

2002/03 Land Reform and Agriculture Budget Review

“How to get there from here”

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Contents

Abbreviations	2
Acknowledgements	2
Executive Summary	3
1. Introduction	5
1.1 Methodology	5
2. Background: National and Provincial Land Affairs and Agriculture	6
3. Land Redistribution	7
3.1 PLROs' Expenditure Trends	8
3.2 The "Land Reform" Programme	11
4. Agricultural and Support Services	14
4.1 National Department of Agriculture	14
4.2 Farmer Support and Development	16
4.3 Provincial Departments of Agriculture	18
4.4 Case Study: Western Cape Department of Agriculture	21
5. Conclusion	22

Abbreviations

CBOs	Community-Based Organisations
DoA	Department of Agriculture
DLA	Department of Land Affairs
GDP Deflators	Gross Domestic Product Deflators
LRAD	Land Redistribution for Agricultural Development
MTFP	Medium Term Framework Period
NGOs	Non-Governmental Organisations
RDP	Reconstruction and Development Programme

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2) Cartoon on front cover with permission from Tony Grogan.

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Executive Summary

The purpose of this paper is to analyse whether the budget allocations for land reform and agricultural support services are consistent with the government's objectives of land redistribution. The paper analyses the budget of the Department of Land Affairs (DLA), and the national and provincial Departments of Agriculture (DoA). While the restitution programme forms a critical component of the DLA's budget, emphasis is placed on the "land reform programme" of the department.¹

The analysis highlights the following:

The total budget for the Department of Land Affairs does not increase in real terms² over the medium term framework period. While the budgeted allocations for the restitution programme increase by 30% in real terms, the "land reform programme" budget decreases by 25%³.

Within the "land reform programme" itself, land reform grants decrease by 44% in real terms over the medium term. The significant decrease in land reform grants does not support government's objective to redistribute 30% of commercial agricultural land over a 15-year period.

Under spending is an impediment to effective and efficient land delivery, and it also results in the continued low budget allocations to the DLA. The analysis shows that after a number of years of severe under spending, the DLA only under spent its budget by 4% in the 2001-2002 financial year. The question is raised about what this increase in expenditure actually means. Firstly, R61m (6.25% of the total budget) is given to Khula Land Reform Facility as a contribution to its revolving credit facility and thus does not represent an increase in performance over the previous year. Secondly, the question is raised whether the increase in expenditure reflects an increase in performance by the Department or the funding of a flood of already accepted land reform projects stalled as a result of a policy void between July 1999 and August 2001. If staff performance has improved, then a severe bottleneck is predicted with the low allocations for land acquisitions.

Post land-settlement support services are critical if government wishes to achieve land delivery that is geared towards the alleviation of poverty and engendering sustainable local economic development. It is the Department of Agriculture at both the national and, particularly, the provincial level that is to provide this support. This study shows that the National Department of Agriculture (DoA) allocates only 4.4% of its total budget to farmer settlement and support, which is meant to assist the Land Redistribution for Agricultural Development (LRAD) Programme. It shows further that some provincial departments have very few staff with which to provide extension support to farmers while others appear to be suffering from bloated bureaucracies consuming much needed resources.

¹ For an in depth analysis of restitution, see *The 2002 Land Affairs Budget: Is land reform on track?* Budget brief no. 8 Feb 2002, Chris Mingo, IDASA: Budget Information Service.

² "Real" figures are those that take account of inflation projections, whereas "nominal" figures do not.

³ This departmental programme includes the redistribution and tenure reform programme

While the total budget allocated to the provincial departments of agriculture is substantial – in the order of R3bn – less than R25m appears to be available as transfers (grants and other support) to all farmers for infrastructure and other production resources. The lack of such support is likely to result in many failures as the new farmers are saddled with debt and lack of support from before they take possession of the land.

The Department of Agriculture's performance in terms of LRAD depends on the land acquisitions facilitated by the Department of Land Affairs. Currently there is little integration and alignment of budgets and programme objectives either nationally or provincially. This is crucial for the implementation of a sustainable land reform programme.

The national DLA and DoA, provincial land reform offices and provincial DoAs do not state their target outputs in detailed and uniform terms. This has two consequences: a) it is difficult to understand the relationship between DLA and DoA objectives and outputs; and b) it is very difficult to collate information, analyse it, and make provincial comparisons. It is necessary to develop standard formats if government wishes to enhance efficient and integrated planning, transparency, and accountability.

1. Introduction

Land and agrarian reform are critical components in redressing the injustices of the past and alleviating rural poverty. The land ownership and control patterns remain skewed in favour of those who were the beneficiaries of apartheid and colonial conquest. The land redistribution programme of government has not been successful in changing ownership patterns: the total amount of land redistributed between 1995 and 1999 constitutes less than 1% of the total farmland in the country.⁴

In order to address the land question in South Africa, a sound policy framework and the accompanying budgetary allocations to achieve the desired outcome are required. At the same time, a human resource commitment to implement a sound and efficacious land and agrarian reform programme that could fast-track land delivery and address poverty in the countryside is also required.

The Departments of Agriculture and Land Affairs have set themselves delivery targets, which are contained both in the White Paper on Land Policy and their 2001–2002 strategic plans.⁵ In this regard it becomes important for both government and land reform practitioners to examine to what extent the budgetary allocations for land reform are congruent with the objectives.

This paper seeks to analyse:

- What the budget allocations are for land reform and agricultural support as a whole in South Africa – nationally and provincially;
- Whether the budget allocations for land reform and agricultural support are consistent with the government's objectives of land reform; and,
- What implications the current budgets have for land reform in the near future.

1.1 Methodology

The paper analyses data from the Estimates of National Expenditure 2002 (DLA and DoA) and the budgets of the provincial departments of agriculture. Data from the DLA annual reports for 2000/2001 and 2001/2002 were also used. While the different departments have different line items within their budgets, focus is given to those that directly deal with redistribution, tenure reform and support services.

The budgets of the national Departments of Land Affairs and Agriculture and the provincial departments of agriculture are analysed using the following guide questions:

- What amount is actually spent on redistribution of land and the accompanying support services and how has this changed in the recent past?

⁴ National Budget Books, 2002/2003, Fair Share, pg 11.

⁵ For a critical analysis of the DLA strategic plan, see Faith Lawrence & David Mayson (2002), "Can the DLA achieve the targets set in its 2001 – 2002 Strategic Plan?"

- ❑ What are the key target areas as outlined by the different departments?
- ❑ Is there an increase in personnel and transfer allocations over the medium term framework in line with the stated targets?

Analysis of Provincial Land Reform Office (PLRO) expenditure trends were constrained due to insufficient data contained within the annual reports of the DLA (2000/2001 and 2001/2002). Thus the expenditure patterns of only five provinces were available to make an analysis of their performance and expenditure. Moreover only seven of the provincial budgets of agriculture were accessed. This was due to reluctance by officials to supply the budgets in time to be used in this analysis.

2. Background: National and Provincial Land Affairs and Agriculture

The DLA develops, implements, coordinates, and facilitates land reform programmes and projects. Currently the department has three points of service delivery, namely the National office, Provincial Land Reform Offices, and District Offices. The recent introduction of the District Office has been to decentralize support services and land delivery mechanisms and is meant to provide an efficient one-stop support services for most administrative functions. The national office provides management, administrative, and support services to provincial offices. The DLA provincial offices provide management, administrative and support services for implementing land reform programmes and projects.

Post-apartheid saw the introduction of nine provinces, each with its own department of agriculture. The DoA is the central department that presides over issues of national policy and interest. While the DoA is the central agency, provincial departments of agriculture determine their own objectives, considering national objectives, and are funded through the provincial governments rather than the DoA.

In terms of LRAD⁶, the DLA provides funding for the acquisition of land through their decentralised provincial offices, while the provincial agriculture departments provide both the support services prior to acquiring the land and providing post-settlement back-up. In this context the performance of the provincial department of agriculture and the DLA are completely interdependent.

The provincial departments of agriculture are the key implementers of LRAD on behalf of the national department, although they are independent concerning funding of their programmes and setting targets. This provides a complicated arrangement where the provincial departments of agriculture are responsible for support services for the LRAD programme but they generally do not receive any funding for this from the national office.⁷

⁶ The new land reform programme brought into operation in August 2001

⁷ The national Department of Agriculture is seeking to set up provincial offices for the Farmer Settlement and Development Programme which is aimed more directly at supporting LRAD initiatives. However at this juncture it does not have the required funding for this process of decentralisation.

The Provincial Land Reform Offices therefore fall directly under the national DLA, whereas the provincial Departments of Agriculture fall under the provincial government. It is important to understand this distinction, as it has important implications for the (lack of) co-ordination and alignment of budgets.

3. Land Redistribution

The Department of Land Affairs' redistribution programme is composed of key sub-programmes, which include the Settlement Land Acquisition Grant (SLAG), commonage programme, and the LRAD (which includes share-equity schemes). The core function of the main LRAD programme is the transfer of agricultural land to black groups or individuals in order to assist in the development of a black commercial agriculture class. In this regard, the LRAD programme should assist in achieving the collective objective of the redistribution programme, the transfer of *30% of agricultural land over a 15-year period*.

It becomes important therefore to examine whether the budget allocated to the Department is consistent with its policy objectives. The DLA was allocated a total of R964.2m for 2002/2003⁸. Spending on the "land reform" programme (redistribution and tenure reform) will consume 41%; while restitution will consume 35.6% of the total amount allocated for 2002/2003. Thus restitution and "land reform" are the core programmes of this department (comprising 76.6% of the total budget).

Table 1 indicates that the total DLA budget does not increase in real terms over the medium term (it actually decreases in real terms by 0.1%). While the allocations for restitution grow by 30% in real terms, the budget for "land reform" *declines* by 25% over the medium term. In real terms, there is thus a significant *decrease* for the redistribution and tenure reform programme over the next three years.

⁸ This comprises 0.3% of the total budget indicating the lack of importance that government still places on land reform.

Table 1

DLA Programme Expenditure estimates (2001–2005)							
R'000	2001/2002	2002/2003	2003/2004	2004/2005	Program as % of total 2002/2003	Nominal Growth rate over period	Real⁹ growth rate over period
Administration	126,468	113,906	156,040	160,971	12.6%	24%	6%
Surveys & Mapping	51,076	54,574	70,039	74,530	6.0%	46%	24%
Cadastral Surveys	71,461	75,977	82,278	85,829	8.4%	20%	2%
Restitution	255,342	322,607	354,206	389,759	35.6%	53%	30%
Land Reform	448,772	371,165	367,271	394,839	41.0%	-12%	-25%
Spatial Planning & Information	8,528	13,408	14,329	15,485	1.4%	82%	55%
Auxiliary & Associated services	8,021	12,570	18,027	19,122	1.4%	138%	103%
Total	972,688	964,207	1,059,190	1,140,535	100	17%	-0.1%

Source: 2002 Estimates of National Expenditure, pg 674.

3.1 PLRO's Expenditure Trends

As the decentralized Provincial Land Reform Offices (PLRO) are responsible for land transfers, it is important to assess their rate of expenditure.

Under spending in 2000/2001

The data from the 2000/2001 and 2001/2002 annual reports of DLA did not allow for a comprehensive analysis of the spending patterns of the nine provinces. This was mostly due to a lack of clear data and no standard reporting format. Although Table 2 only provides data for five provinces, it does highlight trends within the spending patterns of the five provinces for the year 2000/2001. It also provides an indication of the rate at which provinces were reaching the objectives and the amount of time necessary to meet delivery targets. Table 2 below gives an indication of the expenditure trends for KwaZulu-Natal; Mpumalanga; North

⁹ The study used GDP deflators based on the GDP inflation projections provided in the Budget Review 2002, Table 2.5, Pg 44. Thus real values are obtained by deflating nominal values by the price index.

West; Western Cape and Free State PLROs (2000/2001). Under spending at a provincial level has a direct influence on the rate of under-spending for the DLA nationally.

Table 2

Provincial Land Reform Office Expenditure 2000 - 2001						
Provincial Land Reform Office	Budget Allocated 2000/2001	Actual Amount Spent	Rate of Under-spending	No. Of Beneficiaries	No. Of hectares	Average Amount Spent per beneficiary
Kwazulu Natal	47,000,000	18,100,000	62%	1411	15325	6,365
Mpumalanga	30,000,000	27,212,055	9%	1396	9828	19,492
North West	25,000,000	19,000,000	24%	2643	10037	13,610
Western Cape	27,000,000	21,177,036	22%	643	—	16,609
Free State	3,000,000	2,900,000	3%	—	—	—
Total	132,000,000	76,374,095	42%	6093	35190	12,534

Source: DLA Annual Report 2000 – 2001, pg 135 –147

Table 2 highlights that 42% of the allocated budgets for the five provinces was not spent, with only R 76.3 million of the allocated budget of R132 million being spent.

The most common reasons for under spending during this period indicated by PLROs include:

- The moratorium by the Minister
- Staff capacity in the PLROs
- Poor programme and project management on the part of the district offices
- Lack of systems and procedures nationally and provincially
- Bureaucratic delays in the approval process
- Lack of criteria in prioritising projects
- Poor implementation of decentralization.

The moratorium on the implementation of projects by the newly appointed Minister of Agriculture and Land Affairs was introduced in July 1999 in order to review various land reform policies and introduce a new policy framework that was supposed to speed up delivery. It was only in August 2001 that a key policy document describing the LRAD programme, now the key component of the redistribution programme, was introduced.

Similarly, decentralization by the department was introduced to ensure an effective and efficient delivery mechanism that would fast-track land reform projects. This required that provinces set up district offices with the accompanying administrative and implementation procedures.

The DLA expected that with the refinement of the policies (in particular the LRAD programme) and the administrative systems, actual expenditure of the allocated budget over the medium term would reflect a

marked increase. A direct relationship is drawn between the consolidation of systems and procedures and the increase in PLRO expenditure of the allocated budget (see DLA annual report 2000/2001).

Increased spending in 2001/2002 – what does it mean?

The 2001/2002 Annual Report reflects this increase. During the 2000/2001 year, the Department under spent its overall budget by 17%¹⁰ and, in the same year, the “Land Reform” programme (the expenditure by the Provincial Land Reform offices) only spent 71% of its allocated budget¹¹. As Table 3 shows, during the 2001/2002 year, however, the overall under spending had been reduced to 6% of the budget and the “Land Reform” programme had been under spent by only 2.7% - a substantially better picture than any year since 1998!

This better picture however raises more questions than it answers. There are two factors to consider in this regard: 1) the contribution to Khula Land Reform Facility detailed in Table 5 below; and 2) whether the increase in expenditure actually reflects an increase in performance of staff in the provincial offices.

Table 3

Expenditure Results for 2001/2002						
Programme	Expenditure 2001/2002 R'000	Budget 2001/2002	% Of Budget	% Under- Expenditure	Amount Voted 2000/2001	Expenditure 2000/2001
1. Administration	112, 281	128,068	88%	11,14%	138,388	126,266
2. Surveys & Map	47,643	52,076	91%	8,52%	46,980	42,805
3. Cadastral Surveys	68,841	70,761	97%	2,71%	66,149	64,529
4. Restitution	290,983	309,242	94%	6,45%	265,331	268,248
5. Land Reform	443, 625	455,772	97%	2,68%	394,270	249,493
6. Spatial Planning	6,035	9,028	67%	33,14%	50,884	12,336
7. Auxiliary & Ass. Services	6,833	14,724	46%	53,60%	3,653	3,618
Total	976,241	1,039, 671	94%	6,51%	920,655	768, 200

The Khula Land Reform Facility provides guarantees to banks and other financial institutions that offer loans for buying farms for farming¹². During 2001, the DLA contributed R61m (6.25% of its total budget) to this fund as a contribution to the revolving fund. This was the first year that DLA made such a contribution and therefore this R61m does not represent increased delivery of land reform projects in relation to the previous year. The expenditure of the DLA in its “Land Reform” programme therefore appears to be R61m less – R383,625 000. For the Department as a whole therefore it only spent 88% of its funds (rather than 94%)

¹⁰ DLA Annual Report 2001/2002, 89.

¹¹ Reported in DLA Annual Report, 2001/2002, 111. In the figures presented in the Table 3 above, the Department only spent 63% of its “Land Reform” budget.

¹² DLA budget in Estimates of National Expenditure, 682.

while in its “Land Reform” programme it only spent 84% of its funds and not 97% as reflected in Table 3 above.

While the expenditure is not as great as it initially appears, it is an improvement on expenditure in 2000 which was only 63% of the allocated budget for “Land Reform”. It is important therefore to attempt to understand this increase in expenditure – is it a result of increased performance by the provincial offices? The 2001/2002 Annual Report does not give the detailed breakdown of each provincial office’s spending record for the year and thus it cannot be shown how the different PLROs have fared with this increased spending. It is understood, however, that spending is not uniform across the provinces – the Western Cape, for example spent twice its budget allocation during the year meaning that other provinces had under spent¹³. If the Department is to improve its record even more, it is going to have to address the various factors that continue to constrain delivery in those under spending provinces.

It is not clear however, what this increase in expenditure means. Does it show that the delivery systems in the provincial offices are clarified and the country can look forward to a period of intensive transfer of land? Or, on the other hand, does it illustrate a backlog that is being cleared? It is well known that, with the moratorium referred to earlier, there was a queue of land reform applications that had been agreed to by the various provincial bodies, but could not proceed as there was no policy within which to pass them. When the LRAD policy came into operation in August 2001, therefore, the queue of projects, developed over the previous 24 months, could suddenly be processed – thus reflecting a substantial increase in spending for the year. It will therefore be important to monitor the expenditure during the current financial year and beyond to assess whether the capacity and policy constraints within the Department have been overcome.

3.2 The “Land Reform” Programme

The “Land Reform” programme includes the redistribution and tenure reform components within which the LRAD programme has become most important for the Department.

Key delivery targets of the Programme include:

- ❑ 193,295 hectares equalling 138 farms delivered by April 2003
- ❑ 1% of confirmed land occupiers by the end of 2002/2003 obtain legal tenure¹⁴

The Department’s revised overarching target for the land reform programme as a whole is to redistribute 30% of agricultural land over 15 years¹⁵. The total area of agricultural land in South Africa comprises approximately 82.6 million ha, and 30% of this total would be in the order of 25 million ha. In order to achieve the target of 25m ha it would mean that on average approximately 1.67 million ha would have to be transferred per annum.¹⁶ Little progress towards this target has been achieved as shown in the Table 4

¹³ Correspondence with the Western Cape PLRO.

¹⁴ 2002 Estimates of National Expenditure, pg 684. It should be noted it is not clear what the 1% refers to in real terms.

¹⁵ This is revised, as the initial target was to redistribute 30% in 5 years.

¹⁶ Mayson 2001, 1. “Brief comment on an alternative Land Reform Budget for the People’s Budget Campaign”, SPP.

below. While the delivery target of 193,295ha for 2002/2003 may be realistic in terms of past performance, therefore, these targets fall far below the required 1.67 million ha per annum if they are to meet their 15-year target.

Table 4

Total No. Of Projects, No. Of Households Settled And The Annual Expenditure Redistribution Programme 1994 - 2001					
Year	No. Of Projects	Households	Total Hectares	Redistribution Budget	Actual Expenditure
1994/95	3	394	4984	0	3 980 000
1995/96	16	3 223	23200	0	29 529 270
1996/97	41	4 809	91319	32 200 000	60 992 928
1997/98	140	22 354	148161	112 962 056	129 637 382
1998/99	121	25 674	196734	368 865 000	233 376 757
1999/00	120	17 538	181668	317 688 000	264 474 985
2000/01	72	12 946	86828	317 688 000	232 151 852
Total	513	86 938	732 894	R 1 12 2 126 056	R 959 143 174

Source: Sibanda 2002 pg. 7

Table 5 and Figure 1 below show a significant *decline* in the total budget for the “land reform” programme for 2002/2003, from R505.7million for 2001/2002 to R371.1million for 2002/2003 – a decrease of 27% over the period. If the R61m contribution to Khula Land Reform Facility is excluded for comparative purposes then the decrease in the “land reform” programme is from an effective R444.7m to R371.1m - only 16%. This decrease is so even though most of the systems and administrative procedures have been put in place with regard to LRAD.

Table 5

Land Reform Programme 2001 – 2005							
R'000 Nominal	2001/2002	2002/2003	2003/2004	2004/2005	Change from 2001/02 (real) 2002/2003	Nominal Growth rate over period	Real Growth rate over period
National Office	38,416	44,157	48,506	50,984	8%	33%	13%
Provincial Office	73,162	73,742	104,660	111,571	-5%	52%	30%
Land Reform Grants	332,431	251,463	209,247	230,314	-29%	-33%	-44%
Kwazulu/Natal Ingonyama Trust Board	1,762	1,802	1,857	1,969	-4%	12%	-5%
Khula land reform credit facility	60,001	1	1	1	-100%	-	-
Total	505,772	371,165	364,271	394,839	-27%	-22%	-34%

Source: Estimates of National Expenditure 2002, pg 683.

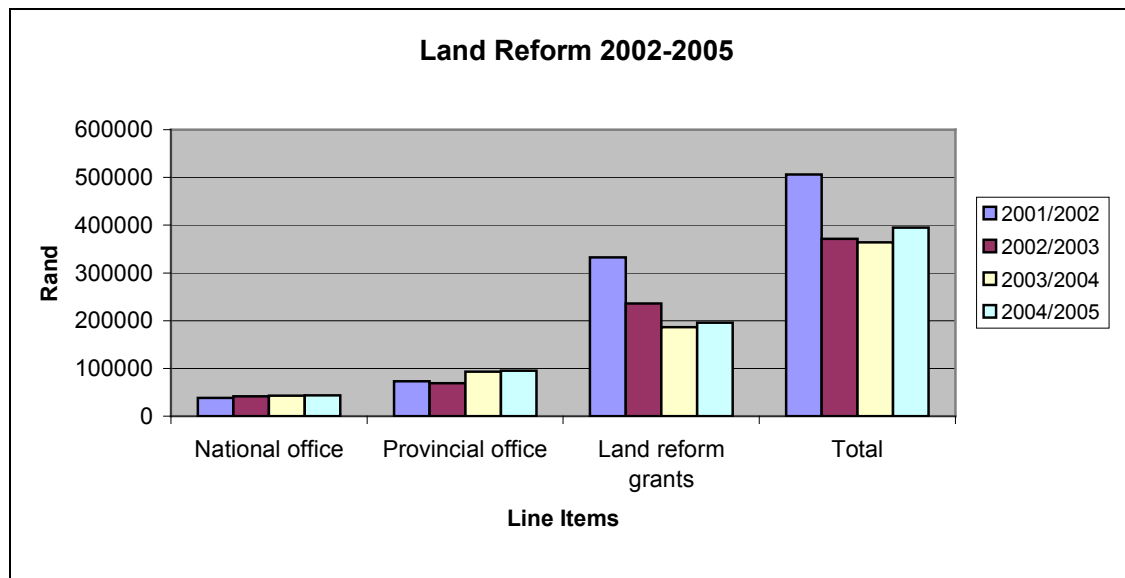
Furthermore, there is an alarming downward trend from 2002 to 2005 of funds for land reform grants - a decline of 44% in real terms! This is the line item that makes grants available for project and programme planning, land acquisition, securing and registering tenure rights, and compensation payments in the resolution of conflicting tenure rights.¹⁷ There is thus a direct relationship between this budget line item and the amount of land or hectares transferred.

If the increased expenditure of the 2001/2002 financial year is indicative of increased efficiency in the provincial offices, the allocation of funds for land reform grants is going to place a bottleneck on the delivery of land – already the allocated amount for the 2002/2003 year (R251m) is substantially less than the expenditure for 2001/2002 (R341m¹⁸). A reduction in the numbers of hectares transferred can therefore be expected, regardless of the efficiency of staff.

With regard to staffing, over the three-year period there is a 30% increase in the allocations to the provincial offices. This increase demonstrates a prioritisation of delivery in the Department - the decentralization of support and information technology services to the provincial offices takes up much of this allocation and it is these services which are essential to speed up land reform.

During the current financial year, however, there is a 5% reduction in the budget allocated to staffing. With LRAD now in operation (albeit with continuing hitches), it is expected that DLA staff at the provincial level will need to deal with an increased demand for land. This reduction in funds allocated to the provincial offices during this financial year means that the already overstretched provincial office staff will become even more so, given the backlog of projects that currently exists.

Figure 1: Land reform programme budget 2001-2005



¹⁷ 2002 Estimates of National Expenditure, Programme 5: Land reform, pg 682

¹⁸ DLA Annual Report, 2001/2002, 102.

The current low allocation of funds to the Department of Land Affairs is the result of consistent under spending that has occurred in the Department. From a public finance point of view, it is inefficient to allocate the full amount of a department's budget request if there is a high likelihood that a significant portion of the budget will not be spent. Within the allocated budget, however, there seems to be an inconsistency over the MTEP in that an increased allocation of funds is made to the provincial offices while the funds for the acquisition of land decreases. It is unclear therefore what the increasing numbers of staff at the provincial offices are going to be doing.

The targets set by the Department for LRAD and the other programmes are magnanimous, but with the constraints the department faces, in terms of budget allocations and staff numbers and performance, it remains highly unlikely that there would be an increase in delivery over the next four years. Not only are DLA's medium-term targets not in line with its overall 30% redistribution target, the actual targets set for the medium-term seem unrealistic. If the apparent increase in performance of staff is real, a substantial reallocation of funds to land reform grants will need to happen if the Department is to meet its current targets and avoid the inevitable bottleneck that looms.

Sipho Sibanda (2002), a DLA senior official, writes that "[t]he budget constraint is ... a critical variable for success of the land redistribution programme in South Africa. As long as the DLA operates on the basis of the current land redistribution programme budget, delivery on scale in order to reach the stated targets will remain an illusive goal"¹⁹. He says that if the DLA wants to deliver on scale (assuming the staff are able to do so) it would require a substantial increase of its "land reform" budget - "between R800 000 to R1 billion a year if the targets set are to be realized".

4. Agricultural and Support Services

4.1 National Department of Agriculture

This section analyses the budget of the National Department of Agriculture over the medium term framework period. Integration and coordination between the national and provincial Departments of Agriculture and Department of Land Affairs is necessary if government is to implement an integrated and sustainable land reform programme. A brief case study of the Western Cape will be presented to examine this supposition.

It is important to reiterate that the services provided by the national Department are related to broader support services such as overarching research and development, disaster relief and policy development and the budget allocations reflect this.

Table 6 provides the breakdown of the total budget of the DoA over the medium term. The total budget for DoA for 2002/2003 amounts to R916.7 million.

¹⁹ Sipho Sibanda, 2002, The Land Reform Successes in South Africa: Success and Problems. Department of Land Affairs. Keynote speech delivered at the UIF conference – Land and Freedom Project.

The budget for agriculture shows a decline of 11% over the medium term expenditure period. The main items in the budget include administration, agricultural risk management, sustainable resource management and the national agricultural regulatory services.

While there are other programmes (such as agricultural risk management) that the Department draws on to provide support to land reform beneficiaries, the Farmer Support and Development programme is the only programme that applies directly to land reform beneficiaries. This programme comprises a mere 4.4% of the total budget for 2002/2003.

Table 6

Agriculture Budget 2001 –2005							
R'000 Nominal	2001/2002	2002/2003	2003/2004	2004/2005	Program as % of total 2002/2003	Nominal growth rate over period	Real growth rate over period
Administration	121,439	126,815	132,413	142,000	13.8%	17%	0%
Farmer support & development	30,754	40,421	46,242	38,945	4.4%	27%	8%
Agricultural risk management	85,926	86,429	89,095	4,338	9.4%	-	-
Agricultural trade & business development	18,165	24,750	34,378	36,373	2.7%	100%	71%
Agricultural research & economic analysis	16,013	19,571	30,310	33,362	2.1%	108%	77%
Agricultural production	-	1,669	1,728	1,818	0.18%	9%	-1%
Sustainable resource management	394,920	394,966	424,168	410,078	43.1%	4%	-12%
National agricultural regulatory services	158,249	140,023	161,806	171,917	15.3%	9%	-7%
Agricultural communication, planning & evaluation	73,896	82,075	90,655	97,301	8.9%	32%	12%
Total	899,362	916,719	1,010,795	936,132		4%	-11%

Source: 2002 Estimates of Expenditure, pg 555

4.2 Farmer Support and Development

Key outputs and targets of the farmer support and development programme²⁰ include:

- ❑ Farmer settlement: 100 farmers per province per year over the medium term
- ❑ Financial services & cooperatives: the increase in the number of farmers; register 30 new rural agricultural coops & support packages for previously disadvantaged farmers.

A crucial delivery target is the settlement of 900 farmers per year over the medium term framework. It is unclear whether there has been any collaboration, and therefore synergy, between this delivery target set by the Department of Agriculture and the target of 138 farms of the DLA discussed earlier. The DoA's Farmer Support and Development programme does not just include LRAD, but tenure reform, commonage and restitution beneficiaries as well. Unfortunately, DoA does not provide a breakdown of the types of beneficiaries in the target of 100 farmers per province, so a direct comparison between the DLA and DoA LRAD targets is not possible.

There are further difficulties with the DoA targets. The fact that there is a uniform goal of 100 farmers per province indicates that careful analysis and planning has not been carried out, as the number of farmers in each province will vary significantly according to local capacity and circumstances. It is difficult therefore to analyse the degree of synergy between the DLA and DoA targets, and to measure the extent to which targets are being met.

Table 7

Farmer Support & Development 2001 – 2005 - R'000						
	2001/2002	2002/2003	2003/2004	2004/2005	Nominal growth rate	Real growth rate
Management	802	856	890	938	17%	0%
Farmer Settlement	6,913	12,325	16,968	18,479	167%	128%
Financial Services & Cooperatives	6,847	8,998	12,601	9,765	42%	21%
Food Security & Rural Development	16,192	18,233	15,783	9,763	-40%	-49%
Total	R30,754	R 40,412.00	R 46,242.00	R 38,945.00	27%	8%

Source: 2002 Estimates of Expenditure, pg 558

²⁰ It is not clear, even in the Department, what role the national Department plays with regard to these targets during the current year as it does not formally engage directly in implementation of projects. It is expected that a new programme of making such funds available will be introduced in the current or next financial year.

A total of R54.6 million is committed to the Farmer Settlement sub-programme over the medium term (2001–2005)²¹. Farmer Settlement shows an increase of 128% over the medium term but it comes off a low base of R6.9 million (increasing to R18.4 million). It is unclear how the national department will be engaging in farmer settlement support – through extension or through direct grants to farmers - it is therefore questionable whether the farmer settlement programme will meet its stated objectives.

In terms of additional support to farmers, R65 million of the total national department's budget has been allocated for training for 2002/03 year but nothing is allocated for 2003/04 or 2004/05.²² This means that, for the remainder of the medium term, no funds will be allocated to training directed at emerging farmers which is short sighted in the light of the anticipated increasing numbers of small-scale farmers through LRAD.

The only other programme that has transfers that directly benefit land reform beneficiaries is the Sustainable Resources Management programme. The sub-programme of "water use and irrigation development" provides borehole and irrigation infrastructure to historically disadvantaged communities. While the amounts allocated to the Sustainable Resources programme are significant, only about 14% of the programme budget is allocated to the sub-programme specifically aimed at those previously excluded from commercial farming.

It is important to note that 70% of the Sustainable Resource Management funds go to the Agricultural Research Council (ARC) (30% of the total national department's budget) which provides research and development to the various divisions of agriculture. It is unclear how much of the ARC activities are aimed at supporting the development of small-scale farmers and the activities they are involved in.

Table 8

Sustainable Resources Management & Use 2001-2005 - R'000				
	2001/2002	2002/2003	2003/2004	2004/2005
Management	790	832	903	958
Water Use & Irrigation Dev't	52,191	52,972	56,047	59,170
Research and Dev't	-	744	928	981
Land Use and Soil Mgmt	70,693	65,366	82,150	45,021
Agricultural Research Council	271,246	275,052	284,140	303,948
Total expenditure of program	R 394,920	R 394,966	R 424,168	R 410,078

Source: 2002 Estimates of National Expenditure, pg 566.

²¹ It is assumed by this analysis that farmer support and development is aimed at black emerging farmers.

²² 2002 Estimates of National Expenditure, pg 579.

4.3 Provincial Departments of Agriculture

It is at this level of the departments of agriculture that direct assistance to land reform beneficiaries and small-scale farmers takes place. Most of the provincial departments of agriculture have incorporated land reform, and in particular LRAD, as part of their programme for the period under review. In this regard, it is pivotal to analyse the provincial budgets to determine how much human and capital resources are dedicated to agricultural support services that complement land reform. It is important to note that because provinces do not have a uniform budget and programme structure, it is difficult to cluster the financial information to obtain a clear national picture of the budget allocations across provinces.

Before proceeding to those programmes that directly deal with support to land reform beneficiaries and small-scale farmers, it is informative to know the total budgets allocated to the different provincial departments of agriculture. Table 9 shows that the total budgets of the nine provinces are in the order of R3bn²³ – a substantial amount of money.

Table 9

Total Budgets Of Provincial Agriculture Departments - R'000						
Provincial Departments	2001/2002	2002/2003	2003/2004	2004/2005	Nominal growth rate over period	Real growth rate over the period
Eastern Cape	567,667	518,996	525,926	574,063	1.13%	-13.57%
KwaZulu Natal	709,548	709,928	750,330	797,989	12.46%	-3.88%
Gauteng ²⁴	149,616	227,536	176,477	196,812	31.54%	12.43%
Northern Province	581,453	707,438	598,004	746,593	28.40%	9.74%
Western Cape	100,950	108,322	121,902	134,165	32.90%	13.59%
Northern Cape	52,786	67,537	76,454	80,493	52.49%	30.33%
Free State	131,395	155,350	165,050	173,100	31.74%	12.60%
North West						
Mpumalanga						
Total	R 2,293,415	R 2,495,107	R 2,414,143	R 2,703,215	17.87%	0.74%

Source: Provincial Budgets of Agriculture 2002/2003

²³ If North West and Mpumalanga are included. The data for those provinces was not available in time for this research.

²⁴ It is important to note that this budget includes a substantial amount allocated to Conservation and Environment – constituting about 50% of the total.

While this is so, the question is raised as to how much of this budget is allocated to supporting land reform beneficiaries and small-scale farmers in the form of both extension support and in terms of transfers - funds for infrastructure, production needs and so forth? Table 10 highlights the budgets allocated by the various departments to support activities for small-scale farmers and land reform beneficiaries. Since there is no standard for budgets and sub-programmes across the nine provinces, the programmes that deal directly with support services and implementation of LRAD were selected.

On average there is considerable growth in allocation to Agricultural Support Services over the medium term for the seven provinces, with a real growth of 12% for the total of the provinces included. The budget for KwaZulu-Natal is the only one that indicates a decline and this is of 11% in real terms over the period. The budgets for the Eastern Cape, KwaZulu and Limpopo are considerably higher than the other four provinces.

Table 10

Agricultural Support Services & Farmer Settlement						
Provincial Departments of Agriculture	R'000 2001/2002	R'000 2002/2003	R'000 2003/2004	R'000 2004/2005	Nominal growth rate over period	Real growth rate over period
Western Cape	100,950	108,322	121,902	134,165	33%	13%
Northern Cape	18,299	22,224	26,210	26,691	46%	24%
Eastern Cape	123,986	145,265	155,190	198,606	60%	37%
KwaZulu Natal	272,029	258,948	275,187	282,945	4%	-11%
Limpopo	475,822	574,304	561,795	649,472	36%	16%
Gauteng	20,660	23,477	25,719	29,022	40%	20%
Free State	36,012	51,960	55,099	58,423	62%	38%
Mpumalanga	-	-	-	-	-	-
North West	-	-	-	-	-	-
Total	R1,047,758	R 1,137,730	R1,221,102	R1,379,324	32%	12%

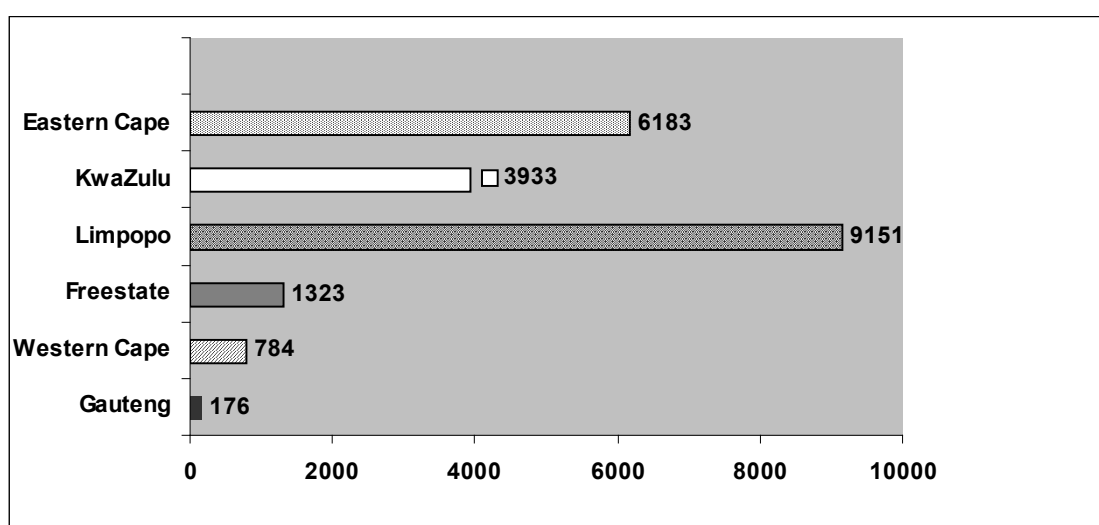
Source: Provincial Budgets of Agriculture 2002/2003

With regard to support in the form of grants and other assistance to acquire infrastructure and production resources, it is extremely difficult to obtain such information accurately from the budgets of different provincial departments. This is because there appears to be little uniformity and each department seems to allocate items differently. Nevertheless, of the seven departments for which figures are available, Limpopo, Northern Cape and Free State *provide no funds* from their budgets for such transfers to small-scale farmers. The other four provinces (Eastern Cape, KwaZulu Natal, Western Cape and Gauteng) appear to have allocated a total of approximately *R26m* to transfers that may be related to supporting farmers. Considering the total budget of the seven agricultural departments and the needs of current and future farmers, this is miniscule.

The question therefore is where do all these funds go. Figure 2 shows the estimates of personnel numbers for agriculture in the provinces. A large proportion of the budgets of KwaZulu-Natal, Eastern Cape and the Limpopo provinces are allocated towards salaries as the example of Limpopo illustrates.

The Limpopo province has the highest percentage of personnel numbers for agriculture. The personnel in Limpopo province stands at a total of 9,151 individuals, with 8,991 dedicated to the support services and settlement programmes. This is an enormous number of staff if it is compared to the national Department of Land Affairs which has a mere 512. Furthermore, the personnel costs consume in the order of 75% of the budget for the province each year. There are no clear targets set as to how many farms will be settled over the medium term and what this enormous number of employees will do. Despite the assumption that with a large personnel force delivery would be accelerated, the Limpopo province is experiencing diseconomies of scale of a bloated bureaucracy.

Figure 2: Personnel Numbers 2002/2003



Source: Provincial Agriculture budgets 2002/2003

The figures above show impressive real growth in the budgets allocated to many of the departments of agriculture. This could mean that there is an attempt to gear up the departments to address the expected increased land reform. The personnel numbers, however, do not indicate whether sufficient numbers of *appropriately* skilled people are supporting farmer settlement programmes in the provinces. The question arises whether a detailed investigation into the use of staff in the provincial departments and an assessment of their capacity to provide the services required is not overdue? This is true especially in those former "Bantustan provinces" which appear to be the main provinces suffering from this situation.

Until such investigations have been done and provinces provide detailed information on their targets and a breakdown of the personnel specifically dedicated to providing support and extension services to previously disadvantaged farmers, it will be difficult to assess whether a sufficient number of appropriately skilled people are supporting farmer settlement programmes in the provinces.

4.4 Case Study: Western Cape Department of Agriculture

A brief case study of the Western Cape's Department of Agriculture will be presented. An analysis of the expenditure trends of the province will also be provided.

Table 12 provides a breakdown of the agricultural budget for the Western Cape. The key sub-programmes with regard to agrarian reform in the province are Farmer Settlement, and Technology Development and Transfer which incorporates extension services.

Table 11

Western Cape Agriculture Expenditure 2001 –2005 - R'000						
	2001/2002 Actual	2002/2003 Voted	2003/2004 MTEF	2004/2005 MTEF	Nominal growth rate over period	Real growth rate over period
Technology Devt and Transfer	29,050	34,000	39,106	40,915	41%	20%
Agricultural Engineering	32,573	32,258	34,202	39,946	23%	4%
Veterinary services	12,643	14,077	15,141	17,998	42%	21%
Agricultural training	13,919	20,945	25,412	16,468	18%	1%
Farmer settlement	12,765	7,042	8,041	18,838	48%	26%
Total	100,950	108,322	121,902	134,165	33%	13%

Western Cape Provincial Budgets 2002, Vote 11, pg 424

The budget for the provincial department of agriculture as a whole indicates a growth of 13% in real terms for 2001–2005. Technology Development and Transfer highlights an increase of 20% and Farmer Settlement shows a growth rate of 26% in real terms over the medium term.

According to the Directorate: Farmer Settlement Western Cape, despite the increase in expenditure over the medium term, the budget is not sufficient to meet delivery targets set by the National Department of Agriculture. The province has set itself the target for 2002/2003 of facilitating 24 farmer settlement projects within the LRAD programme and 30 agricultural infrastructure projects. The figure of 24 farmer settlement projects is significantly below the national department's target of 100 farmers settled per province, depending on the number of farmers in each project.

An important component in the success of small-scale farmers is access to additional resources in the form of infrastructure, production resources and credit. The department has allocated R 8,351m to transfer payments, 7.24% of its budget. These payments include the following:

- R1,24m to farmers for soil conservation works (it is not clear whether these are white or black farmers);
- R2,64m to contractors to implement Landcare and infrastructure projects;
- R175 000 to the University of Stellenbosch;
- R360 000 to the Municipality of Matsikama for infrastructure (it is assumed for a commonage project); and
- R3,93m to the Agricultural Research Council and the University of Stellenbosch for research²⁵.

A tiny amount from this budget is therefore available directly to small-scale farmers in the province and even less for any new farmers that may acquire land during the current year. Access to “aftercare” assistance is therefore all but non-existent to land reform beneficiaries.

The average number of personnel for Agriculture in the province over a three-year period is 782 individuals. Only a total of five staff are dedicated to Farmer Settlement. The Directorate hopes to increase it to 10 over the medium term. In the Technical Development and Transfer directorate there are 28 extension officers covering the province, but only 6 of these are specifically dedicated to supporting land reform projects and small-scale farmers. This total of only 11 members of staff clearly demonstrates that it is highly unlikely that LRAD targets will be met at a provincial level and that farmers cannot expect much support from the over-extended staff.

The LRAD programme came into operation in August 2001 but all the mechanisms to implement it still need to be refined in the province - the coordination and integration between the PLRO and provincial DoA are just beginning to take place. This brief discussion of the support (or lack of it) available to land reform beneficiaries in the Western Cape shows that the proposed 100 farmers that the National Department of Agriculture aims to have settled will be settling on the land acquired with no or very little support from the provincial department at the crucial early phases of their projects.

5. Conclusion

Land and agrarian reform at this political juncture has to meet three interrelated objectives: changing of ownership and control patterns of land; alleviating poverty; and, engendering sustainable local economic development. To this end, financial and human resources have to be committed to this agrarian transformation in the countryside – it will not happen through wishing it so. The information presented in this paper has shown that land reform and agricultural development in South Africa currently appears to rely on very few resources in terms of staff capacity and funds. The expressed target of redistributing 30% of agricultural land by 2015 appears to be an ever-receding goal.

²⁵ Western Cape Budget, 2002, 433.

The total budget of the Department of Land Affairs does not increase in real terms over the medium term period with the "land reform programme", the key redistribution programme, showing a decline of 25% in real terms, and the budget for land reform grants decreasing 44% in real terms over the medium term. Despite the questions around whether the increased expenditure by the DLA amounts to increased performance of the staff, this lack of funds for land acquisition shows that we can look forward to an even more dismal record of land transfers unless substantially more resources are allocated to the Department during the year. This is even more urgent given the increasing frustration amongst landless people as their patience wears thin through waiting year after year.

For agrarian reform to be successful, land reform beneficiaries need further assistance to enable them to use the land productively at whatever level of production. This study has shown that there is very little assistance in the form of funds for infrastructure and other production resources. Little success can therefore be expected in this regard.

At the same time, the staffing of the provincial departments of agriculture is a great cause for concern. On the one hand, provinces such as the Western Cape have limited staff to support new farmers. On the other hand, the bloated bureaucracies in some of the provinces are also a cause for concern, with no apparent strategy in place to retrain or redeploy individuals to work towards achieving national delivery targets.

Finally, in conducting research for this report, it was difficult to collate information since PLROs use different reporting formats and each provincial department of agriculture appears to have their own approach. This is indicative of the lack of co-ordination and joint operation between the departments whose tasks are so interconnected. The implementation of an integrated approach to land reform between the three spheres of government remains important and as long as this remains illusive, South Africa's land reform programme will hobble along producing limited redistribution and land reform projects which remain unsuccessful for many years to come.

