employment and expanding PEPs
- Department of Public Works and National Treasury should ensure that grant frameworks for EPWP in the Division of Revenue Act include an explicit condition that appropriate training of recipients, especially in skills that promote self-employment opportunities, should be made mandatory
- Funding of job creation initiatives should be viewed in an integrated way, with programmes that absorb unemployed poor individuals given funding priority, especially if these programmes are targeting high unemployment nodes in B3 and B4 municipalities

RECOMMENDATIONS

- With assistance from the National and Provincial Departments of CoGTA, rural municipalities should ensure that property registers and valuation-rolls in rural areas are in place and up-to-date and that rural municipalities are adequately capacitated to collect and administer such a tax
- The National Treasury and CoGTA should note that, by their nature, some municipalities will never be self-funding, and so demarcation processes must go beyond financial viability, to consider issues of democratic representation and community participation, which are equally important and should be funded by the transfer system even in "financially unviable" municipalities. They should also seek to achieve "financial viability" in municipalities by increasing or developing tax bases through economic development rather than amalgamating municipalities

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RECOMMENDATIONS

- The Department of Cooperative Governance:
  - Amends the Municipal Demarcation Act to ensure that the full financial impact of demarcations on a new municipality are assessed before any amalgamations are done
  - Seeks to correct for dysfunctionality through relevant legislative, policy and capacity-building measures rather than through amalgamations
  - Monitors whether mergers have been successful, and the actual costs of the mergers
- The National Treasury continues to consolidate grants (as previously recommended by the Commission) as reviewing grants in isolation gives the impression that some services are underfunded, whereas services may be fully or overfunded when viewing the grants holistically
- The National Treasury ensures that the local government equitable share (LGES) and conditional grants are informed by objectively derived cost estimates, without which the viability of rural municipalities will always be under threat

RECOMMENDATIONS

- National Treasury includes, as part of the principles underlying grants to rural municipalities, more stringent expenditure supervision, in order to minimise wastage and improve efficiency
  - The national and provincial governments should evaluate the effectiveness of existing supervision methods with a view to strengthening them
- The Department of CoGTA:
  - Pronounces on the role that urban district municipalities should play, with a view to introduce a single tier-local government system in urban areas and to strengthen a two-tier local government system in rural areas
  - Reviews the accountability mechanisms of district municipalities in order to make them more accountable to citizens
  - Provides clarity, as a matter of urgency, on the functions and powers of district municipalities In line with the White Paper on Local Government, their powers and functions should encompass district-wide planning, coordination of strategic development and intergovernmental relations policy issues, provision of technical assistance to local municipalities, provision of district-wide services, and provision of bulk water, sanitation, refuse removal, and services to District Management Areas
  - Ensures that the MISA prioritises the capacity building of rural district municipalities in the areas of coordination and planning, so that they can in turn provide quality technical support to local municipalities

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RECOMMENDATIONS

- The current Municipal Disaster Grant is allowed to cater for eviction-related emergencies. The same approach of accessing the portion of the Disaster Grant should be applicable to farm eviction incidences. This approach is aligned with the findings from previous research by the Commission that provinces and municipalities, rather than national government, appear better at ensuring grant funding is spent
- Government strengthens the coordination and implementation of existing programmes targeted at displaced farm workers and dwellers, through
  - - Including farm evictees among the beneficiaries for housing in rural towns, access to land for own production and agri-villages programme
  - - Centralising the reporting of evictions and improve data collection
- The following government departments should be involved in coordinating and implementing programmes: DRDLR, the departments of agriculture, fisheries and forestry, home affairs, human settlements, cooperative governance and traditional affairs, social development, SAPS and municipalities

RECOMMENDATIONS

- Rural municipalities that are Water Services Authorities (WSA) should prioritize delivery of sanitation infrastructure and must be reflected in municipal's Integrated Development Plans (IDPs)
  - SALGA should play an oversight role in ensuring compliance with this recommendation
- With respect to planning and implementing sanitation projects, rural municipalities that are WSAs should explore and prioritise Ecological Sanitation waterless technologies where possible and develop a complete municipal sanitation infrastructure project delivery plan which includes the following (among other things):
  - Technologies to be used for emptying toilet latrine pits, in case of VIPs taking into account community dynamics

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RECOMMENDATIONS

- Scheduled periodical maintenance of sanitation infrastructure
- Full costs of maintenance and sources of funding

- SALGA and DWS at national and provincial levels should play a monitoring role in the implementation of this recommendation
- The National Treasury and DWS should undertake a comprehensive evaluation on the impact of the sanitation grants on rural municipalities before the grant is discontinued to a municipality
- District and rural municipalities that are WSAs must submit compliant business plans timeously to DWA
  - If they fail, executives should be hold accountable. In cases where WSAs lack capacity, DWS both at the national and provincial levels should intervene and provide capacity

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