



**rural development
& land reform**

Department:
Rural Development and Land Reform
REPUBLIC OF SOUTH AFRICA

ANNUAL REPORT

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01 April 2013 - 31 March 2014

DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM

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Part A

General information

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LAND REFORM

VOTE 33

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List of abbreviations/acronyms

Accpac	Accounting applications	DRS	Deeds Registration System	PFMA	Public Finance Management Act
AIDS	Acquired Immune Deficiency Syndrome	ECD	Early Childhood Development	PLOF	Policy on Land Ownership by Foreign Nationals
AG	Auditor-General	EE	Employment Equity		
AGSA	Auditor-General of South Africa	EECF	Establishment Equity Consultative Forum	PSSC	Provincial Shared Service Centre
Aktex	Aktex is Afrikaans for 'deeds'	ESTA	Extension of Security of Tenure Act	PSW	Public Service Week
APP	Annual Performance Plan	EWPP	Employee Wellness Programme	RDPF	Rural Development Policy Framework
BAS	Basic Accounting System	F-Base	System used by Finance to save all financial documents	REID	Rural Enterprise and Industrial Development
BBBEE	Broad Based Black Economic Empowerment	Ha	Hectares	RIA	Regulatory Impact Assessment
CFO	Chief Financial Officer	HIV	Human Immunodeficiency Virus	RID	Rural Infrastructure Development
CD	Chief Directorate	HH	Households	RuCoFF	Rural Cooperatives Financing Facility
CIS	Cadastral Information System	HRD	Human Resource Development	SCM	Supply Chain Management
CPA	Communal Property Association	HR	Human Resource	SDIP	Service Delivery Improvement Plan
CRDP	Comprehensive Rural Development Programme	ICT	Information and Communications Technology	SMME	Small Medium and Micro Enterprises
CRLR	Commission for the Restitution of Land Rights	IT	Information Technology	SPLUMB	Spatial Planning and Land Use Management Bill
CTP	Communal Tenure Policy	INSIMS	Integrated National Spatial Information Management System	SDF	Spatial Development Frameworks
DDG	Deputy Director-General	LC	Land Commission	SIU	Special Investigating Unit
DFA	Development Facilitation Act	MTEF	Medium Term Expenditure Framework	TR	Treasury Regulations
DORA	Division of Revenues Act	MOU	Memorandum of Understanding		
DRDLR	Department of Rural Development and Land Reform	MOA	Memorandum of Agreement		
DPSA	Department of Public Services and Administration	OSD	Occupation Specific Dispensation		
		NARYSEC	National Rural Youth Services Corps		
		PA	Performance Agreement		

Strategic overview

Vision

Vibrant, equitable and sustainable rural communities

Mission

To initiate, facilitate, coordinate, catalyse and implement an integrated rural development programme.

Values

- Batho Pele
- Commitment
- Accountability
- Work ethic
- Innovation

Strategic outcome orientated goals

- Sound corporate governance and service excellence through compliance with the legal framework, achieved by 2014;
- Reformed policy, legislative and institutional environment, by 2014;
- Effective land planning and administration that is inclined towards rural areas;
- Institutional arrangements for effective corporate governance and stakeholder participation, by 2014;
- Increased access to and productive use of land, by 2014;
- Improved access to affordable and diverse food, by 2014;
- Improved rural services to support sustainable livelihoods, by 2014;
- Improved access to sustainable employment and skills development opportunities, by 2014.

Legislative and other mandates



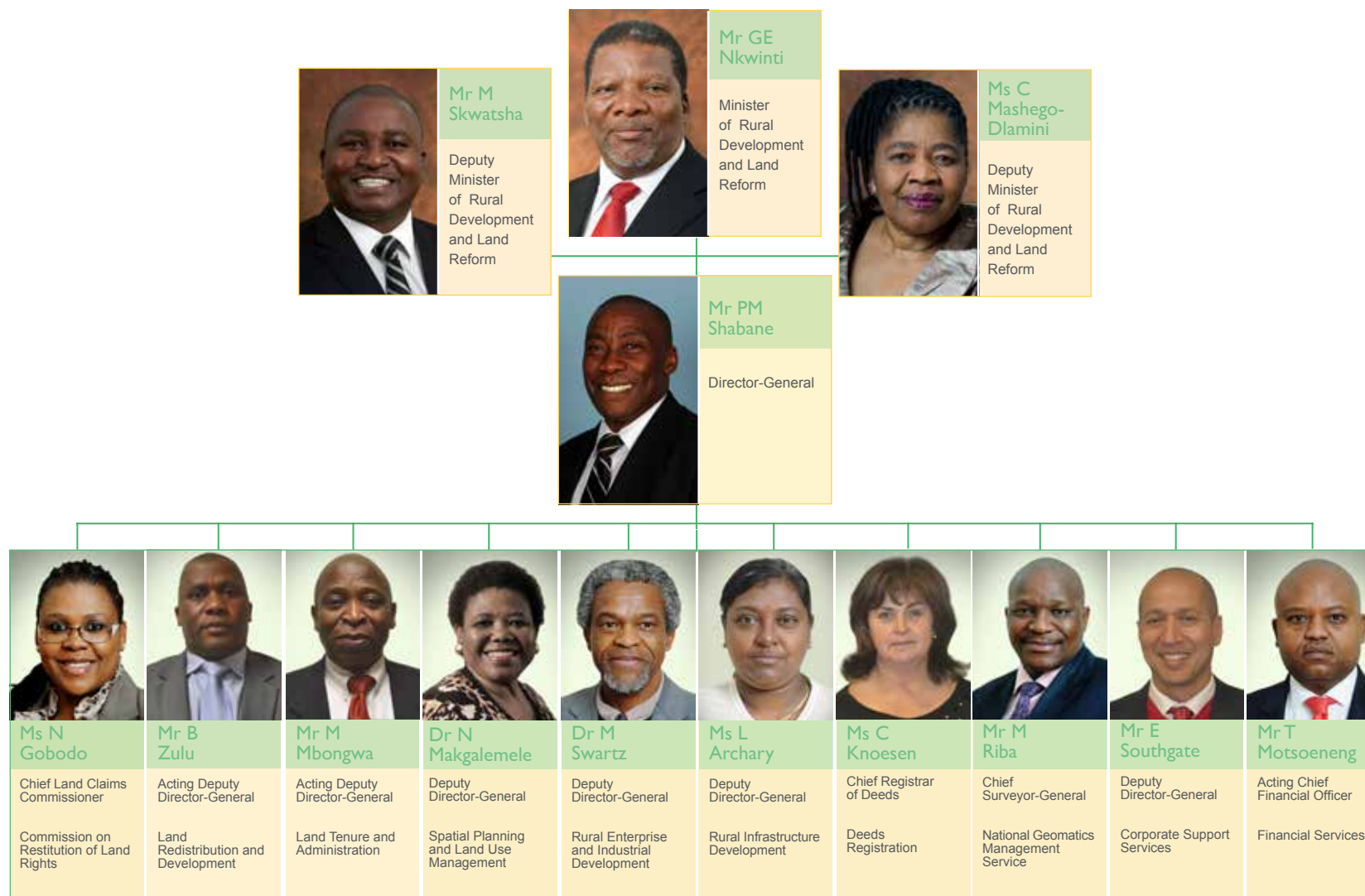
The constitutional and legislative mandate which informed the operations of the department in the financial year under review was drawn from amongst other the following legislation:

- **Deeds Registries Act, No. 47 of 1937**
The Act makes provision for the administration of the land registration system and the registration of rights in land. It requires that deeds and documents be prepared and lodged in a Deeds Registry by a Conveyancer or Notary Public. These deeds and documents are subjected to three levels of examination by legally qualified personnel who scrutinise the contents for accuracy and compliance with common law, case law and statutory law.
- **State Land Disposal Act, No. 48 of 1961**
The Act makes provision for the disposal of certain State land and to prohibit the acquisition of State land by prescription.
- **Physical Planning Act, No. 88 of 1967**
The Act makes provision for the promotion of coordinated environment planning and the utilisation of the Republic's resources. It provides for the control of the zoning and subdivision of land for industrial purposes and for the reservation of land for use for specific purposes.
- **Sectional Titles Act, No. 95 of 1986**
The Act makes provision for the division of buildings into sections and common property and for the acquisition of separate ownership in sections coupled with joint ownership in common property. It further regulates the transfer of ownership of sections and the registration of sectional mortgage bonds over, and real rights in, such sections. It also makes provision for the establishment of bodies corporate to control common property.
- **Upgrading of Land Tenure Rights Act, No. 112 of 1991**
The Act makes provision for the upgrading and conversion into ownership of certain rights graded in respect of land, as well as for the transfer of tribal land in full ownership to a tribe.
- **Land Reform: Provision of Land and Assistance Act, No. 126 of 1993**
This Act makes provision for the designation of certain land, the regulation of the subdivision of such land and the settlement of persons thereon. In addition, it provides for the acquisition, maintenance, planning development, improvement and disposal of property and the provision of financial assistance for land reform purposes.
- **Restitution of Land Rights Act, No. 22 of 1994**
The Act makes provision for the restitution of rights in land to persons or communities dispossessed of such rights after 19 June 1913 as a result of past racially discriminatory laws or practices. To administer this task, the Act established a Commission on Restitution of Land Rights and a Land Claims Court. The Minister is authorised to purchase, acquire in any other manner or expropriate land or rights in land for the purpose of restitution awards.

Legislative and other mandates

- **Land Reform (Labour Tenants) Act, No. 3 of 1996**
The Act makes provision for the security of tenure of labour tenants and those persons occupying or using land as a result of their association with labour tenants. It also makes provision for the acquisition of land and rights in land by labour tenants.
- **Communal Property Associations Act, No. 28 of 1996**
The Act makes provision for communities to form juristic persons, to be known as communal property associations, in order to acquire, hold and manage property on a basis agreed to by members of a community. This has to be done in terms of a written constitution.
- **Land Survey Act, No. 8 of 1997**
The Act makes provision for the regulation of the survey of land in South Africa.
- **Extension of Security of Tenure Act, No. 62 of 1997**
The Act makes provision for the facilitation of long-term security of land tenure, to regulate the conditions of residence on certain land and to regulate the conditions on and circumstances under which the right of persons to reside on land may be terminated.
- **Planning Profession Act, No. 36 of 2002**
The South African Council for Planners is established under this Act. The Act makes provision for different categories of planners and the registration of planners and authorises the identification of areas of work for planners. The Act seeks to protect the public from unethical practices and to ensure a high standard of professional conduct and integrity.
- **Professional and Technical Surveyors Act, No. 40 of 1984**
The Act makes provision for the establishment of a South African Council for Professional and Technical Surveyors, as well as the registration of professional surveyors, professional surveyors in training, surveyors, survey technicians and survey technicians in training.
- **Spatial Data Infrastructure Act, No. 54 of 2003**
The Act makes provision for an electronic metadata catalogue and for the determination of standards and prescriptions with regard to the facilitation of the sharing of spatial information.

Organisational structure



Entities reporting to the Minister

Name of entity	Legislative mandate	Financial relationship	Nature of operations
Ingonyama Trust Board	The Ingonyama Trust is established in terms of the provisions of the KwaZulu-Natal Ingonyama Trust Act, No. 3 of 1994. Its core business is to manage land for the material benefit and social wellbeing of the individual members of the tribes.	Augmentation of the entity's budget.	Administer Ingonyama Trust land for the material and social benefit of the affected communities
Registration of Deeds Trading Account	The Registration of Deeds Trading Account is a trading entity established in terms of the Public Finance Management Act No. 1 of 1999. It generates revenue by selling information and levying fees in accordance with the schedule of fees prescribed by regulation 84 of the Act; registers rights in land and thus provides security of title. It also maintains public registers of land.	Augmentation of the entity's budget	Registration of title deeds
Agricultural Land Holding Account	The Agricultural Land Holding Account was established in terms of the Provision of Land and Assistance Act, No. 126 of 1993 Section 10(1)(a) gives legal effect to the proactive acquisition of land, where the Minister may, from money appropriated by Parliament for this purpose acquire land for the purposes of this Act. Therefore the State will proactively target land and match this with the demand or need for land.	Funds the operations of the entity	Acquisition of strategically located land for agricultural productivity

Foreword by the Minister



Nkwinti, GE (MP)
Minister of the Department of Rural
Development and Land Reform

"Building vibrant, equitable, and sustainable rural communities"

South Africa passed a key milestone in the 2013/2014 financial year as the nation celebrated 20 years of freedom and democracy. Another round of General Elections followed in May 2014, and the Department of Rural Development and Land Reform was, and is, at the centre of things; working towards the transformation of our society in general and land reform in particular.

At its heart, our mandate is to ensure that we build sustainable rural communities by effectively addressing issues of land deprivation and food insecurity. We cannot fully rejoice in 20 years of freedom while the legacies of the past linger stubbornly on; particularly the legacy of the 1913 Natives Land Act.

The work is demanding and ongoing. As our President revealed in his State of the Nation Address of February 2014, 5 000 farms, comprising 4.2 million hectares, have been transferred to black people, benefiting over 200 000 families, since 1994. Furthermore, nearly 80 000 land claims, totalling 3.4 million hectares, have been settled and 1.8 million people have benefited from this process. These achievements will be built on during the 2014 – 2019 MTSF period, as the new Administration takes forward a number of policy, legislative and practical interventions to further remedy the land dispossession of our people.

To arm ourselves to face the triple challenge of unemployment, inequality and poverty, the ANC's 53rd National Conference adopted the National Development Plan (NDP), as the country's vision for development.

The Comprehensive Rural Development Programme (CRDP), which was adopted by Cabinet in 2009, is based on the 'Ready to Govern Document'; and, incorporates the provisions of the NDP on rural development and land reform. The pillars of the CRDP are:

- Meeting basic human needs (with reference to the Reconstruction and Development Programme);
- Rural enterprises; and,
- Rural industries, sustained by markets and credit facilities.

The policies and legislation on land reform (which consists of land redistribution, land restitution, land tenure reform, and land development) are underpinned by three principles:

- De-racialisation of the rural economy;

Foreword by the Minister

- Democratic and equitable allocation and utilisation of land across race, class and gender; and,
- Strict production discipline.

Further to this, the policies and programmes of the department have been focused on the attainment of the Strategic Objectives of land reform, as included in the Green Paper on Land Reform (2011); these being:

- to ensure that all land reform farms are 100% productive during the 2014-2019 Medium Term Strategic Framework (MTSF) period; and,
- to rekindle the class of black commercial farmers which was deliberately and systematically destroyed by the 1913 Natives Land Act, and which was re-inforced by other subsequent pieces of legislation enacted by successive Colonial and Apartheid regimes.

Under the theme “Reversing the Legacy of the 1913 Natives Land Act”, the department has introduced various policies and legislation to implement the agrarian transformation strategy that was proposed in the Green Paper on Land Reform (2011).

The overall goal of the strategy of agrarian transformation is to achieve social cohesion and development, relative income equality, shared growth and prosperity, full employment and cultural progress.

In restoring social justice to those communities that were dispossessed of their land through many years of oppressive and discriminatory laws and policies, the Department of Rural Development and Land Reform has adopted a programmatic, rather than a project approach.

Policies have been approved to implement the single land tenure system with four tiers, to ensure that South Africans, particularly Africans (a definition that includes the Khoi and San), have reasonable access to land, with secure rights, in order to fulfil their basic needs for housing and productive livelihoods.

This single land tenure system shall be supported by the following programmes and institutions:

- A recapitalisation and development programme;
- Land Commission;
- Office of the Valuer-General;
- Land Rights Management Board, with localised management committees;
- Properly aligned common property institutions; and,

Foreword by the Minister

- Aligned land tenure security legislation.

The Restitution of Land Rights Amendment Act, reopening the land claims process, and which effectively propels us forward in our quest to reverse the legacy of the 1913 Land Act, has been signed into law. This historic event builds on other legislative achievements of the department in respect of land reform, including the passing of the Spatial Planning and Land Use Management Act, the Deeds Registration Amendment Act, the Sectional Titles Amendment Act, and the Geomatics Profession Act.

The Property Valuation Act has also been assented to by the President and will ultimately ensure effective, efficient and economical support in respect of property valuation, underpinning our mandate of rural development and land reform.

The department has up-scaled the implementation of the National Rural Youth Services Corps (NARYSEC), as a commitment to youth development in rural areas. To date, NARYSEC has empowered 13 894 youth, between the ages of 18 and 35 years, to be agents of change in their rural communities. This number will continue to grow, as we aim to increase the number of participants to 50 000 by 2019.

In improving on, and maintaining our sound financial management and good governance objectives, the department has achieved an unqualified audit from the Auditor-General (South Africa) for the second consecutive year.

In achieving this, I wish to acknowledge the dedication and efforts of the Deputy Ministers, the Director-General, the senior management team and every official in the department. I thank them all for their contributions to the past year's achievements, and trust that the foundations laid will propel us forward to even greater heights. We further acknowledge that we could not have achieved this, had it not been for the vital contributions of our stakeholders, including that of communities we serve.

This Annual Report is our report back to the people, spelling out what we have been doing, and continue to do, to push back the frontiers of poverty, unemployment and inequality. We renew our commitment and intention to revitalise our rural communities and to assist the landless and vulnerable, so that they, too, can experience and reap the rewards of our long and hard fought struggle for a democratic South Africa.

Together, We Move South Africa Forward!



Nkwinti, GE (MP)

Minister of the Department of Rural Development and Land Reform

Date: 23 September 2014

Overview of the Accounting Officer



Mr PM Shabane
Director-General of Rural Development and
Land Reform

The 2013-2014 financial year was a remarkable year for the Department of Rural Development and Land Reform, as it successfully completed its first five-year cycle following its establishment in 2009. During this period, the department focused on creating sustainable communities by tackling poverty, unemployment and inequality through the Comprehensive Rural Development Programme (CRDP).

The year 2013 also marked the centenary of the infamous Natives Land Act, 1913 (Act No 27 of 1913). To mark this occasion, the department hosted a number of world class exhibitions at centres throughout the country to remind South Africans of how far they have come as a nation. These events also showcased Government's progress with the rural transformation agenda, and the great strides made over the past 20 years. In September 2013, Cabinet approved the Restitution of Land Rights Amendment Bill, which provides, amongst others, for the re-opening of the land claims lodgement process for a further five years. The Commission on Restitution of Land Rights (the Commission) immediately commenced with preparations for the re-opening of the lodgement period for land claims. During the period under review, the Commission managed to settle a total of 270 land claims, while 292 claims were finalised.

During the 2013-14 financial year, the department committed to support the achievement of spatial equity and sustainability through the formulation of spatial plans, establishing an Integrated National Spatial Information Management System, and processed registerable diagrams, general plans and sectional plans in support of proper land administration. A total of 41 spatial plans were finalised and approved. Although the department aimed to process registerable diagrams and sectional plans within an average of 14 days, the actual average processing time achieved was 17 days. This represents a significant reduction in processing time, when compared to the 21 days reported in the previous financial year. The department also focused on the re-scoping of its E-Cadastre Programme to position it for success, and continued to build capacity in the geomatics profession, by providing bursaries for university students, and running an accredited in-house training programme.

Through our rural development programmes we committed to support 90 rural enterprises, yet managed to support a total of 433 rural enterprises. The support provided included assistance with applications for registration; development of business plans and constitutions; feasibility study reports; provision of sewing materials, tractors, trailers, farming inputs, chick feed, medication, agricultural equipment, and the training of co-operatives. These enterprises will be well-prepared to assist communities to improve their livelihoods through job creation.

The National Rural Youth Service Corps (NARYSEC) is one of the department's strategic interventions, focusing on skills development and targeting the youth in rural communities. Youth enrolled in the Programme are exposed to a wide range of skills disciplines, followed by practical workplace placements. During the period under review, a total of 1 805 young people were enrolled in the NARYSEC Programme.

Over the past year, the department has delivered on projects that have contributed to the economic transformation of rural communities. Improved access

Overview of the Accounting Officer

to markets was facilitated as a result of the construction of roads and bridges. Assistance in improving the production capacity in communities through the Animal and Veld Management Programme (AVMP) resulted in a total of 281 projects, including irrigation and agriculture, being completed. This substantially exceeded the set target of 182 projects.

Moreover, the department undertook to split the Branch: Land Reform and Administration into two distinct branches, each with its areas of strategic focus, namely Land Redistribution and Development on the one hand; and Land Tenure and Administration on the other. This split was motivated by the belief that the issues of land acquisition and redistribution need specialised focus, whilst directing increasing attention to strategic land tenure reforms and land administration, an area of land reform which, to date, has not received the focused attention it now requires. Whilst the restructuring process is still a work in progress, a total of 153 586 hectares of land was acquired, and support was provided to 119 farms, in terms of the Recapitalisation and Development Programme, during the year under review.

The Spatial Planning and Land Use Management Act, 2013 (Act No 16 of 2013) ("SPLUMA") was passed by Parliament following robust deliberations, and assented to by the President on 2 August 2013. The successful enactment of SPLUMA may largely be ascribed to the commitment of the legislatures, amongst others, and to the extensive process of consultation undertaken with government, civil society and private sector stakeholders. The Deed Registries Amendment Act, 2013 (Act No 34 of 2013) and the Sectional Titles Amendment Act, 2013 (Act No 33 of 2013) were also approved during the 2013-2014 financial year.

Indeed, during the past financial year, the department has collectively striven to accomplish its objectives, albeit with limited resources. Its role as the coordinator of Outcome 7 made major progress in achieving equitable and sustainable rural development by boosting intergovernmental coordination. Great effort has been put into the task of getting the three spheres of government to work together to achieve the vision of "vibrant, equitable and sustainable rural communities and food security for all". The department, working together with participating sector departments, developed the 2014-2019 Medium Term Strategic Framework (MTSF), which will serve as the foundation for the implementation of the National Development Plan (NDP).

In conclusion, I would like to thank the Minister, the Deputy Ministers and the officials serving in this department for their leadership, and for their continuing commitment to serving the people of our country.



PM Shabane

Director-General

Date: 15 September 2014

Part B

Performance information



Statement of responsibility for performance information

The department prepared the report on its performance against predetermined objectives in accordance with the requirements of sections 40(3) (a) and 55 (2(a) of the Public Finance Management Act (Act No. 1 of 1999), Chapter 18 section 18.3.1 (b) of the Treasury Regulations and Chapter 6 of the National Treasury Framework for Managing Programme Performance Information issued by the National Treasury. Therefore, the information reported is a product of established internal policies, procedures and controls related to the management of performance information designed to provide reasonable assurance about the integrity and reliability of such information.

In my opinion, the performance information fairly reflects the performance of the department against objectives set for the financial year ended 31 March 2014.



PM Shabane
Accounting Officer
Date: 30 May 2014

Report: predetermined objectives

The audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings being reported under the Predetermined Objectives heading in the Report on other legal and regulatory requirements section of the auditor's report.

Refer to page 118 of the Report of the Auditor-General, published as Part E: Financial Information.

Overview of departmental performance

3.1 Service delivery environment

The main focus the department has been to create an enabling environment to ensure that rural communities have greater opportunities to participate fully in the economic, social and political life of the country, supported by good legislation and policies that facilitate accelerated land reform, access to basic services, socio-economic infrastructure, skills development and job creation for the rural communities.

To this end the department implemented an organisational renewal plan that increased efficiency and improved governance, accountability and transparency. It also instituted mechanisms to build its capacity and capability both to improve service delivery and to enhance the process of reporting for accountability.

In its drive to improving service delivery and promote a learning culture related to corrective actions, the department conducted evaluation studies on the Restitution of Land Rights and the National Rural Youth Service Corps (NARYSEC) programmes. It is anticipated that the findings of these studies will play a significant role in assisting the department to strengthen the quality of the management practices and engender operational efficiencies, as well as improving programme results. Taking into consideration the fact that the Commission on Restitution of Land Rights will be re-opening the lodgement of land claims for those who missed the 1998 deadline, the Commission conducted an evaluation in order to understand how the restitution process can be strengthened for the next phase of Restitution, and how the programme can be implemented in a more cost effective way.

Overview of departmental performance

3.2 Service delivery improvement plan

The department has completed a service delivery improvement plan. The table below highlights the service delivery plan and the achievements to date.

Main Services provided and Standards

Main Service	Actual Customers	Potential Customers	Standard of Service	Actual Achievement against Standards
To settle restitution claims and provide settlement support	Dispossessed communities	Dispossessed communities	230 land claims settled 208 land claims finalised	270 land claims settled 292 land claims finalised
To acquire and allocate strategically located land	Rural communities and emerging farmers	Rural communities and emerging farmers	311 917 ha acquired 628 emerging farmers capacitated 552 farms recapitalized (New farms = 166, Existing farms = 386) 1446 jobs created through Land Reform projects	153 586 ha distributed 1 262 emerging farmers capacitated. 323 farms recapitalized. 2 484 Jobs created through Land Reform projects.
Deeds registration which underpins security of Land Tenure	<ul style="list-style-type: none"> Land owners, Potential land owners Holders of real rights in land Conveyancers /Notaries Municipalities Government departments, Financial Institutions 	<ul style="list-style-type: none"> Land owners, Potential land owners Holders of real rights in land Conveyancers /Notaries Municipalities Government departments, Financial Institutions 	913 299 Deeds Registered	959 950 Deeds Registered

Overview of departmental performance

Consultation arrangements with Customers

Type of Arrangement	Actual Customer	Potential Customer	Actual Achievements
Quarterly Client Satisfaction Surveys	<ul style="list-style-type: none"> Conveyancers General public 	<ul style="list-style-type: none"> Internal staff Land Reform beneficiaries Land surveyors Conveyancers General public 	Two (2) quarterly client satisfaction surveys were conducted in the Free State

Consultation arrangements with Customers

Access Strategy	Actual Achievements
Public Service Week (PSW)	Outreach programmes were conducted in the Gauteng, Free State and Mpumalanga Provinces.

Service Information Tool

Types of Information Tool	Actual Achievements
Exhibitions, Workshops	48 exhibitions on the department's services were mounted in various parts of the country

Complaints Mechanism

Complaint Mechanism	Actual Achievements
No of queries received = 356	Resolved = 13 Closed = 196 Outstanding = 147

Overview of departmental performance

3.3 Organisational environment

Over the 2013/14 financial year, the department has repositioned itself and reconfigured some of its functional focus in the following areas of its work:

The STRIF unit was refocused to Rural Enterprise and Industries Development – due mainly to a shift of emphasis from basic human needs to economic viability of rural communities.

Land Reform and Administration has been refocused by separating them into two distinct functions:

- i) Land Redistribution and Development unit;
- ii) Land Tenure and Administration unit.

This shift was motivated by a conviction that the issues of land acquisition and redistribution need special focus, whilst directing increasing attention to strategic land tenure reforms and land administration, with the aim of fully determining the extent of land ownership patterns.

The department has also created the position of Chief Operations Officer in its structure and this position is in the process of being filled.

The following senior vacant positions have been filled: DDG: Corporate Support; Chief Directors in the Provincial Shared Service Centres in KwaZulu-Natal and Limpopo provinces; plus three Chief Directors for branch service deliver coordination.

In improving the administration of land reform and rural development, the department has initiated policy shifts which will contribute to the establishment of the following legal institutions:

- i) Establishment of the Office of the Valuer General (OVG), through the property valuation bill (now an Act, as it was passed quite recently);
- ii) Envisaged policy shift towards “Rural Investment and Development Financing Facility”;
- iii) Envisaged policy shift towards the establishment of “Land Commission” and its board, the “Land Rights Management Board”.

These policy shifts; organisational repositioning and corporate forms, clearly demonstrate the department's commitment to taking the land reform and rural development priority mandate of government onto a new trajectory in line with the expectations of the incoming political administration, and the increased efficiency demands in the public administration of this and other portfolios.

Overview of departmental performance

3.4 Key policy developments and legislative changes

Legislation

Name of legislation	Strategic focus	Status
Geomatics Professions Act, Act 19 of 2013	The Bill replaces the Professional and Technical Surveyors Act, 40 of 1984, which catered for surveyors but excluded geographical science professionals and mine surveyors. The Bills makes provision for all Geomatics professionals, technologists and technicians. Furthermore, it will ensure that the professional council is more representative, while it places more emphasis on education and training, as well as the marketing of the profession to attract more people into it.	The Bill was passed by the National Assembly on 20 June 2013, and was assented to by the President on 9 December 2013 as Act 19 of 2013.
Property Valuation Bill	The Bill provides for the establishment, functions and powers of the Office of the Valuer-General; the appointment and responsibilities of the Valuer-General; the regulation of the valuation of property that has been identified for land reform, as well as property that has been identified for acquisition or disposal by a department.	The Bill was approved by Parliament on 27 March 2014.
Land Commission Bill	The Bill provides for the establishment functions and powers of the Land Commission; the appointment and responsibilities of the members of the Commission; the submission of information on State land to the Commission; and the resolution of disputes in respect of which two or more title deeds have been issued in respect of the same land parcel.	By the end of the financial year 2013/2014, the Bill had already been approved by Cabinet on 11 September 2013 for publication for public comment for 30 days. The period of 30 days had expired on the 28th of October 2013. The Bill was still under consideration by 31 March 2014.
Restitution of Land Rights Amendment Bill	The Bill provides for the re-opening of the lodgement of land claims, for a period of five years, by persons or communities dispossessed of rights in land as a result of past racially discriminatory laws and practices; and for permanent judges to sit at the land claims court.	The Bill was approved by Parliament on 27 March 2014.

Overview of departmental performance

Spatial Planning and Land Use Management Act, Act 16 of 2013	The Act provides for spatial planning and land use management in the Republic; the relationship between the spatial planning and the land use management system and other kinds of planning; the inclusive developmental, equitable and efficient spatial planning at the different spheres of government; a framework for the monitoring, coordination and review of the spatial planning and land use management system; a framework for policies, principles, norms and standards for spatial development planning and land use management; to address past spatial and regulatory imbalances; to promote greater consistency and uniformity in the application procedures and decision-making by authorities responsible for land use decisions and development applications; to provide for the establishment, functions and operations of Municipal Planning Tribunals; and to provide for the facilitation and enforcement of land use and development measures.	Assented by the President on 2 August 2013 and Gazetted on 5 August as Act 16 of 2013.
Communal Property Associations Amendment Bill	The Bill provides for the establishment of a Communal Property Associations Office and the appointment of a Registrar of Communal Property Associations; the repeal of the provisions relating to provisional associations; to further regulate the protection of the rights and interests of members of associations in respect of movable and immovable property; for name changes of associations; the management of an association that has been placed under administration; to provide clarity on the content of an annual report in respect of associations.	The Bill was being consulted on through the Directors-General clusters and was awaiting the completion of the Regulatory Impact Assessment (RIA) for further processing.
Extension of Security of Tenure Amendment Bill	The Bill provides for the amendment and insertion of certain definitions which are aimed at clarifying the scope of application of the Act; the substitution of subsidies with tenure grants; to regulate the eviction of occupiers by enforcing alternative resolution mechanisms; and the establishment and operation of a Land Rights Management Board and Land Rights Management.	The Bill was approved by Cabinet for publication on the 9th October 2013, for public comment for a period of 30 days. This period expired on the 18th of November 2013. A report on the comments received had been prepared and was under consideration by 31 March 2014. The Bill was also considered by NEDLAC and will be submitted to Cabinet for tabling to Parliament.

Overview of departmental performance

Acquisition and Disposal of Land by Foreign Persons Bill (the name that was proposed during the drafting process / stage)	The Bill provides for the classification of land as controlled land; the disclosure by foreign persons of their present interest in land, acquisition of land and disposal of land; the notification upon the ceasing to be or becoming a foreign person; the prohibition on the acquisition of freehold title in land by foreign persons; the lease of land by foreign persons; the disposal of land by foreign persons; the regulation of the acquisition of leases in controlled land by foreign persons; and the assignment of the responsibility for the establishment and maintenance of a register in which all disclosure statements must be recorded, to the Chief Registrar of Deeds.	By the end of the financial year 2013/2014, there was a draft Bill that was going to be submitted to Cabinet for approval for publication for public comment.
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Strategic outcome oriented goals

- Sound corporate governance and service excellence through compliance with the legal framework achieved by 2014;
- Reformed policy, legislative and institutional environment by 2014;
- Effective land planning and administration that is biased towards rural areas;
- Institutional arrangements for effective corporate governance and stakeholder participation, by 2014;
- Increased access to and productive use of land, by 2014;
- Improved access to affordable and diverse food, by 2014;
- Improved rural services to support sustainable livelihoods, by 2014;
- Improved access to sustainable employment and skills development opportunities, by 2014.

Performance information by programme

Programme I:Administration

Purpose: The administration programme is responsible for providing strategic and logistical support in the form of executive and corporate services; acquiring of vehicles for departmental use, overseeing departmental capital works, and making a nominal contribution to the Public Services Sector Education and Training Authority. The programme comprises the following sub-programmes:

- Ministry
- Management
- Corporate Support Services
- Financial Services

Strategic objectives: The following are the strategic objectives of Programme I:Administration

- Compliance with relevant policies and legislation governing the management of the public sector; by 2014;
- Rural development and land reform policies and legislation developed by 2014.

Programme I:Administration					
Strategic objective	Performance indicator	Baseline (Actual output) 2012/13	Actual performance against target		Reasons for variance
			Target (2013/14)	Actual (2013/14)	
Compliance with relevant policies and legislation governing the management of the public sector by 2014	% of budget spent	99.4%	100%	99.9%	The under-spending is primarily due to accruals (commitments on goods and services; as well as machinery and equipment) that could not be translated to expenditure at financial year end.
	% of invoices paid within 30 days	New Indicator	100%	91%	Delays in payment is attributed to changes of trading names and banking details by service providers without informing the department as well as chargers of VAT by non-VAT registered vendors, which leads to payments being rejected by the payment system.
	% of external audit findings resolved	68%	100%	92%	The variance is attributed to the fact that actions and processes to resolve the findings span a period of two years and therefore, would not be fully implemented in the current financial year.
	% of funded vacant posts filled	16%	10%	18%	The organisational structure of the department was reviewed in financial years: 2009/10, 2010/11 and 2013/14. This has resulted in an increase in the number of posts. In the year under review 1413 posts were filled, however, the impact on the vacancy rate was minimised as a result of the departure of 710 employees over the same period. The problem was exacerbated by the high volume of applications received and the regulatory processes governing the filling of posts.

Performance information by programme

	% of funded vacant posts filled	47%	70%	70%	None
	% alignment of the departmental Annual Performance Plan with the National Development Plan	New Indicator	80%	93%	93% was achieved as a result of the rigorous analysis of the NDP conducted during the department's strategic planning process.
	Number of pieces of legislation submitted to Cabinet	4	8	6	<p>The Regulatory Impact Assessment (RIA) in respect of the Communal Property Association Amendment Bill has not been finalised. The scope of the Bill has been broadened by the Minister, which required additional work on the Bill.</p> <p>The policy was only approved in August 2013 and consultation with key stakeholders (representing foreign nationals), in respect of the Land Protection Bill, has not been finalised.</p>
Rural Development and Land Reform policies and legislation developed by 2014	Number of policies submitted to Cabinet	1	5	3 (Draft Restitution Policy Framework and Rural Development Policy Framework, Draft Framework on Communal Land Tenure)	<p>Rural Development Agency Policy: There are preparatory tasks that need to be undertaken before the policy is submitted for approval.</p> <p>Framework on Communal Land Tenure was referred back for further consultation and inputs by the stakeholders and work streams; Rural Co-operatives Financing Facility was delayed by the late finalisation of the feasibility study which was submitted in January 2014.</p>

Performance information by programme

Programme 2: Geospatial and Cadastral Services

Purpose: The Geospatial and Cadastral Services programme is responsible for providing geospatial information, cadastral surveys, spatial planning and information, and technical services in support of sustainable land development.

Strategic objectives: The following are the strategic objectives of Programme 2:

- An integrated land planning, spatial information and administration system to promote an equitable, sustainable land use and allocation by 2014;
- Skills development and sustainable economic opportunities created by 2014.

Programme 2: Geospatial and Cadastral Services					
Strategic objective	Performance indicator	Baseline (Actual output) 2012/13	Actual performance against target		Reasons for variance
			Target (2013/14)	Actual (2013/14)	
An integrated land planning, spatial information and administration system to promote an equitable, sustainable land use and allocation by 2014	Number of Spatial Plans formulated and supported to achieve Spatial Equity and Sustainability	14	37 Spatial Plans completed (SDFs, Precinct Plans, Land Schemes, Local Area Plans, EMPs)	41 Spatial Plans finalised and approved (SDFs, Precinct Plans, Land Use Schemes).	The over-achievement is as a result of more spatial plans being developed within the 23 district municipalities to support rural development. Additional funds were allocated to the sub-programme during the budget adjustment period.
			Research Report on the National SDF completed	Draft Report on Policy Framework supporting the National Spatial Development Framework	Variance is attributed to the refinement of the approach and methodology utilised in the development of the National Spatial Development Framework. This resulted in delays in the achievement of project milestones.

Performance information by programme

Programme 2: Geospatial and Cadastral Services					
Strategic objective	Performance indicator	Baseline (Actual output) 2012/13	Actual performance against target		Reasons for variance
			Target (2013/14)	Actual (2013/14)	
An integrated land planning, spatial information and administration system to promote an equitable, sustainable land use and allocation by 2014	Integrated National Spatial Information Management Systems (INSIMS) established to ensure interoperability	New Indicator	Solution of the Integrated National Spatial Information Management System designed	Solution design completed	None
	Average number of working days taken to process registerable diagrams, general plans and sectional plans	21	14	17	<p>Poor quality of submissions (survey work) by professional land surveyors, delays on issuing consents by government units (local, provincial and national departments), coupled with shortages of professional staff led to the lengthy turnaround time. Most of the young land surveyors are undergoing training and preparing for professional board examination. The issues are more prevalent in Mpumalanga, Eastern Cape, and KwaZulu-Natal.</p> <p>Furthermore, a Launcher Software problem is one of the causes of the lengthy turnaround times in Eastern Cape. Examination of surveys is consequently done manually as images of cadastral documents are not available.</p>

Performance information by programme

Programme 2: Geospatial and Cadastral Services					
Strategic objective	Performance indicator	Baseline (Actual output) 2012/13	Actual performance against target		Reasons for variance
			Target (2013/14)	Actual (2013/14)	
An integrated land planning, spatial information and administration system to promote an equitable, sustainable land use and allocation by 2014	Operational E-cadastre	Not achieved	E-cadastre available and implemented	<p>Not achieved.</p> <p>The following were achieved:</p> <p>Scanning centre certification has been completed (Cape Town & Midrand).</p> <p>Business requirements specifications completed (NGMS & Deeds).</p> <p>Quality criteria refinement and signed off.</p> <p>Finalisation of PMB pilot using the revised processes as per BRS (31 612 pages accepted).</p> <p>Involvement of Department of Rural Development and Land Reform resources in the production line has been instituted.</p> <p>Total documents scanned - 35 558 493 pages.</p> <p>Pretoria documents accepted – 4 000 000 pages</p> <p>Organisational Change Management (OCM).</p> <p>6 of 21 deliverables on OCM have been completed.</p> <p>e-Cadastre and data Streams:</p> <p>48 of the 198 deliverables completed.</p> <p>35 deliverables are work in progress.</p> <p>Enterprise architecture completed;</p> <p>Highlights:</p> <p>3 modules awaiting user acceptance testing.</p> <p>4 Modules undergoing unit and subsystem testing.</p> <p>All regional system data profiles have been completed.</p> <p>Infrastructure has been procured and is currently being rolled out.</p>	<p>The project deliverables could not be achieved by 30 June 2013, due to the number of streams within the project not having met the deadlines, i.e.</p> <p>Procurement of hardware was not accomplished timeously due to SITA procurement processes.</p> <p>Internal data cleaning was not on track and therefore data migration has not yet taken place.</p> <p>Back scanning of images did not meet quality and indexing standards resulting in the need to rework scanned images.</p>

Performance information by programme

Programme 2: Geospatial and Cadastral Services					
Strategic objective	Performance indicator	Baseline (Actual output) 2012/13	Actual performance against target		Reasons for variance
			Target (2013/14)	Actual (2013/14)	
Skills development and sustainable economic opportunities created by 2014	Number of people trained in geomatics	57	65	65	None

Performance information by programme

Programme 3: Rural Development

Purpose: The purpose of the Rural Development Programme is to initiate, facilitate, coordinate and catalyse the implementation of a Comprehensive Rural Development Programme (CRDP) that leads to sustainable, equitable and vibrant rural communities. Rural Development is structured in two branches, the one is responsible for Rural Enterprise and Industrial Development (REID), and the other is responsible for Rural Infrastructure Development (RID).

Strategic objectives: The following are the strategic objectives of Programme 3: Rural Development

- Integrated service delivery facilitated through the coordination of government and development stakeholders, by 2014;
- Recapitalisation and development support provided to land reform beneficiaries and rural communities, by 2014;
- Profiled rural households enabled to improve their food security, by 2014;
- Socio-economic infrastructure facilitated to improve access to services, by 2014;
- Skills development and sustainable economic opportunities created, by 2014.

Programme 3: Rural Development					
Strategic objective	Performance indicator	Baseline (Actual output) 2012/13	Actual performance against target		Reasons for variance
			Target (2013/14)	Actual (2013/14)	
Integrated service delivery facilitated through the coordination of government and development stakeholders, by 2014	Number of functional Councils of Stakeholders	75	58	157	<p>During the financial year 2013/14 a greater need was identified to establish and provide support to the Councils of Stakeholders (CoS) because the initial focus was on the Comprehensive Rural Development Programme (CRDP) sites.</p> <p>The CRDP was subsequently extended for implementation, not only in CRDP sites or wards, but also in additional villages and projects.</p> <p>The department had to establish and set up CoS in these extended CRDP villages and projects</p>

Performance information by programme

Programme 3: Rural Development					
Strategic objective	Performance indicator	Baseline (Actual output) 2012/13	Actual performance against target		Reasons for variance
			Target (2013/14)	Actual (2013/14)	
Recapitalisation and development support provided to land reform beneficiaries and rural communities, by 2014	Number of projects implemented through the Animal and Veld Management Programme	New Indicator	182	281	The over-achievement was a result of a requirement to support the 23 District Municipalities. KZN has 10 Districts therefore more projects needed to be implemented to ensure coverage. In addition, many of these projects form part of the department's partnership with Provincial Departments of Agriculture.
	Number of hectares irrigated	New Indicator	5 000	1 559	Target under achieved by 3441 ha: Challenges experience in the implementation of schemes in the EC related to the relationship between communities and strategic partners. This has necessitated the appointment of new strategic partners. The second challenge related to the NW province where the farmers could not agree on the designs. KZN: On inception the Tugela Ferry Irrigation Scheme was identified as 837.1 ha and on completion of construction it was re-measured to be 725ha, 112.1 ha, less hence the shortfall of 96 ha on the target.
Profiled rural households enabled to improve their food security, by 2014	Number of households producing their own food	2131	2 200	2815	The variance is due to additional stakeholders who were brought on board during the last quarter of 2012/13 and first quarter of 2013/14 financial years, and which was not originally planned for. This resulted in an increase in assistance to households.

Performance information by programme

Programme 3: Rural Development					
Strategic objective	Performance indicator	Baseline (Actual output) 2012/13	Actual performance against target		Reasons for variance
			Target (2013/14)	Actual (2013/14)	
Socio-economic infrastructure facilitated to improve access to services, by 2014	Number of bulk infrastructure completed	New Indicator	8	8	None
	Number of households with basic services infrastructure	29 405	7 278	7 475	The over-achievement is due to Dingamanzhi village where the estimated number of households to be supplied with water from the atmospheric water generator increased by 205.
	Number of public amenities completed	New Indicator	26	29	The over-achievement is due to the provision of an additional three public amenities in the NW where the department provided solar lighting to three additional schools to ensure all schools received same lighting upgrades.
	Number of ICT projects completed	New Indicator	19	53	The over-achievement of 34 is due to the roll out of the I-school Africa Programme in partnership with CSIR.
	Number of economic infrastructure projects completed	New Indicator	17	19	The over-achievement is due to two additional cattle sales facilities which were established in UThukela Municipality.
Skills development and sustainable economic opportunities created by 2014	Number of people trained to improve rural livelihoods	4 564	3 400	6302	Additional stakeholders were brought on board to assist with rural enterprise and industrial development projects and the spin-off was that these stakeholders provided training that was not planned for. This included training for Councils of Stakeholders. The department's emphasis on enterprise development increased focus on training of cooperative members.

Performance information by programme

Programme 3: Rural Development					
Strategic objective	Performance indicator	Baseline (Actual output) 2012/13	Actual performance against target		Reasons for variance
			Target (2013/14)	Actual (2013/14)	
	Number of jobs created through rural development initiatives	3 545	3 540	5044	The initial target was based on the livelihoods approach which will, by its nature, not create this number of jobs. With the shift of emphasis to enterprise more jobs were created.
	Number of youth enrolled into the National Rural Youth Service Corps Programme	New Indicator	4 600	1805	<p>The growth of the programme has been rapid and the resources to ensure the sustainability of the programme did not keep up with this rapid growth.</p> <p>The programme also had limitations in terms of placing the youth recruited during 2010, both in further education and training colleges, and workplaces, which could not absorb as many youth as was hoped for. Workplaces where youth can gain practical work experience were limited. It was prudent to allow the programme to catch up in these areas before more youth were enrolled, hence the moratorium.</p> <p>The adjusted allocation received amounted to R370m which was utilised to pay expenses related to the skills development of the youth already in NARYSEC. This was just sufficient to meet the commitments at the time, and did not allow for further enrolments into the programme.</p>

Performance information by programme

Programme 3: Rural Development					
Strategic objective	Performance indicator	Baseline (Actual output) 2012/13	Actual performance against target		Reasons for variance
			Target (2013/14)	Actual (2013/14)	
	Number of youth skilled through the National Rural Youth Service Corps programme	5 881	4 600	1 273	The variance is attributed to the fact that more than one skills training opportunity was provided to each individual, as opposed to the number of youth skilled.
	Number of rural enterprises supported	New Indicator	90	433	The initial target was based on projects with monetary value (budget). During implementation this year, it became clear that enterprise support goes beyond monetary value, and many cooperatives were assisted with registration, and other facilitation functions.

Performance information by programme

Programme 4: Restitution

Purpose: The Restitution Programme is responsible for the settlement of land restitution claims under the Restitution of Land Rights Act, No. 22 of 1994, as amended, and the provision of settlement support to beneficiaries.

Strategic objectives: The following is the strategic objective of Programme 4: Restitution:

- Land rights restored or alternative forms of equitable redress awarded to claimants by 2014.

Programme 4: Restitution					
Strategic objective	Performance indicator	Baseline (Actual output) 2012/13	Actual performance against target		Reasons for variance
			Target (2013/14)	Actual (2013/14)	
Land rights restored or alternative forms of equitable redress awarded to claimants, by 2014	Number of land claims settled	602	230	270	The over-achievement on the settlement of claims is attributed to two main reasons, namely: The Western Cape office settled the District Six (26) Owners as well as the Claremont and Newlands (56) Development Group Claim Urban (Batch 1). The Minister delegated authority to the Chief Land Claim Commissioner (CLCC) to approve submission to the value of R50 million.

Performance information by programme

Programme 4: Restitution					
Strategic objective	Performance indicator	Baseline (Actual output) 2012/13	Actual performance against target		Reasons for variance
			Target (2013/14)	Actual (2013/14)	
	Number of claims finalised	376	208	292	<p>The over-achievement in terms of the finalised claims is attributed mainly to Western Cape and KwaZulu-Natal. These offices were able to finalise the remaining claims on group claims as follows:</p> <p>KwaZulu-Natal was able to finalise the remaining claim in the Cremin Tenants Community, thereby finalising 13 claims.</p> <p>Western Cape was able to finalise the outstanding claims for the following projects:</p> <ul style="list-style-type: none"> - Claremont (Batch 2) which finalised 38 claims; - Claremont (Batch 1) which finalised 45 claims; - District Six (Batch 11) which finalised 23 claims.
	Research on the opening of new restitution claims finalised	New Indicator	Research report completed	Draft report submitted to Parliamentary Services via email on 18/10/2013 to be forwarded to the Portfolio Committee Secretariat.	None

Performance information by programme

Programme 5: Land Reform

Purpose: To provide sustainable Land Reform Programmes in South Africa.

Strategic objectives: The following are the strategic objectives of Programme 5: Land Reform:

- An integrated land planning, spatial information and administration system to promote an equitable, sustainable land use and allocation, by 2014;
- Strategically located land acquired and allocated, by 2014;
- Recapitalisation and development support provided to land reform beneficiaries and rural communities, by 2014;
- Tenure security for people living on commercial farms and communal areas provided, by 2014;
- Skills development and sustainable economic opportunities created, by 2014.

Programme 5: Land Reform					
Strategic objective	Performance indicator	Baseline (Actual output) 2012/13	Actual performance against target		Reasons for variance
			Target (2013/14)	Actual (2013/14)	
An integrated land planning, spatial information and administration system to promote an equitable, sustainable land use and allocation, by 2014	Number of land parcels confirmed as vested	New Indicator	533	863	The department directed the provinces to focus on the departmental properties for vesting and during the period under review there were more properties already in the system ready for vesting hence the target was exceeded.
Strategically located land acquired and allocated, by 2014	Number of hectares acquired	157 556	311 917	153 586	The combined impact of purchasing going concerns e.g. abattoirs, game farms and the ratio of the latter cost to land size resulted in fewer funds being available to purchase other land. The average cost of acquiring a going concern was R26 778 per hectare as opposed to an average cost of R3700 per hectare for land.

Performance information by programme

Programme 5: Land Reform					
Strategic objective	Performance indicator	Baseline (Actual output) 2012/13	Actual performance against target		Reasons for variance
			Target (2013/14)	Actual (2013/14)	
Recapitalisation and development support provided to land reform beneficiaries and rural communities, by 2014	Number of farms newly placed under recapitalisation	200	344	119	The reprioritisation of budget within different mandates in the department affected the targets under this indicator as per the approved Annual Performance Plan.
	Number of existing farms under recapitalisation	New Indicator	386	323	The reprioritisation of budget within different mandates in the department affected the targets under this indicator as per the approved Annual Performance Plan.
Tenure security for people living on commercial farms and communal areas provided, by 2014	Number of labour tenant applications settled	New Indicator	76	98	Mpumalanga targeted 30 but after the acquisition of the farms and the physical verification it was discovered that there were 14 labour tenants on each of the farms of Sandford in KwaZulu-Natal and Klipstapel in Mpumalanga, 12 labour tenants on the farm Rensburg Spruyt in KZN and 48 labour Tenants on the farm Uitzigt in Mpumalanga.
	Percentage of reported eviction cases resolved	New Indicator	100%	46%	The cases are of a complex nature and depend on the court processes for final resolution and that process is beyond the control of the department. In addition it is being found that a number of the complainants after the lodgement of their cases are not traceable.
	Percentage of reported land rights cases referred to Land Rights Management Facility	New Indicator	100%	100%	None

Performance information by programme

Programme 5: Land Reform					
Strategic objective	Performance indicator	Baseline (Actual output) 2012/13	Actual performance against target		Reasons for variance
			Target (2013/14)	Actual (2013/14)	
Skills development and sustainable economic opportunities created, by 2014	Number of jobs created in land reform projects	1 059	1 446	2484	Targets for jobs are currently being estimated due to the nature of different enterprises and the type of commodities in the farms. More persons are eventually employed on a seasonal and permanent basis during the recapitalisation of the farms.
	Number of farmers trained	421	628	1262	Targets for farmers trained are projected targets and due to the nature of different enterprises and type of commodities more persons received on-farm, off-farm and formal training during the recapitalisation of the farms.

Summary of Financial Information

6.1 Departmental receipts

Departmental receipts	2013/2014			2012/2013		
	Estimate	Actual Amount Collected	(Over)/Under Collection	Estimate	Actual Amount Collected	(Over)/Under Collection
	R'000	R'000	R'000	R'000	R'000	R'000
Tax Receipts	-	-	-	-	-	-
Casino taxes	-	-	-	-	-	-
Horse racing taxes	-	-	-	-	-	-
Liquor licences	-	-	-	-	-	-
Motor vehicle licences	-	-	-	-	-	-
Sale of goods and services other than capital assets	19 702	21 218	1 516	18 659	20 143	(1 484)
Transfers received	-	-	-	-	-	-
Fines, penalties and forfeits	-	-	-	-	-	-
Interest, dividends and rent on land	14 501	21 469	(6 968)	13 734	31 507	(12 211)
Sale of capital assets	963	147	816	963	205	758
Financial transactions in assets and liabilities	5 700	61 788	(56 088)	5 394	27 771	(22 377)
Total	40 866	104 622	60 724	38 750	79 626	(35 314)

Collection of departmental Revenue for the financial year 2013/14 amounted to R104 622 million. The bulk is made up of revenue recovered from previous financial years amounting to R61 788 million which relates mainly to the following:

- Reversal of Restitution unclaimed vouchers amounting to R38 952 million. Other revenue items are:
- Interest earned on the bank accounts R18 353 million;
- Survey Inspection fees R15 687 million;
- Lease agreements rental R2 607 million.

Summary of Financial Information

6.2 Programme Expenditure

Programme Name	2013/2014			2012/2013		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	1,268,553	1,267,482	1,071	1,107,274	1,103,427	3,847
Geospatial and Cadastral Services	787,113	785,869	1,244	550,932	548,364	2,568
Rural Development	1,704,840	1,701,643	3,197	1,086,208	1,075,587	10,621
Restitution	2,836,851	2,836,703	148	2,885,753	2,865,733	20,020
Land Reform	2,862,383	2,862,359	24	3,343,918	3,326,456	17,462
Total	9,459,740	9,454,056	5,684	8,974,085	8,919,567	54,518

The department's expenditure for the financial year 2013/14 amounted to R9,454 billion or 99.9% of the budget allocation of R9,459 billion. This resulted in an under-spend of R5,684 million and same is attributed to accruals (commitments on goods and services; as well as machinery and equipment) that could not be translated to expenditure at financial year end.

Summary of Financial Information

6.3 Transfer payments, excluding public entities

The table below reflects the transfer payments made for the period 1 April 2013 to 31 March 2014

Name of transferee	Purpose for which the funds were used	Compliance with s 38 (1) (j) of the PFMA	Amount transferred (R'000)	Amount spent by the entity (R'000)	Reasons for the funds unspent by the entity
Independent Development Trust	Food security programme	Complied	69,453	66,49	<i>Project was still in progress at financial year end</i>
Agricultural Research Council	<ul style="list-style-type: none"> • Training of the Agricultural Para Professionals. • Training of small holder livestock producers. • Establishment of fruit and vegeta-bles enterprises in different provinces in SA. • To breed fifty Bonsmara beef cattle and two Bonsmara bulls and also train and mentor beneficiaries of Segogoane's Valley Trust in Thaba Phachoa within Mantsopa Local Municipality in Free State. • Enterprise development sweet potato vine nurseries and farming enterprise • Reconnaissance survey visit in nine provinces for the establishment of a production support mechanisation centre for the commodity value chain. • Agri park concept development which entailed conducting of situa-tional analysis in 14 district munici-palities in Mpumalanga, Limpopo, Eastern Cape and KwaZulu-Natal. 	Complied	131,634	129,285	<i>Project was still in progress at financial year end</i>

Summary of Financial Information

Name of transferee	Purpose for which the funds were used	Compliance with s 38 (1) (j) of the PFMA	Amount transferred (R'000)	Amount spent by the entity (R'000)	Reasons for the funds unspent by the entity
Development Bank Of Southern Africa	<ul style="list-style-type: none"> Assist the department with the Sustainable Development Plan for five Years in Muyexe. Assist the department to conduct a full due diligence study that aims to rationalise 658 cooperatives to 110 trading enterprises. 	Complied	25,691	25,656	
Goedgedacht Trust	<ul style="list-style-type: none"> To strengthen the Goedgedacht Trust Rural Path Out of Poverty Youth Development Programme - Funds were transferred to assist the Trust with the construction of the Youth Development Academy. Complied 	Complied	1,591	1,591	
South African Council of Planners	<ul style="list-style-type: none"> To pay for the department's membership in the council. 	Complied	2,849	2,849	
National Agri Marketing Council	<ul style="list-style-type: none"> Development of red meat production centres through the National red meat development 	Complied	9,500	9,500	
National Wool Growers Association of SA	<ul style="list-style-type: none"> Genetic improvement of wool sheep farming in the communal areas of the Eastern Cape. 	Complied	11,944	10,633	<i>Project was still in progress at financial year end</i>

Summary of Financial Information

Name of transferee	Purpose for which the funds were used	Compliance with s 38 (1) (j) of the PFMA	Amount transferred (R'000)	Amount spent by the entity (R'000)	Reasons for the funds unspent by the entity
Agribusiness in sustainable natural plant (ASNAPP)	<ul style="list-style-type: none"> Implementation of a hydroponics project in the CRDP site in the Sokhulumu Tshwane municipality, Tshwaraganang phase one project and for the Ndluli Ceres phase one project in the Western Cape. 	Complied	7,550	7,550	
Ikemiseng Association for the Blind	<ul style="list-style-type: none"> Service Level Agreement with association to debush 2 ha of land for REID. This included purchase of operational assets, garden tools, production inputs, office equipment and furniture, and stationary as per implementation plan. 	Complied	993	993	
Ikageng self-help Association for the Blind	<ul style="list-style-type: none"> Service Level Agreement with association to purchase operational assets, and office furniture as per implementation plan. Ikageng main activities are sewing and knitting, to the north of Pretoria, Ga-Rankuwa. 	Complied	1,000	1,000	

Summary of Financial Information

Name of transferee	Purpose for which the funds were used	Compliance with s 38 (1) (j) of the PFMA	Amount transferred (R'000)	Amount spent by the entity (R'000)	Reasons for the funds unspent by the entity
CSIR	<ul style="list-style-type: none"> Design and deployment of new digital doorways, upgrading 15 con-tainer digital doorways and upgrading connectivity in the 18 schools running the I-school Africa Programme. 60 x Schools roll out kit submitted to core computer business (PTY) Ltd for I-school Africa Programme. Feasibility studies for DRDLR Project ideas by facilitating skills development, training, mentoring, technology transfer, technical support, productivity enhancement, rural industries development. Cofimvaba Nciba district infrastructure costs (school infrastructure). Establishing an essential oil and Moringa agro processing business at Temotua farm in Driekop. 	Complied	88,855	51,971	<i>Project was still in progress at financial year end</i>
Human Sciences Research Council (HSRC)	<ul style="list-style-type: none"> Policy research - 1913 centenary research. 	Complied	3,482	3,482	

Summary of Financial Information

Name of transferee	Purpose for which the funds were used	Compliance with s 38 (l) (j) of the PFMA	Amount transferred (R'000)	Amount spent by the entity (R'000)	Reasons for the funds unspent by the entity
Witzenberg Local Municipality	<ul style="list-style-type: none"> Implementation of the integrated development plans for community upliftment. 	Complied	7,112	7,112	
Mpumalanga Regional Training Trust	<ul style="list-style-type: none"> Joint venture with Department of Human Settlements to build houses in Donkerhoek and Jabulani in the Mkhondo Municipality, Mpumalanga Province. 	Complied	1,163	1,163	

Summary of Financial Information

6.4 Public Entities

Name of Public Entity	Services rendered by the public entity	Amount transferred to the public entity	Amount spent by the public entity	Achievements of the public entity
Ingonyama Trust Board	The trust manages land for the material benefit and social wellbeing of the individual members of the tribes.	14,500	14,500	The funds transferred to the entity were utilised to augment the entity's operational expenditure
Registration of Deeds Trading Account	Registration of title deeds in order to ensure the security of tenure.	241,741	241,741	The funds transferred to the entity were utilised to augment the entity's operational expenditure. It further funded work towards the development of the E-Cadastra
Agricultural Land Holding Account	The Agricultural Land Holding Account was established in terms of the Provision of Land and Assistance Act, Act No. 126 of 1993. Section 10(1) (a) gives legal effect to the proactive acquisition of land, where the Minister may, from money appropriated by Parliament for this purpose, acquire land for the purposes of this Act. Therefore the State will proactively target land and match this with the demand or need for land.	1,697,119	1,697,119	The funds transferred to the entity funded the pro-active acquisition of the strategically located agricultural land

6.5 Conditional grants and earmarked funds paid

The department does not have conditional grants that it transfers to municipalities and provincial government departments.

6.6 Conditional grants and earmarked funds received

The department did not receive any conditional grants in the 2013/14 financial year.

Summary of Financial Information

6.7 Donor Funds

Name of donor	Belgium Development Corporation
Full amount of the funding	R60 000 000
Period of the commitment	01 September 2011 to 30 August 2015
Purpose of the funding	Poverty reduction through the recreation of rural sustainable livelihoods of land reform beneficiaries
Expected outputs	RESULT AREA ONE: Analysis of coordination and integration of Rural Development and Land Reform Plans in IDP for enhanced service delivery to land reform beneficiaries in District Municipalities; RESULT AREA TWO: Rural Development and Land Reform Plans are better coordinated and integrated in IDP for enhanced service delivery to land reform beneficiaries in pilot municipalities; RESULT AREA THREE: The frameworks for and the actual delivery of services to land reform beneficiaries are improved as they are informed by better coordinated and integrated RDLRPs.
Actual outputs achieved	Baseline and follow-up surveys were planned as from Feb 2013 in 31 municipalities. 28 Rural Development Planning Assistants (RDPA) were to be appointed as from Feb 2013 at level 9. The development of a comprehensive FES implementation manual was planned for 2013.
Amount received in current period (R'000)	R7 909 000
Amount spent by the department (R'000)	R3 346 000
Reasons for the funds unspent	The hiring of 28 Rural Development Planning Assistants (RDPA) was delayed until end Nov 2013. PSDS expenditures for RDPA were incorrectly allocated, hence do not yet show in PSDS BAS report (Nov. 2013 – Mar. 2014). The development of a comprehensive FES manual will only be started once the FES policy is approved. The tender will be launched once the policy has been signed off.
Monitoring mechanism by the donor	<ol style="list-style-type: none"> 1. Two/three PSDS Joint Steering Committee Meetings per annum; 2. Annual reports; 3. Operational Planning / Execution Reports; 4. Quarterly Reports; 5. Work Plans.

Summary of Financial Information

6.8 Capital investment, maintenance and asset management plan

This expenditure is as a result of upgrading of the elevators, installation of the electrical wiring and power distribution, installation of air conditioners and the normal day to day maintenance which includes plumbing, fixing of broken windows and replacement of light bulbs.

Infrastructure projects	2013/2014			2012/2013		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
New and replacement assets						
Existing infrastructure assets						
- Upgrades and additions	2,446	2,445	1	7,843	7,842	1
- Rehabilitation, renovations and refurbishments				118	117	-
- Maintenance and repairs	712	712	-	1392	1139	253
Infrastructure transfer						
- Current						
- Capital						
Total	3,158	3,157	1	9,353	9,098	254

Part C

Governance





INTRODUCTION

The department continued with the entrenchment of essential mechanisms, and building the capacity which is necessary to promote good governance in conducting its business. These efforts include promoting good ethical conduct necessary to combat and prevent fraud and corruption, implementing risk management strategies, promoting occupational health and safety measures, proper delegation of authority, proper management of the information communication and technology systems, and other mechanisms required to promote good governance.

RISK MANAGEMENT

The risk management culture within the department has continued to improve, with management taking an active role in implementing risk management principles in the department's day to day activities.

The department implemented its approved Risk Management Policy and Strategy. The Risk and Compliance Committee headed by an independent chairperson drives the implementation of the Risk Management Policy and Strategy. The committee met quarterly to consider and review the risk management policies, and to provide oversight on the effectiveness of risk management within the department.

The committee continues to oversee the management of key enterprise-wide risks and key compliance risks. The department's strategic risks, presented in the previous financial year, have been reviewed and remain the profile of the organisation. The Strategic Risks have been published in the department's Strategic Plan, and continue to influence and direct, the development of this plan.

As part of implementing the Risk Management Strategy, the department conducted a comprehensive risk assessment. The assessment focused on risks at process, operational, and strategy level. The risk profile also includes corruption and business continuity risks, and forms the basis for the department's internal audit plans. The assessment was aligned to the operational and annual performance plans in order to ensure that efficient management of risk contributes to improved performance. The continuous identification of emerging risks is done as part of the risk management monitoring activities.

FRAUD AND CORRUPTION

The department has an approved Fraud Prevention Policy and Plan that provides mechanisms for the implementation of fraud prevention. Education and awareness programmes were conducted to encourage whistle blowing. The National Anti-Corruption Hotline number was also given to staff members, in order to ensure that they know how and where to report suspected fraud and corruption cases anonymously.

Additionally, the department receives and administers formal, informal and anonymous information from various communication mediums. As part of implementing the Fraud Prevention Policy the department rolled out training and awareness campaigns to popularise the policy.

MINIMISING CONFLICT OF INTEREST

The objective of Chapter 3 of the Public Service Regulations is to identify any conflict of interests in order to promote just and fair administrative actions by officials in senior positions, thereby protecting the public service from actions that may be detrimental to its function, and that may constitute unlawful administrative actions stemming from ulterior motives. In general, it aims to promote open and accountable government, and the lawful use of taxpayers' money, and therefore the principles and values expressed in section 195(1) of the Constitution. It also assists the senior management service (SMS) members by enabling them to disclose their financial interests, thereby placing a duty on the employer (i.e. executing authority) to indicate if she/he is satisfied that the employees' financial interests will not negatively impact on the execution of their duty(ies).

The only process implemented during the year under review was the eDisclosure System. The DPSA requires a Member of SMS to electronically submit his or her disclosure on the eDisclosure System. All 230 SMS financial disclosures were submitted to the Public Service Commission, indicating 100% compliance. As a result, no conflict of interest was identified in this process.

CODE OF CONDUCT

The department utilises the Code of Conduct for the Public Service, which is a set of rules regulating standards of conduct. It provides direction to employees by setting out their responsibilities in the execution of their duties. It outlines what is expected of them, from an ethical point of view, in their relationship with the legislature, political and executive office-bearers, other employees and the public. Compliance with the Code of Conduct within the department enhances professionalism by promoting exemplary conduct, which has the effect of instilling confidence in the department. Non-compliance with the Code of Conduct or a contravention of any of the provisions of the Code, constitutes misconduct and will be dealt with in terms of the Disciplinary Code and Procedure for the Public Service (PSCBC Resolution 1 of 2003). A draft Code of Conduct was submitted for approval. 45 officials of the department were trained on the code of conduct during the year under review.

HEALTH SAFETY AND ENVIRONMENTAL ISSUES

The following was achieved in the 2013/14 financial year; in total 23 safety and security awareness sessions were conducted to promote corporate culture for health and safety, and ensure protection of information in the department. A total of 43 Occupational Health and Safety audits and inspections have been conducted in the offices of the department, to determine the level of compliance. Recommendations outlining the proposed corrective measures were forwarded to the heads of offices and Facility Management to be implemented. 47 NARYSEC facilities have been assessed to determine the level of compliance. Recommendations outlining the proposed corrective measures were forwarded to the NARYSEC coordinators, to facilitate implementation before the facility can be regarded as suitable accommodation for NARYSEC participants.

A draft OHS specification was developed for the RID building construction project to assist and provide technical advice to the provincial directors of rural infrastructure development on the areas that must be complied with in terms of the OHS Act. 46 Health and Safety Assessment checks were conducted during the Ministerial events to ensure that health and safety standard are adhered to.



Emergency evacuation drills were conducted in the following offices to ensure that employees know the procedure to follow during emergency situations:

- o Stellenbosch District;
- o Limpopo SG, PSSC;
- o Clanwilliam District;
- o Deeds and SG KZN;
- o Richards Bay;
- o Limpopo RLCC;
- o Eastern Cape SSC.

The Impact

- Protected the image of the department and prevented/ pre-empted possible litigation;
- Reduced the number of contravention notices that might have been issued by department of labour;
- Protected the image of the department and prevented the NARYSEC participants from being exposed to unsafe conditions;
- Proactively prevented incidents such as food poisoning or collapsing of temporary structure during the events;
- Increased cooperation by working together to fulfil the mandate of the department, and promoted good governance by providing technical advice to the NARYSEC unit;
- Raised awareness and outlined the role of OHS in the RID project to RID Branch – by the development of draft OHS specification for RID Projects;
- Enforced change management by promoting the integration approach in dealing with matters of facility management and Occupational Health and Safety Services;
- Facilitated emergency preparedness to sensitise employees on the proper procedure to follow in cases of emergency.

INTERNAL CONTROL UNIT

During the financial year under review the department performed the following functions:

- Conducted internal control awareness campaigns;
- Introduced the pre-checking of BAS payments before they are processed on the system;
- Identified weaknesses in internal control systems;
- Provided recommendations on controls that must be implemented in order to address the identified weaknesses;
- Monitored the implementation of recommended controls in order to ensure that they are in place and are working effectively to address the identified weaknesses.

Significant improvements in the internal control environment were observed, and identification and reporting of fruitless and wasteful expenditure and irregular expenditure has also improved in the year under review.

AUDIT COMMITTEE REPORT

Report of the Audit Committee

We are pleased to present our report for the financial year ended 31 March 2014, for the Department of Rural Development and Land Reform, the Deeds Registration Trading Account and the Agricultural Land Holding Account.

This report is presented in accordance with the requirements of the Public Financial Management Act, No 1 of 1999, as amended, and the recommendations contained in the third King Report on Governance for South Africa and the King Code of Governance Principles (King III).

Audit Committee Responsibility

The Audit Committee for the year under review ("the committee") was constituted in term of and complied with its responsibilities arising from Section 38(1) (a)(ii) of the Public Finance Management Act, No.1 of 1999 (PFMA) and Treasury Regulation 3.1.2. The committee has adopted appropriate formal terms of reference as contained in its Audit Committee Charter in line with the requirements of Section 30 of the PFMA and Treasury Regulation 3.1.

The committee has regulated its affairs in compliance with the charter and has discharged its responsibilities as contained therein.

Committee Meetings

The committee consisted of three external members. The members listed hereunder met eight times during the 2013/2014 financial year:

Name of member	Number of meetings attended
Mr F.K. Buthelezi (Chairperson)	8
Mr L. M. Mangqaku	8
Ms M.A.F. Moja	7

The effectiveness of internal control

In line with the PFMA requirements, Internal Audit provides the committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of risk management process improvements, comprehensive internal audits, as well as the identification of corrective actions and suggested enhancements to the controls and processes. The system of internal control was not entirely effective for the process under review. During the year under review, deficiencies detected from internal audits in the system of internal control and/or deviations stemming from this were reported by internal audit, and we monitored the process at all our meetings.

We are satisfied that the internal audit function is operating effectively, and that it has taken into consideration the risks pertinent to the department in its audits. Internal Audit has made significant progress with audits conducted in terms of its three-year rolling plan, as well as with the forensic and special investigations that were performed in addition to the plan.



The following Internal Audit work was completed during the year under review:

- Recapitalisation and Development financial and performance audit;
- IPILRA financial and operational audit;
- Restitution Records Management operational and legal compliance audit;
- Monitoring and Evaluation quarterly performance information reviews;
- Logistical and Physical Security performance and legal compliance follow-up audit;
- Rural Infrastructure Development comprehensive consultation;
- Rural Enterprise and Industrial Development comprehensive consultation;
- Human Resource Management information technology audit;
- Restitution Information Management project review;
- Umhlabawethu system development life cycle audit;
- e-Cadastre system development life cycle audit;
- Cadastral Surveys comprehensive follow-up audit;
- Spatial Planning, Facilitation and Implementation comprehensive follow-up audit;
- Information technology general control audit of Balance of Grants System;
- Management Advisory Services operational audit;
- Deeds Registration Trading Account financial and information technology audit; and
- Agricultural Land Holding Account financial and information technology audit.

The following were areas of concern:

- Corporate governance;
- Performance information management and reporting;
- Compliance management;
- Information technology environment;
- Project management;
- Human resource management;
- Records management;
- Contract management;
- The e-Cadastre project; and
- Appointment and management of service providers.

In conclusion, based on the committee's review of internal audit reports and the management reports of the AGSA, we report that the department's system of internal control was not entirely effective for the year under review.

In-Year Management and Monthly/Quarterly Report

The department has not always submitted monthly and quarterly reports timeously to National Treasury, as is required by the PFMA.

The committee was not always satisfied with the content and quality of the quarterly reports prepared and issued by the department in terms of the PFMA, and presented to the committee during the year under review. Improvements in quarterly performance reporting, especially the availability of supporting evidence to validate the integrity of performance reported, remains essential.

Evaluation of Financial Statements

The committee has:

- Reviewed and discussed the annual financial statements to be included in the annual report, with the AGSA, the Accounting Officer and management;
- Reviewed the Auditor-General's interim and final management reports and audit reports, as well as, management's response thereto;
- Reviewed possible changes in accounting policies and practices;
- Reviewed the department's compliance with legal and regulatory provisions;
- Reviewed the information on predetermined objectives to be included in the annual reports; and
- Reviewed significant adjustments resulting from the audit.

The committee expressed its concern regarding the following control deficient processes and requested management to compile action plans to address these areas:

- Areas highlighted by the AGSA:
 - o Department of Rural Development and Land Reform: vacancies, preparation of annual financial statements, project management, controls and performance reporting and immovable assets.
 - o The Agricultural Land Holding Account: renewal of lease agreements, impairment of receivable from non-exchange transactions, impairment of trade receivables, identification of beneficiaries and control of assets.
 - o Deeds Registration Trading Account: e-Cadastre project, revenue, deeds registration systems, payroll and performance information.
- Additional areas of concern identified by the committee:
 - o The department's management takes excessive time to address high risk system areas reported by internal audit in various units;
 - o Although the e-Cadastre project will ultimately yields good results, the manner in which it is developed and managed has a number of deficiencies. The time it will take to address these deficiencies poses the risk of associated costs exceeding the benefits that will be derived from it;

- o The management of the Agricultural Land Holding Account and the Pro-active Land Acquisition Strategy have significant systems and policy deficiencies that may results in unnecessary costs which appears as if the department is not effectively executing its mandate;
- o The delay in the adoption of Rural Infrastructure Development and Rural Enterprises and Industrial Development policies, resulting in departmental processes/ activities being non-compliant with the draft policies; and
- o Land distribution continues to face challenges relating to land that has to be distributed to complex beneficiary structures, which result in funds being reserved for a lengthy period. Related policies and procedures should adequately incorporate appropriate measures to address and/or manage these challenges.

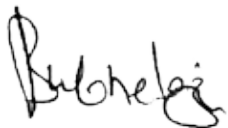
The committee concurs with and accepts the AGSA's unqualified audit opinion on the annual financial statements for the Department of Rural Development and Land Reform, the Deeds Registration Trading Account and the Agricultural Land Holding Account, for the year under review.

Auditor-General South Africa

The committee has met with representatives of the AGSA to ensure that there are no unresolved issues.

Conclusions

We would like to extend our appreciation to the Executive Authority, Accounting Authority, management and internal and external auditors for their efforts being made.



Mr F.K. Buthelezi
 Chairperson of the Audit Committee
 Department of Rural Development and Land Reform, Deeds Registration Trading Account and Agricultural Land Holding Account
 Date: 31 July 2014

Part D

Human Resource Management



I. LEGISLATION THAT GOVERNS HUMAN RESOURCE MANAGEMENT

In managing the human resources for operational efficiency, the department was guided by the following legislation:

- Basic Conditions of Employment Act, 1997;
- Codes of Remuneration, 1999 (as amended);
- Compensation for Occupational Injuries and Diseases Act, 1993;
- Constitution, 1996;
- Delegation of Authority;
- Department of Public Service and Administration Financial Manual, 1999;
- Employment Equity Act, 1998;
- General Public Service Sector Bargaining Council Resolutions;
- Government Employees Pension Fund Act, 1995;
- Grievance Rules for Public Service, 2003;
- HRM Policies;
- Labour Relations Act, 1995;
- National Minimum Information Requirements, 1999;
- Occupational Health and Safety Act, 1993;
- Protected Disclosure Act, 2000;
- Public Finance Management Act, 1999;
- Public Service Act, 1994 (as amended);
- Public Service Co-ordinating Bargaining Council Resolutions;
- Public Service Regulations, 2001 (as amended);
- Senior Management Service (SMS) Handbook, 2003 (as amended);
- Skills Development Act, 1998;
- Skills Development Levies Act, 1999;
- South African Qualifications Authority Act, 1995;
- White Paper on Affirmative Action in the Public Service;

- White Paper on Human Resource Management, 1997;
- White Paper on Public Service Training and Education;
- White Paper on Transformation of the Public Service, 1995;
- White Paper on Transforming Public Service Delivery.

2. INTRODUCTION

This section addresses the human resource matters of the department. The focus is on human resource issues prioritised for the year under review, key strategies implemented to attract and recruit a skilled and capable workforce, the employee performance management framework, and employee wellness programmes. It further provides highlights on human resource policy development achievements, challenges and future human resource plans.

2.1 Overview of human resource matters in the department

In the financial year under review, the department focused mainly on the following human resource matters:

- Managed human resource policies, planning and research;
- Implemented and managed performance management systems;
- Provided staffing services including recruitment and selection and mobility;
- Managed employee health and wellness programmes;
- Managed human resource benefits;
- Facilitated and monitored the implementation of employment equity;
- Ensured that an effective PERSAL management infrastructure is in place and maintained;
- Monitored and managed statistics and information on PERSAL;
- Provided strategic advice to management regarding PERSAL information;
- Managed salary administration and OSDs;
- Facilitated code of conduct, labour relations' guidelines and practices;
- Facilitated labour relations services;
- Managed employee grievances;


- Managed labour disputes;
- Managed collective bargaining;
- Managed and monitored the implementation of the Skills Development Act and internship/learnerships programmes;
- Coordinated and facilitated the training and development of employees;
- Managed and administered bursaries;
- Provided organisational development services; and
- Provided organisational development administrative support services.

2.2 Set human resource priorities for the year under review and the impact of these priorities

In the financial year under review, the department focused on the priorities presented in the table below. These priorities are informed by the human resource challenges experienced in the previous financial years.

HRP objective	HRP priority	Targets (achieved/not achieved)
Manage and review the organisational structure	<ul style="list-style-type: none"> • Review amendments through RRU. • Determine further amendments to structure. • Communicate to stakeholders involved. • Obtain approval. 	<p>Achieved Structure 2.9 approved and implemented. RRU amendments approved. Splitting of Branch: Land Reform and Administration approved.</p> <p>Partly achieved – continuous process. Further amendments determined. Amendments communicated to stakeholders. Approval of certain amendments.</p>
Maintenance of job descriptions	<ul style="list-style-type: none"> • Facilitated job description for each job. • These job descriptions will be maintained regularly. • Inform managers accordingly. 	<p>Partly achieved – 945 job descriptions facilitated. In process of facilitating development of further job descriptions.</p>

HRP objective	HRP priority	Targets (achieved/not achieved)
Determine priority posts	<ul style="list-style-type: none"> Communicate to all stakeholders involved. Request identification of all critical/priority posts as all posts will not be filled during the next financial year. Adopt a project management approach. Determine funded posts. Implement a recruitment programme by Branches for the year. 	Partly achieved – New structure with more posts recently implemented. Managers requested to determine priority posts. Approval of more posts poses a challenge as not all posts are funded.
Reduce vacancy rate	<ul style="list-style-type: none"> Branches to determine priority posts. Advertised funded prioritised posts. Reduce Recruitment and selection timeframes. Communicate with different stakeholders. 	Partly achieved – New structure with more posts recently implemented. Manage the vacancy rate – on an on-going basis. New approved posts, budget and internal promotions poses a challenge.
Monitor the compliance and adherence to the EE Plan	<ul style="list-style-type: none"> Implement EE Plans. Establish EE forums nationally as well as provincially. Align policies with framework and diversity management. 	Partly achieved – EE forums established nationally. In process of finalising diversity management.
Ensure critical skills	<ul style="list-style-type: none"> Ensure that the HRD strategy is aligned with NSDS (3). NSDS (3) requires the prioritisation and communication of critical skills for sustainable growth, development and EE. Partnership with other tertiary institutions enhanced by developing employees. Promoting and accelerating training. 	Partly achieved – Continuous process. Partnered with tertiary institutions. Promoted and accelerated training. 414 prospective bursary holders and 198 serving employees are on the bursary programme.
Signing/submission of PA's and assessments	<ul style="list-style-type: none"> All employees to be informed about due dates. Assist with signing of PA's/ assessments. Training. Disciplinary action. 	Partly achieved – Continuous process. Employees informed about the due dates. 81 % PA's submitted for levels 1 - 12. 88 % PA's submitted for SMS.
Alignment of HR policies	<ul style="list-style-type: none"> Review policies. Obtain and rework input. Consult policies. Obtain approval. Implement policies. 	Partly achieved – Continuous process. Draft policies submitted for approval. Other policies still to be consulted. Policies to be implemented after approval.



HRP objective	HRP priority	Targets (achieved/not achieved)
Employee Health and Wellness Programme	<ul style="list-style-type: none"> • Coordinate management/supervisory training workshops. • Coordinate retirement planning workshops. • Conduct interns support sessions. • Health Promotion activities. • Render psycho-social services. • Conduct life skills programmes. • EHWP Marketing services. • Conduct HIV&AIDS and TB programmes. 	Partly achieved – Continuous process. Coordinated management/supervisory training and retirement planning workshops (in process). Facilitated interns support sessions. Rendered health promotion, psycho-social, marketing services, life skills, HIV&AIDS and TB programmes.

2.3 Workforce planning framework and key strategies to attract and recruit a skilled and capable workforce

Workforce planning is a systematic business process which brings together information about workforce segments, the internal and external environments, strategic objectives, budgets and future workforce needs, to inform the development of workforce strategies and actions. The Human Resource Plan of the department is in place, and is currently being implemented to address the current and future human resource needs of the department. The plan also guides human resource strategies in the areas of recruitment, performance management, training and development and employee wellness.

2.4 Employee performance management framework

The Employee Performance Management System and Performance Management and Development System provide a standardized framework for managing employee performance in the department. Performance management is determined by three main levels of performance management:

- Organisational level, whereby top management determines the strategic priorities and overall key result areas of the department, while objectives are identified by way of priorities and assigned to components within the department;
- Component level, in terms of which components undertake the execution of projects and activities that lead to the achievement of the integrated business plans;
- Employee level, where each employee develops a performance agreement jointly with his/her supervisor.

2.5 Employee wellness programmes

The activities of the employee wellness programmes include the following:

2.5.1 Psychosocial counseling services

- Direct and confidential access to a 24-hour personal support service;
- Individual and/ group face-to-face counseling sessions are considered where short-term psychological counseling is appropriate;
- Critical incident service offers prompt and professional trauma debriefing and counseling to employees exposed to incidents of trauma;
- EWP is responsible for rehabilitation in line with internal Human Resource Policy and PILIR.

2.5.2 Life Skills, Health and Wellness Promotion

Life Skills, health and wellness programmes and interventions are provided to employees as and when a need arises.

2.6 Policy development

The department implemented approved Human Resource Policies. It continues reviewing these policies to ensure alignment with the developments in the legislative framework. The following are the achievements:

2.6.1 Highlighted achievements

The following are the significant achievements recorded in the year under review:

- The department awarded 134 bursaries to prospective bursary recipients to obtain qualifications in Survey-Geomatics and Town and Regional Planning, in order to address scarce skills in the department and the country. Emphasis was placed in giving bursaries to women and students from rural areas, to expose them to the Survey Profession. Currently the department has 220 bursary holders studying at various tertiary institutions in the country. The department experienced a return on investment during the financial year, as 53 bursary holders have completed their studies and were employed permanently in the department.

- The department recruited 564 interns in the financial year, to gain work place experience and skills and to support Government's job creation programme. This provides opportunities for unemployed graduates and youth with tertiary qualifications to gain work experience, and to prepare for the labour market. The interns are allocated mentors for transfer of skills and on the job training and are placed in various sections of the department both at national office and provincial offices. On completion of the internship programme the interns are awarded a competency certificate indicating successful completion of the programme. By this method 69 interns were provided with the opportunity to be permanently appointed in government departments.
- A total of 55 senior management posts were filled. Among these were appointments which include the Chief Registrar of Deeds, the Deputy Director General: Corporate Support Services and the Chief Director: Provincial Shared Service Centre in KwaZulu-Natal.
- A new set of HR delegations regarding the Public Service Act and Public Service Regulation was approved and implemented during September 2013.
- HR Plan approved with effect from 1 April 2013.
- Branch: Land Reform and Administration was split into two branches: Land Tenure and Administration and Land Redistribution and Development. The organisational structure was captured on the Persal System and the migration process of the employees was completed.

3. HUMAN RESOURCE OVERSIGHT STATISTICS

3.1 Personnel Related Expenditure

The department budgeted in terms of clearly defined programmes for the 2013/2014 financial year. The following tables summarise the final audited expenditure by Programmes (Table 3.1.1) and by Salary Bands (Table 3.1.2). In particular, it provides an indication of the amount spent on Personnel Expenditure in terms of each of the Programmes or Salary Bands within the department. The tables thereafter provide a summary per Programme (Table 3.1.3) and Salary Bands (Table 3.1.4), of expenditure incurred as a result of salaries, overtime, housing allowance and medical assistance. In each case, the table provides an indication of the percentage of the Personnel Expenditure that was used.

Table 3.1.1 – Personnel Expenditure by Programmes

Programme	Total Expenditure	Personnel Expenditure	Training Expenditure	Professional and Special Services	Personnel Expenditure % of Total Expenditure	Average Personnel Cost per Employee
	(R'000)	(R'000)	(R'000)	(R'000)		(R'000)
Administration	551 112	531 234	16 003	3 875	28.10	326
Restitution	358 152	357 425	727	0	18.91	565
Land Reform	201 105	200 408	697	0	10.60	336
Rural Development	217 960	216 914	1 046	0	11.47	536
Geo-Spatial and Cadastral Services	236 075	235 280	795	0	12.45	209
Deeds Registration	455 366	349 243	335	105 788	18.47	291
Total	2 019 770	1 890 504	19 603	109 663	100	338

Table 3.1.2 – Personnel Costs by Salary Bands

Salary bands	Personnel Expenditure	% of total Personnel Cost	Number of Employees	Average Personnel Cost per Employee
	(R'000)			(R'000)
Lower skilled (Levels 1-2)	0	0	0	0
Skilled (Levels 3-5)	64 655	3.42	733	88
Highly skilled production (Levels 6-8)	856 398	45.30	2 724	314
Highly skilled supervision (Levels 9-12)	913 681	48.33	1 869	489
SMS (Levels 13-16)	55 770	2.95	265	210
Total	1 890 504	100.00	5 591	338

Table 3.1.3 – Salaries, Overtime, Housing Allowance and Medical Aid by Programme

Programme	Salaries		Overtime		Housing Allowance		Medical Aid	
	Amount	%	Amount	%	Amount	%	Amount	%
	(R'000)		(R'000)		(R'000)		(R'000)	
Administration	483 562	27.19	14 126	68.08	12 892	36.66	20 654	36.73
Restitution	340 501	19.15	2 401	11.57	5 277	15.01	9 246	16.44
Land Reform	185 841	10.45	578	2.79	5 049	14.36	8 940	15.90
Rural Development	207 094	11.65	1 013	4.88	3 570	10.15	5 237	9.31
Geo-Spatial and Cadastral Services	212 812	11.97	1 960	9.45	8 366	23.79	12 142	21.59
Deeds Registration	348 545	19.59	670	3.23	11	0.03	17	0.03
Total	1 778 355	100.00	20 748	100.00	35 165	100.00	56 236	100.00

Table 3.1.4 – Salaries, Overtime, Housing Allowance and Medical Aid by Salary Bands

Salary Bands	Salaries		Overtime		Housing Allowance		Medical Assistance	
	Amount	%	Amount	%	Amount	%	Amount	%
	(R'000)		(R'000)		(R'000)		(R'000)	
Lower skilled (Levels 1-2)	0	0.00	0	0.00	0	0.00	0	0.00
Skilled (Levels 3-5)	43 849	3.33	1 021	4.92	2 196	6.24	3 318	5.90
Highly skilled production (Levels 6-8)	419 905	31.87	13 732	66.18	21 153	60.15	33 081	58.81
Highly skilled supervision (Levels 9-12)	583 236	44.27	5 995	28.89	9 186	26.12	17 422	30.97
SMS (Levels 13-16)	270 511	20.53	0	0.00	2 630	7.48	2 431	4.32
Total	1 317 501	100.00	20 748	100.00	35 165	100.00	56 252	100.00

3.2 Employment and Vacancies

The following tables summarise the number of posts on the establishment, the number of employees, the vacancy rate, and whether there are any staff that are additional to the establishment. This information is presented in terms of three key variables: Programme (Table 3.2.1), Salary Band (Table 3.2.2) and Critical Occupations (Table 3.2.3). The department has identified critical occupations that need to be monitored. In terms of current regulation, it is possible to create a post on the establishment that can be occupied by more than one employee. The vacancy rate reflects the percentage of posts that are not filled.

Table 3.2.1 – Employment and Vacancies by Programme

Programme	Number of posts	Number of posts filled	Vacancy Rate	Number of posts filled additional to the establishment
Administration	1 993	1 631	18.16	18
Restitution	937	633	32.44	8
Land Reform	631	597	5.39	91
Rural Development	477	405	15.09	0
Geo-Spatial and Cadastral Services	1 338	1 124	15.99	300
Deeds Registration	1 365	1 201	12.01	9
Total	6 741	5 591	17.05	426

Table 3.2.2 – Employment and Vacancies by Salary Bands

Salary Band	Number of posts	Number of posts filled	Vacancy Rate	Number of posts filled additional to the establishment
Lower skilled (Levels 1-2)	0	0	0.00	0
Skilled (Levels 3-5)	865	733	15.26	102
Highly skilled production (Levels 6-8)	3 189	2 724	14.58	221
Highly skilled supervision (Levels 9-12)	2 354	1 869	20.60	102
SMS (Levels 13-16)	333	265	20.42	1
Total	6 741	5 591	17.05	426

Table 3.2.3 – Employment and Vacancies by Critical Occupations

Critical occupations	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of posts filled additional to the establishment
Architects	92	41	55.43	25
Cartographers and Surveyors	400	337	15.75	61
Community Development Workers	37	37	0.00	37
Engineers	10	1	90.00	0
General Legal Administration & Related Professionals	1 158	998	13.82	8
Natural Sciences Related	1 207	1 006	16.65	33
Other	3 837	3 171	17.35	262
Total	6 741	5 591	17.05	426

3.3 Job Evaluation

Using a predetermined framework, the Executing Authority may evaluate or re-evaluate any job in his/her department in accordance with the Public Service Regulations, 2001. Table 3.3.1 summarises the number of jobs that were evaluated during the year under review. Table 3.3.2 provides a summary of the number of employees whose salary positions were upgraded due to their posts being upgraded. Table 3.3.3 summarises the number of all the cases as on 31 March 2014, where remuneration levels exceeded the grade determined by job evaluation. The job evaluation was not necessarily implemented in the year under review. Table 3.3.4 summarises the beneficiaries of the above in terms of race, gender, and disability.

Table 3.3.1 Job Evaluation by Salary band

Salary band	Number of posts	Number of Jobs Evaluated	% of posts evaluated by Salary Bands	Posts Upgraded		Posts downgraded	
				Number	%	Number	%
Lower skilled (Levels 1-2)	0	0	0.00	0	0.00	0	0.00
Skilled (Levels 3-5)	865	21	2.43	0	0.00	0	0.00
Highly skilled production (Levels 6-8)	3 189	507	15.90	0	0.00	0	0.00
Highly skilled supervision (Levels 9-12)	2 353	408	17.34	0	0.00	0	0.00
SMS Band A	232	51	21.98	0	0.00	0	0.00
SMS Band B	89	18	20.22	0	0.00	0	0.00
SMS Band C	12	3	25.00	0	0.00	0	0.00
SMS Band D	1	0	0.00	0	0.00	0	0.00
Total	6 741	1 008	14.95	0	0.00	0	0.00

Table 3.3.2 – Profile of Employees whose Salary Positions were upgraded due to their posts being upgraded for the period 1 April 2013 to March 2014

Beneficiaries	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	0	0	0	0	0
Total	0	0	0	0	0

Employees with a disability	0
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The following table provides a summary of the number of employees whose positions were upgraded due to their post being upgraded. The number of employees might differ from the number of posts upgraded since not all employees are automatically absorbed into the new posts and some of the posts upgraded could also be vacant.

Table 3.3.3 – Employees with salary Levels higher than those determined by Job Evaluation by occupation

Occupation	Number of employees	Job Evaluation Level	Remuneration Level	Reason for Deviation
Cartographers and Surveyors	2	9	11	Recruitment/Retention
General Legal Administration & Related Professionals	3	6	9	Recruitment/Retention
General Legal Administration & Related Professionals	1	7	9	Recruitment/Retention
General Legal Administration & Related Professionals	1	8	9	Recruitment/Retention
General Legal Administration & Related Professionals	1	9	12	Recruitment/Retention
General Legal Administration & Related Professionals	2	12	13	Recruitment/Retention
Natural Sciences Related	3	8	9	Recruitment/Retention
Natural Sciences Related	1	10	12	Recruitment/Retention
Natural Sciences Related	1	12	13	Recruitment/Retention
Other	1	3	4	Recruitment/Retention
Other	11	5	7	Recruitment/Retention
Other	5	6	8	Recruitment/Retention
Other	8	6	11	Recruitment/Retention
Other	3	8	9	Recruitment/Retention
Other	10	9	11	Recruitment/Retention
Other	1	9	12	Recruitment/Retention
Other	3	10	12	Recruitment/Retention
Other	1	11	13	Recruitment/Retention
Other	3	12	13	Recruitment/Retention
Other	2	13	14	Recruitment/Retention
Other	4	14	15	Recruitment/Retention
Other	1	15	16	Recruitment/Retention
Number of Employees whose salaries exceeded the level determined by JE			68	
Percentage of total Employment			1.80 %	

Table 3.3.4 – Profile of employees whose Salary Level exceeds the grade determined by Job Evaluation

Beneficiaries	African	Asian	Coloured	White	Total
Female	21	0	2	6	29
Male	30	3	0	5	38
Total	52	3	2	11	67
Employees with a disability	1	0	0	0	1
Total number of employees whose remuneration exceeded the grade determined by job evaluation in 2013/14					68

3.4 Employment Changes

This section provides information on changes in employment over the financial year. Turnover rates provide an indication of trends in the employment profile of the department. The following tables provide a summary of turnover rates by Salary Band (Table 3.4.1) and by Critical Occupations (Table 3.4.2). Table 3.4.3 identifies the major reasons why staff left the department.

Table 3.4.1 – Annual Turnover rates by Salary Band

Salary Band	Number of Employees per band as on 1 April 2013	Appointments and Transfers into the department	Terminations and Transfers out of the department	Turnover Rate
Lower skilled (Levels 1-2)	0	0	0	0.00
Skilled (Levels 3-5)	485	270	22	4.54
Highly skilled production (Levels 6-8)	2 666	136	78	2.93
Highly skilled supervision (Levels 9-12)	1 475	451	57	3.86
SMS Band A	161	29	7	4.35
SMS Band B	60	15	2	3.33
SMS Band C	5	5	1	20.00
SMS Band D	1	0	0	0.00
Total	4 853	906	167	3.44

Table 3.4.2 – Annual Turnover Rates by Critical Occupation

Critical Occupation	Number of Employees per occupation as on 1 April 2013	Appointments and Transfers into the Department	Terminations and Transfers out of the Department	Turnover Rate
Architects	31	19	9	29.03
Cartographers and Surveyors	291	60	14	4.81
Community Development Workers	37	0	0	0.00
Engineers	1	0	0	0.00
General Legal Administration and Related Professionals	949	72	23	2.42
Natural Sciences Related	994	21	9	0.91
Other	2 550	734	112	4.39
Total	4 853	906	167	3.44

Table 3.4.3 – Reasons why staff members left the department

Termination Type	Number	% of total
Death	16	9.58
Resignation	79	47.31
Expiry of contract	21	12.57
Dismissal – misconduct	17	10.18
Discharged due to ill-health	0	0.00
Retirement	22	13.17
Transfers to other Public Service Departments	12	7.18
Total	167	2.98

Table 3.4.4 – Promotions by Critical Occupation

Critical Occupation	Employees as at 1 April 2013	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progressions as a % of employees by occupation
Architects	31	0	0.00	13	41.94
Cartographers and Surveyors	291	19	6.53	282	96.91
Community Development Workers	37	1	2.70	167	451.35
Engineers	1	0	0.00	1	100.00
General Legal Administration and Related Professionals	949	78	8.22	629	66.28
Natural Sciences Related	994	56	5.63	154	15.49
Other	2 550	267	10.47	2 104	82.50
Total	4 853	421	8.68	3 350	69.02

Table 3.4.5 – Promotions by Salary Band

Salary Band	Employees 1 April 2013	Promotions to another salary level	Salary bands promotions as a % of employees by salary level	Progressions to another notch within a salary level	Notch progressions as a % of employees by salary band
Lower skilled (Levels 1-2)	0	0	0.00	0	0.00
Skilled (Levels 3-5)	485	10	2.06	237	48.87
Highly skilled production (Levels 6-8)	2 666	186	6.98	1 899	71.23
Highly skilled supervision (Levels 9-12)	1 475	196	13.29	1 014	68.75
SMS (Levels 13-16)	227	29	12.77	200	88.10
Total	4 853	421	8.68	3 350	69.02

3.5 Employment Equity

Ensuring representation in the public service is a requirement in terms of Chapter 10, Section 195(i) of the Constitution of the Republic of South Africa. The Department of Rural Development and Land Reform has developed an Employment Equity (EE) Plan, that is informed by Chapter 10 (Section 195) and the provisions of the Employment Equity Act, no 55 of 1998 (EEA) to support the creation of an enabling environment for improved service delivery as outlined in its strategic plan for the period 2011 to 2014. The tables in this section are based on the formats prescribed by the EEA.

Table 3.5.1 – Total number of Employees (including employees with disabilities) in each of the following Occupational Categories as on 31 March 2014

Occupational categories (SASCO)	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	107	11	10	26	71	6	9	16	256
Professionals	898	77	24	142	873	91	36	193	2 334
Technicians and associate professionals	795	37	7	22	698	41	12	90	1 702
Clerks	322	25	6	9	597	69	12	69	1 109
Service and sales workers	15	2	0	4	12	1	0	1	35
Craft and related trades workers	20	1	1	2	1	1	0	3	29
Elementary occupations	67	4	0	2	43	10	0	0	126
Total	2 224	157	48	207	2 295	219	69	372	5 591
Employees with disabilities	27	4	3	18	22	4	1	15	94

Table 3.5.2 – Total number of Employees (including employees with disabilities) in each of the following Occupational Bands as on the 31 March 2014

Occupational categories (SASCO)	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	3	2	0	0	3	0	1	1	10
Senior Management	110	9	10	26	68	6	8	15	252
Professionally qualified specialists and midmanagement	550	35	19	83	437	26	15	76	1 241
Skilled technical and academically qualified workers,	1 343	83	17	86	1 601	165	44	278	3 617
Semi-skilled and discretionary decision making	214	28	1	9	185	22	0	1	460
Unskilled and defined decision making	4	0	1	3	1	0	1	1	11
Total	2 224	157	48	207	2 295	219	69	372	5 591

Table 3.5.3 – Recruitment

Occupational categories (SASCO)	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	1	2	0	0	1	0	0	0	4
Senior Management	3	0	0	1	3	0	1	0	8
Professionally qualified specialists and mid-management	205	9	6	15	180	11	8	18	452
Skilled technical and academically qualified workers,	59	5	2	1	61	5	1	2	136
Semi-skilled and discretionary decision making	134	4	0	1	130	1	0	0	270
Unskilled and defined decision making	15	1	1	0	17	1	1	1	37
Total	417	21	9	18	392	18	11	21	907
Employees with disabilities	2	0	1	0	2	1	0	0	6

Table 3.5.4 – Promotions

Occupational categories (SASCO)	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	0	0	0	1	1
Senior Management	1	1	1	1	1	1	1	1	8
Professionally qualified specialists and midmanagement	114	1	3	6	97	6	8	6	241
Skilled technical and academically qualified workers,	43	5	7	9	28	6	5	17	120
Semi-skilled and discretionary decision making	17	6	1	2	15	3	0	7	51
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	175	13	12	18	141	16	14	32	421
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 3.5.5 – Terminations

Occupational categories (SASCO)	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	5	0	0	0	1	0	0	0	6
Professionally qualified specialists and mid-management	32	2	0	6	16	2	0	3	61
Skilled technical and academically qualified workers,	36	1	1	3	30	9	0	10	90
Semi-skilled and discretionary decision making	8	1	0	0	1	0	0	0	10
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	81	4	1	9	48	11	0	13	167
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 3.5.6 – Disciplinary Action

Disciplinary Action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Correctional Counseling	0	0	0	0	0	0	0	0	0
Written Warning	0	0	0	0	0	0	0	0	0
Final Written Warning	0	0	0	0	0	0	0	0	0
Demotion	0	0	0	0	0	0	0	0	0
Dismissal	11	0	0	0	6	1	0	0	18
Not guilty	4	0	0	0	1	0	0	0	5
Suspension without pay and final written warning	3	0	0	1	1	1	0	0	6
Suspension without pay, final written warning and corrective counseling	0	0	0	0	0	0	0	0	0
Final written warning and counseling	1	0	0	0	0	0	0	0	1
Final written warning and liable to pay cost incurred	2	0	0	0	0	0	0	0	2
Suspension	0	0	0	0	2	0	0	0	2
Total	21	0	0	1	10	2	0	0	34
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 3.5.7 – Skills Development

Occupational categories (SASCO)	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	72	1	0	6	49	2	2	7	139
Professionals	354	16	8	24	284	19	6	30	741
Technicians and associate professionals	382	9	8	31	291	14	3	34	772
Clerks	127	1	4	2	182	7	1	24	348
Service and sales workers	5				10				15
Craft and related trades workers	0	0	0	0	0	0	0	0	0
Elementary occupations	32	0	0	0	55	0	0	0	87
Total	972	27	20	63	871	42	12	95	2 102
Employees with disabilities	0	0	0	0	0	0	0	0	0

3.6 Performance Rewards

To encourage good performance, the department has granted the following performance rewards during the 2013/14 financial year. The information is presented in terms of race, gender, and disability, salary bands and critical occupations.

Table 3.6.1 – Performance Rewards by Race, Gender, and Disability

Beneficiary Profile				Cost	
Race and Gender	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee (R)
African Female	684	2 273	30.09	11 139	16.285
African Male	556	2 197	25.31	9 871	17.754
Coloured Female	90	215	41.86	1 313	14.589
Coloured Male	42	153	27.45	660	15.714
Indian Female	34	68	50.00	556	16.353
Indian Male	13	45	28.89	249	19.154
White Female	153	357	42.86	2 461	16.085
White Male	65	189	34.39	1 450	22.308
Employees with a disability	32	94	34.04	573	17.906
Total	1 669	5 591	29.85	28 272	16.939

Table 3.6.2 – Performance Rewards by Salary Bands for personnel below Senior Management Service

Beneficiary Profile				Cost	
Salary band	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee (R)
Lower skilled (Levels 1-2)	0	0	0.00	0	0.000
Skilled (Levels 3-5)	117	733	15.96	842	7.197
Highly skilled production (Levels 6-8)	935	2 724	34.32	11 721	12.536
Highly skilled supervision (Levels 9-12)	617	1 869	33.01	15 709	25.460
Total	1 669	5 326	31.34	28 272	16.939

Table 3.6.3 – Performance Rewards by Critical Occupations

Beneficiary Profile				Cost	
Critical Occupation	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee (R)
Architects	10	41	24.39	270	27
Cartographers and Surveyors	163	337	48.37	2747	16.853
Community Development Workers	30	37	81.08	405	13.5
Engineers	3	1	300	101	33.667
General Legal Administration and Related Professionals	80	998	8.02	760	9.5
Natural Sciences Related	118	1006	11.73	3032	25.695
Other	1265	3171	39.86	20957	16.567
Total	1669	5591	29.84	28272	16.939

Table 3.6.4 – Performance related rewards (cash bonus), by salary band, for Senior Management Service

Beneficiary Profile				Cost	
Salary band	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee (R)
SMS Band A	0	183	0.00	0	0.000
SMS Band B	0	72	0.00	0	0.000
SMS Band C	0	9	0.00	0	0.000
SMS Band D	0	1	0.00	0	0.000
Total	0	265	0.00	0	0.000

3.7 Foreign Workers

The tables below summarise the employment of foreign nationals in the department in terms of salary bands and by major occupation. The tables also summarise changes in the total number of foreign workers in each salary band and by each major occupation.

Table 3.7.1 – Foreign Workers by salary band

Salary Band	1 April 2013		31 March 2014		Change	
	Number	% of total	Number	% of total	Number	% change
Lower skilled (Levels 1-2)	0	0.00	0	0.00	0	0.00
Skilled (Levels 3-5)	1	20.00	2	20.00	1	20.00
Highly skilled production (Levels 6-8)	0	0.00	1	10.00	1	20.00
Highly skilled supervision (Levels 9-12)	4	80.00	6	60.00	2	40.00
SMS (Levels 13-16)	0	0.00	1	10.00	1	20.00
Total	5	100.00	10	100.00	5	100.00

Table 3.7.2 – Foreign Worker by major occupation

Major Occupation	1 April 2013		31 March 2014		Change	
	Number	% of total	Number	% of total	Number	% change
Architects	0	0.00	0	0.00	0	0.00
Cartographers and Surveyors	0	0.00	0	0.00	0	0.00
Community Development Workers	4	80.00	7	70.00	3	60.00
Engineers	0	0.00	0	0.00	0	0.00
General Legal Administration and Related Professionals	0	0.00	0	0.00	0	0.00
Natural Sciences Related	1	20.00	3	30.00	2	40.00
Total	5	100.00	10	100.00	5	100.00

3.8 Leave Utilisation

The Public Service Commission identified the need for careful monitoring of sick leave within the public service. The following tables provide an indication of the use of sick leave (Table 3.8.1) and disability leave (Table 3.8.2). In both cases, the estimated cost of the leave is also provided. Table 3.8.3 summarises the utilisation of annual leave. The wage agreement concluded with trade unions in the Public Service Coordinating Bargaining Council in 2000, requires management of annual leave to prevent high levels of accrued leave being paid at the time of termination of service.

Table 3.8.1 – Sick leave, 1 January 2013 to 31 December 2013

Salary Band	Total days	% days with medical certification	Number of Employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated Cost (R'000)
Lower skilled (Levels 1-2)	0	0.00	0	0.00	0	0
Skilled (Levels 3-5)	3 338	81.54	348	6.22	9	1 288
Highly skilled production (Levels 6-8)	21 781	75.95	2 468	44.12	8	14 194
Highly skilled supervision (Levels 9-12)	9 918	78.92	1 290	23.06	9	14 464
SMS (Levels 13-16)	1 192	80.85	154	2.75	7	3 727
Total	36 229	79.32	4 260	76.15	8	33 673

Table 3.8.2 – Disability leave (temporary and permanent), 1 January 2013 to 31 December 2013

Salary Band	Total days taken	% days with medical certification	Number of Employees using disability leave	% of total employees using disability leave	Average days per employee	Estimated Cost (R'000)
Lower skilled (Levels 1-2)	0	-	0	0	0	0
Skilled (Levels 3-5)	386	100.00	7	0.13	63	139
Highly skilled production (Levels 6-8)	715	100.00	19	0.34	38	499
Highly skilled supervision (Levels 9-12)	482	100.00	8	0.14	62	714
SMS (Levels 13-16)	214	100.00	5	0.09	84	713
Total	1 797	100.00	39	0.70	62	2 065

Table 3.8.3 – Annual Leave, 1 January 2013 to 31 December 2013

Salary Bands	Total days taken	Number of Employees who took leave	Average per employee
Lower skilled (Levels 1-2)	0	0	0
Skilled (Levels 3-5)	8 233	446	18
Highly skilled production (Levels 6-8)	61 359	3 082	20
Highly skilled supervision (Levels 9-12)	37 655	1 773	21
SMS (Levels 13-16)	6 014	269	22
Total	113 261	5 570	20

Table 3.8.4 – Capped leave, 1 January 2013 to 31 December 2013

Salary Bands	Total days of capped leave taken	Number of Employees who took leave	Average number of days taken per employee	Average capped leave per employee as on 31 December 2013
Lower skilled (Levels 1-2)	0	0	0	0
Skilled (Levels 3-5)	1	1	100.00	31
Highly skilled production (Levels 6-8)	68	24	2.83	23
Highly skilled supervision (Levels 9-12)	83	27	3.07	33
SMS (Levels 13-16)	67	5	13.40	46
Total	219	57	3.84	28

Table 3.8.5 – Leave payouts for the period 1 April 2013 to 31 March 2014

The following table summarises payments made to employees as a result of leave that was not taken.

Reason	Total Amount (R'000)	Number of Employees	Average payment per employee
Leave payout for 2011/12 due to non-utilisation of leave for the previous cycle	1 916	93	20 602
Capped leave payouts on termination of service for 2012/13	2 303	114	20 202
Current leave payout on termination of service for 2012/13	6	73	82
Total	4 225	280	15 089

3.9 HIV/AIDS & Health Promotion Programmes

Table 3.9.1 – Steps taken to reduce the risk of occupational exposure

Units/categories of employees identified to be at high risk of contracting HIV & related diseases (if any)	Key steps taken to reduce the risk
None	None

Table 3.9.2 – Details of Health Promotion and HIV/AIDS Programmes

Question	Yes	No	Details, if yes
1. Has the department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	X		Mr T Mogashoa Director: Human Resource Management
2. Does the department have a dedicated unit or has it designated specific staff members to promote the health and well-being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	X		Subdirector: Employee Wellness Deputy Director; 2 x Assistant Directors (National Coordinators) 7 x Assistant Directors (Provincial Coordinators) 1 x Administrative Officer for support services. Annual budget – R 3,221,865.00.
3. Has the department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of this Programme.	X		Employee Health and Wellness Programmes (EHWP): 2 Policies have been developed (EWP Policy and HIV&AIDS Policy) Psychosocial Services, Health Promotion activities, Life Skills programmes and HIV&AIDS Management including VCT.
4. Has the department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.	X		9 x Provincial Employee Health and Wellness Management Committees have been established. The committee members have been trained and appointed formally as per the Employee Assistance Programme Association (EAPA) Standards and DPSA Framework. Representation includes HR managers and union representatives.
5. Has the department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	X		HIV&AIDS and Employee Wellness Policies under review.
6. Has the department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	X		HIV&AIDS policy is being implemented. Awareness and education on HIV&AIDS Management. Provision of Care and Support by in-house EHWP Specialists and service providers through Psycho-social Services.
7. Does the department encourage its employees to undergo Voluntary Counseling and Testing? If so, list the results that you have achieved.	X		Voluntary Counseling and Testing (VCT) was incorporated into Health and Wellness events/office based services, World AIDS Day and Sexually Transmitted Infections/ Condom Week Observation Sessions. The total number of attendance was 4525; the number of VCT participants is 1057 which give a percentage of 31%.
8. Has the department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.	X		Analysis of health screening (Chronic conditions and HIV&AIDS and TB) results. Analysis of evaluation forms by participants.

3.10 Labour Relations

Table 3.10.1 – Collective agreements

Total collective agreements	0
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The following table summarises the outcome of disciplinary hearings conducted within the department for the year under review.

Table 3.10.2 – Misconduct and disciplinary hearings finalised

Outcomes of disciplinary hearings	Number	% of total
Written warning	0	0.00
Dismissal	18	52.94
Not guilty	5	14.71
Suspension	2	5.88
Suspension without pay and final written warning	6	17.65
Suspension without pay, final written warning and corrective counseling	0	0.00
Final written warning and counseling	1	2.94
Final written warning and liability to pay costs incurred	2	5.88
Total	34	100.00

Table 3.10.3 – Types of misconduct addressed at disciplinary hearings

Type of misconduct	Number	% of total
Abuse of State Vehicle	6	17.65
Assault/Foul Language	3	8.82
Theft/Fraud	16	47.06
Unauthorised Absenteeism/Late coming	8	23.53
Financial Misconduct	1	2.94
Negligence	0	0.00
Dereliction of Duties	0	0.00
Total	34	100.00

Table 3.10.4 – Grievances lodged

Grievances Lodged	Number	% of Total
Number of grievances resolved	56	67.47
Number of grievances not resolved	27	32.53
Total	83	100.00

Table 3.10.5 – Disputes lodged with Councils

Disputes Lodged	Number	% of Total
Number of disputes upheld	11	84.62
Number of disputes dismissed	2	15.38
Total	13	100.00

Table 3.10.6 – Strike actions

Total number of person working days lost	0
Total cost (R'000) of working days lost	0
Amount (R'000) recovered as a result of no work no pay	0

Table 3.10.7 – Precautionary suspensions

Number of people suspended	8
Number of people whose suspension exceeded 30 days	4
Average number of days suspended	445
Cost (R'000) of suspensions	472

3.1.1 Skills Development

This section highlights the efforts of the department with regard to skills development.

Table 3.1.1.1 - Training needs identified

Occupational Categories	Gender	Number of employees as at 1 April 2013	Training needs identified at start of reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	85	0	26	0	26
	Male	133	0	50	0	50
Professionals	Female	1088	0	140	0	140
	Male	1201	0	159	0	159
Technicians and associate professionals	Female	667	0	250	0	250
	Male	723	0	298	0	298
Clerks	Female	648	0	888	0	888
	Male	314	0	226	0	226
Service and sales workers	Female	13	0	25	0	25
	Male	18	0	12	0	12
Craft and related trades workers	Female	5	0	0	0	N/A
	Male	25	0	0	0	N/A
Elementary occupations	Female	49	0	0	0	N/A
	Male	64	0	0	0	N/A
Sub Total	Female	2555	0	1329	0	1329
	Male	2298	0	745	0	745
Total		4853	0	2074	0	2074

Table 3.11.2 - Training provided for the period

Occupational Categories	Gender	Number of employees as at 1 April 2013	Training needs identified at start of reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	85	0	63	0	63
	Male	133	0	77	0	77
Professionals	Female	1088	0	339	0	339
	Male	1201	0	403	0	403
Technicians and associate professionals	Female	667	0	342	0	342
	Male	723	0	430	0	430
Clerks	Female	648	0	214	0	214
	Male	314	0	134	0	134
Service and sales workers	Female	13	0	10	0	10
	Male	18	0	5	0	5
Craft and related trades workers	Female	5	0	0	0	0
	Male	25	0	0	0	0
Elementary occupations	Female	49	0	55	0	55
	Male	64	0	32	0	32
Sub Total	Female	2555	0	1023	0	1023
	Male	2298	0	1081	0	1081
Total		4853	0	2104	0	2104

3.12 Injury on Duty

The following tables provide basic information on injury on duty.

Nature of injury on duty	Number	% of total
Required basic medical attention only	10	100.00
Temporary Total Disablement	0	0.00
Permanent Disablement	0	0.00
Fatal	0	0.00
Total	10	100.00

3.13 Utilisation of Consultants

The Consulting services are obtained by the department to assist with implementation of certain projects, due to the numbers of projects; the detail per project is not disclosed on the table below. The appointment of these consultants is done through Supply Chain Management Processes taking into account the Preferential Procurement Framework. The contractual agreement is managed in line with the service level agreements.

Nature of Consulting Services	Amount Paid
Audit Committee (Non-Officials)	85 542.87
Financial management	3 875 103.90
Human resources	2 710.89
Occupational safe and health	179 300.00
Organisational	1 013 232.00
Project management	151 302 585.76
Research and advisor	67 776 681.92
Valuers	10 687 588.99
Com & commission of enquiry	236 524.99

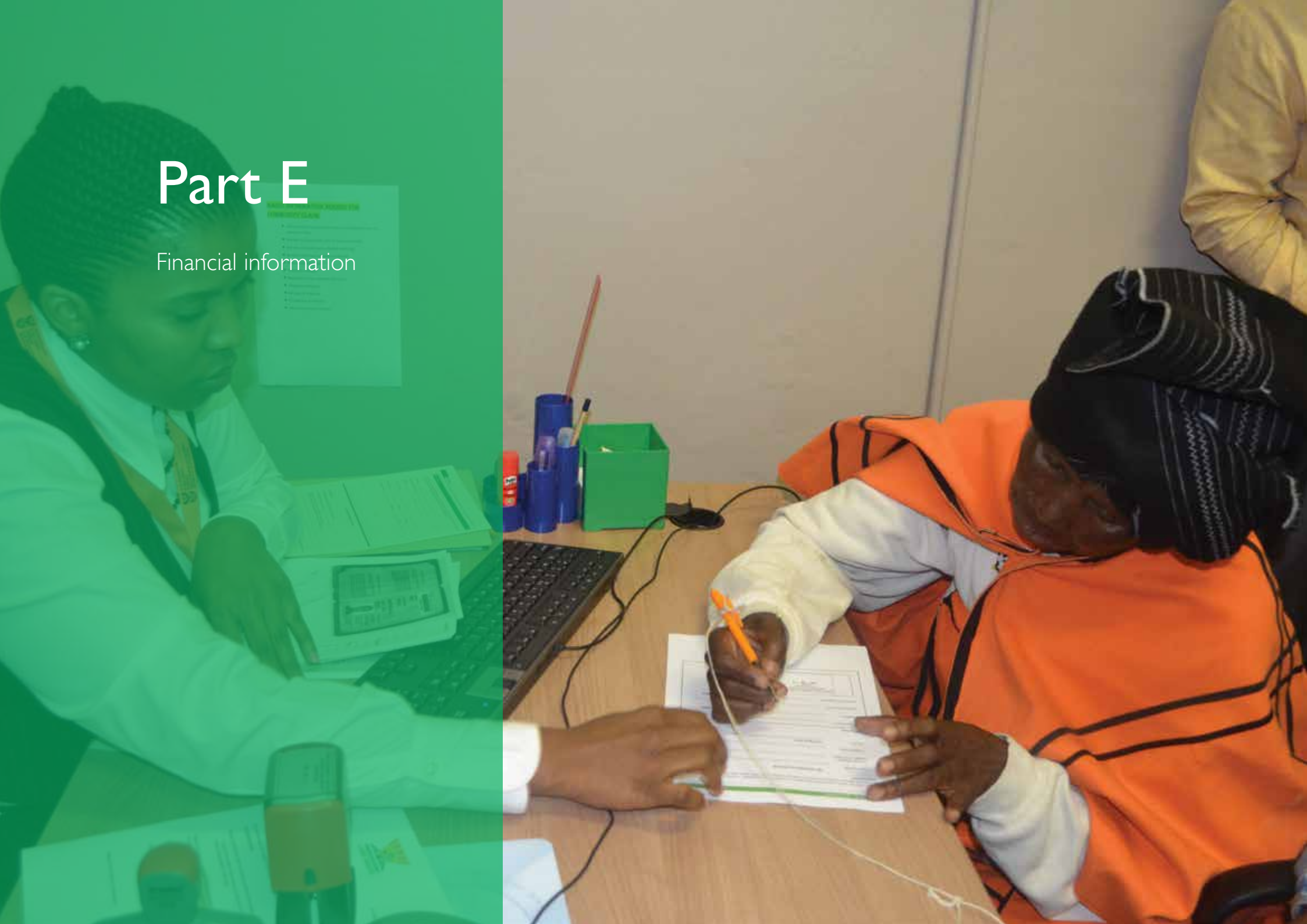


Qualification verification	750 536.40
Quality central inspection	129 429.51
Translation and transcription	1 411 629.18
Engineering agricultural	37 957.50
Architectural	216 572.31
Geo information services	6 371 346.87
Town planner	777 851.57
Agriculture	3 129 320.84
Legal advice PVY firms	78 663 355.89
State attorney legal advice	26 042 684.07
Artist and performers	536 182.00
Aerial photography	15 530 414.10
Auctioneers	312 891.01
Audio-visual	1 855 877.55
Bore waterhole	2 442 145.72
Casual labourers	278 164.63
Employee wellness	932 326.53
Event promoters	23 432 316.53
Graphic designs	31 430.58
Interior decorators	339 778.04
Photographer	10 750.00
Stage and sound crew	785 246.93
Tracing agents & debt collectors	5 155.08
Transport/relocation control	311 688.22
Plant flowers & other decorations	75 175.16
Outs contractors: MNT&REP N-INF ASS	6 738 378.73
A&S/O/S: Administration and support staff	12 140 022.37

A&S/O/S: Catering serv: communities	3 694 100.74
A&S/O/S: Internal auditors	54 399 878.40
A&A/O/S: Land claim verification	1 237 387.79
A&S/O/S: Personnel and labour	479 751.20
A&S/O/S: Professional staff	14 487.99
A&S/O/S: Medical services	87 431.00
A&S/O/S: Researcher	20 772 675.17
A&S/O/S: Security services	891 552.76
TOTAL	500 794 163.74

Part E

Financial information



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I. GENERAL REVIEW OF THE STATE OF FINANCIAL AFFAIRS

The Department of Rural Development and Land Reform is made up of five programmes viz:

- Programme 1. – Administration.
- Programme 2. – Geospatial and Cadastral Services.
- Programme 3. – Rural Development.
- Programme 4. – Restitution.
- Programme 5. – Land Reform.

These programmes were funded to the tune of R 9.5 billion, for the 2013/14 financial year.

I.1 Important policy decisions and strategic issues facing the department

During the year under review the department continued the massive task of processing the Spatial Planning and Land Use Management Bill through the legislative process. Having worked on this important piece of legislation for over 10 years the department is pleased that the country finally has a Spatial Planning and Land Use Management Act which was signed into law by the State President in August 2013. The law provides for:

- Development of the National Spatial Development Framework which will be the spatial vision for the country,
- Development of Provincial Spatial Development Frameworks which will be the spatial vision for each province
- Development of Municipal Spatial Development Frameworks which will be the spatial vision of each municipality as part of their Integrated Development Plans.
- Development of Land Use Schemes by municipalities which are tools by which municipalities will enforce land use management
- Establishment of Municipal Land Use Regulators by municipalities to assess land development applications.
- Oversight by the Minister of Rural Development and Land Reform.

Furthermore cabinet approved the introduction of the Restitution of Land Rights Amendment Bill as well as the Property Valuation Bill to Parliament. The Restitution of Land Rights Amendment Bill provides, amongst others, for:

- The reopening of the lodgement of restitution claims for a period of five years by those who missed the 31 December 1998 deadline.
- Criminalization of the lodgement of a fraudulent claim.
- The regulation of the appointment, tenure of office, remuneration and the terms and conditions of services of judges of the Land Claims Court.

The Property Valuation Bill provides, amongst others, for:

- The establishment of the office of the valuer general (OVG).

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- The appointment, powers and functions of the valuer general.
- The development of criteria and procedures in the valuation of properties identified for land reform.

Both of the bills were processed by Parliament and submitted to the President for approval.

Details on the various policies and legislation developed by the department are outlined in the Predetermined Objectives part of the Annual Report.

1.2 Comment on significant events that have taken place during the year

The year 2013 marked the centenary of the 1913 Natives Land Act. The department commemorated the centenary by hosting workshops, dialogs and exhibitions throughout the country.

During the year under review the department concluded South Africa's first comprehensive State Land audit. This audit revealed that 14% of South African land is owned by the state whereas 79% is in private hands in the form of individuals, corporates and trusts. The remaining 8% is land that has been surveyed but not registered largely in the Eastern Cape. Further work is to be done on the full land audit with the next phase being to determine ownership in terms of race and nationality of the privately owned 79% of the land. Policy and draft legislation will be finalized during 2014/15 financial year in this regard.

1.3 Major projects undertaken during the year

The department commenced with the construction of the first of its youth hubs in Beaufort West. This youth hub will provide facilities such as gymnasium, swimming pool, Further education and training college and a community hall.

The construction of the Nkosi Dalibhunga Mandela Legacy Bridge, and access road between Mvezo Village and the N2 turn-off in the King Sabata Dalindyebo Local Municipality in the Eastern Cape was completed. Funding of this project was in collaboration with the Eastern Cape Provincial Government.

1.4 Spending trends

Expenditure for the year amounted to R9,4 billion representing 99.9% of the final appropriation compared to R8,9 billion representing 99.4% of the final appropriation in the 2012/13 financial year. This reflects increased spending of 0.5% or R534.

1.5 Virement

As disclosed in the Appropriation Statement, the following virements were effected to accommodate excess expenditure in the relevant programmes. The shifting of funds within a programme was also effected in accordance with the Public Finance Management Act.

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Shift From	Shift To	Amount	Reasons
		R'000	
1. Administration			
Corporate Services	National Rural Youth Services Corps	1 000	To augment shortfall on compensation of employees.
Corporate Services	Rural Infra-structure Development	2 000	To augment shortfall on compensation of employees.
2. Geospatial and Cadastral Service			
National Geomatics Management Services	Rural Infra-structure Development	2 408	To augment biological asset allocation.
Spatial Planning and Land Use Management	Corporate Services	5 100	To augment the public corporation allocation for renewal strategy.
3. Rural Development			
Rural Infrastructure Development	Ministerial	3 220	To augment shortfall under the goods and services for operating expenditure.
Rural Infrastructure Development	Financial Services	2 800	To augment shortfall under the goods and services for operating expenditure.
Rural Infrastructure Development	Corporate Services	37 000	To augment shortfall under the goods and services for ICT services.
Rural Infrastructure Development	Provincial Co-ordination	20 940	To augment shortfall under the goods and services for operating expenditure.
Rural Infrastructure Development	Land Reform Grants	22 231	To augment the Land Reform Grants allocation for the implementation of Animal Veldt Management.
Rural Infrastructure Development	Financial Services	5 900	To augment shortfall under the goods and services for operating expenditure.
Social, Technical Rural Livelihood and Institutional Facilitation	Financial Services	800	To augment shortfall under the goods and services for operating expenditure.
National Rural Youth Services Corps	Corporate Services	6 000	To augment the public corporation allocation for renewal strategy.

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4. Restitution			
Restitution Regional Offices	Land Reform Grants	80 000	To augment the Land Reform Grants allocation for the implementation of Animal Veldt Management.
5. Land Reform			
Land Reform National Office	Financial Services	695	To augment shortfall under the goods and services for operating expenditure.
Land Reform Provincial Offices	Financial Services	5 205	To augment shortfall under the goods and services for operating expenditure.

1.6 Irregular, Fruitless and Wasteful expenditure

The cases of fruitless and wasteful expenditure have declined by 84% (R35,678 million to R5,417 million) from the previous year which indicates that the department is improving on its internal controls as the reduction is attributable to a more rigorous overseeing of non-compliance by our Finance Compliance Committee (FCC). Over and above that, the department has improved its standard operating procedures to identify potential fruitless and wasteful expenditure before it occurs.

Despite these gains the department has regrettably incurred increased Irregular expenditure from (2012/13: R5,688 million to R12,647 million: 2013/14). We remain committed to eradicate all cases of non-compliance.

2. SERVICE RENDERED BY THE DEPARTMENT

2.1 Tariff policy

The Deeds Trading Account Schedule of Fees of Office is prescribed by regulation 84 of the Deeds Registries Act, 1937 (Act 47 of 1937) (the Schedule), and is published on the Government Notice after approval by the Minister of Rural Development and Land Reform.

The Fees of Office for the Surveyor-General is prescribed by regulation 27 of the Land Survey Act, 1997 (Act 8 of 1997) (the Schedule), and is published on the Government Notice after approval by the Minister of Rural Development and Land Reform and National Treasury.

2.2 Free Services

The department provides map tricks kits, map work teaching aids and map packs to the Department of Education for distribution to disadvantaged schools that teach geography.

2.3 Inventory

All the inventories are accounted for in the Annual Financial Statements in terms of the Financial Reporting Framework.

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3. CAPACITY CONSTRAINTS

The Department of Rural Development and Land Reform has undergone numerous re-alignments of its organisational structure since its inception in 2009 as it responds both to the demands of its mandate and service delivery to the approximately 20 million people who live in rural South Africa. The department is required to give direction to all spheres of government and sectors who function in this space. The ability to attract and retain employees with the requisite skills and competencies is exacerbated by the push and pull effects of the labour market as the country develops. Increasingly all employers are finding themselves competing for the limited skills in the market. The initiatives of the Human Resource Development Council of South Africa in addressing the problem finds resonance with those of the department through the allocation of bursaries to grow the skills pools in certain occupational categories.

The vacancy rate of the department remains unsatisfactorily high despite concerted attempts to reduce it. In addition to the above the movement of staff both internally and within the wider public service currently negates the high number of posts filled. This is underscored in that the equivalent of 50% of posts filled were vacated over the same period last year.

In order to improve efficiencies the department is also constantly reviewing workflow and the streamlining work processes so as to optimise the utilisation of all its resources. To this end it embarked upon a project to split the Land Reform and Administration Branch into the Branch Land Redistribution and Development and the Branch Land Tenure and Administration. The former will be responsible

- land acquisition and strategic institutional partnerships
- PLAS financial management services
- Strategic support to farmers and co-operatives
- Land reform programme support and service delivery coordination
- Recapitalisation and development services at regional and district level

The Branch Land Tenure and Administration will be responsible for

- the development of tenure reform and land right policies, procedures and products;
- property management advisory and functional support at regional and district level
- programme support and service delivery co-ordination services
- implement tenure reform and land rights products at regional and district level.

Whilst the structure has been approved the funding of the additional posts to give effect to the micro structure in the main still needs to be provided.

Finally, the department inherited an aging and now out of date ICT infrastructure which is in need of being replaced with new technologies in order to both develop and deliver at both the rural and metro interface of our country. Failure to do so will place at risk achievement of key deliverables. The re-organisation of the Land Reform and Administration Branch into two Branches is expected to yield the following benefits;

- New and focused budget structure;
- Strategic alignment and improvement on service delivery;

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- Process and performance enhancement;
- Improved organisational reputation and image; and
- Improved coordination with provincial and regional offices.

4. UTILISATION OF DONOR FUNDS

The donor fund as disclosed in Annexure 1G represents foreign funds received via the reconstruction and development fund (RDP). The utilisation of funds is based on a technical assistance agreement and internal policies and procedures of the department.

- The department further received foreign funding from Belgium amounting to R7.9 million of which R3.3 million was spent during the year under review for the post settlement and development support for land reform beneficiaries. The remaining total amount of R4.6 million will be utilised in the 2013/14 financial year.

5. TRADING ENTITIES AND PUBLIC ENTITIES

5.1 The Deeds Registration Trading Account

The Deeds Registries are established in terms of the Deeds Registries Act, 1937 (Act 47 of 1937). The main source of funding is fees charged on the registration of deeds and on the sale of deeds information. The entity keeps full records of the financial affairs separately from that of the department. Shortfalls in the account, if any, are appropriated from savings in the budget of the department under Programme 2. The entity's audited annual financial statements are included in this Annual Report.

5.2 Agricultural Land Holding Account

The Agricultural Land Holding Account was established in terms of the Land Reform: Provision of Land and Assistance Act, 1993 (Act No. 126 of 1993). The entity receives its funding from the department's appropriated funds. It keeps full records of its financial affairs separately from that of the department. The entity's audited annual financial statements are included in this Annual Report.

5.3 Ingonyama Trust Board

The Ingonyama Trust Board is established in terms of the provisions of the KwaZulu-Natal Ingonyama Trust Act, 1994 (Act No 3 of 1994). Its core business is to manage land for the material benefit and social wellbeing of the individual members of the tribes. The entity's audited annual financial statements are disclosed in its own Annual Report.

6. ORGANISATIONS TO WHOM TRANSFER PAYMENTS HAVE BEEN MADE

The department did not have conditional grants transferred to other spheres of government; it had partnerships agreement with entities of government as implementing agents to implement various projects on its behalf to the value of R366 million. Funds that were not utilised at year-end are disclosed as receivables. The details of transfer payments made are disclosed in Annexures 1C and 1E of the Annual Financial Statements. The table below reflects transfers made to entities.

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Name of entity or institution	Purpose of the transfer	Actual expenditure R'000
Independent Development Trust	Food security programme	69,453
Agricultural Research Council	<ul style="list-style-type: none"> • Training of the Agricultural Para Professionals. • Training of small holder livestock producers. • Establishment of fruit and vegeta-bles enterprises in different provin-ces in SA. • To breed fifty Bonsmara beef cattle and two Bonsmara bulls and also train and mentor beneficiaries of Segogoane's Valley Trust in Thaba Phachoa within Mantsopa Local Municipality in Free State. • Enterprise development sweet potato vine nurseries and farming enterprise. • Reconnaissance survey visit in 9 provinces for the establishment of a production support mechanisation centre for the commodity value chain. • Agri park concept development which entailed conducting of situa-tional analysis in 14 district munici-palities in Mpumalanga, Limpopo, Eastern Cape and Kwazulu Natal. 	131,634
Development Bank Of Southern Africa	<ul style="list-style-type: none"> • Assist the department with the Sustainable Development Plan for Five Years in Muyexe. • Assist the department to conduct a full due diligence study that aims to rationalise 658 cooperatives to 110 trading enterprises. 	25,691
Goedgedacht Trust	<ul style="list-style-type: none"> • To strengthen the Goedgedacht Trust Rural Path Out of Poverty Youth Development Programme - Funds were transferred to assist the Trust with the construction of the Youth Development Academy. 	1,591
South African Council of Plan-ners	<ul style="list-style-type: none"> • To pay for the department's membership in the council 	2,849
National Agri Mar-keting Council	<ul style="list-style-type: none"> • Development of red meat production centres through the National red meat development programme. 	9,500
National Wool Growers Ass of SA	<ul style="list-style-type: none"> • Genetic improvement of wool sheep farming in the communal areas of the Eastern Cape. 	11,944
Agribusiness in sustainable natural plant (ASNAPP)	<ul style="list-style-type: none"> • Implementation of a hydroponics project in the CRDP site in the Sokhulumi Tshwane municipality, Tshwaraganang phase one project and for the Ndluli Ceres phase one project in the Western Cape. 	7,550
Ikemiseng Asso-ciation for the Blind	<ul style="list-style-type: none"> • Service Level agreement with association to debush 2 Ha of land for REID. This included purchase of operational assets, garden tools, production inputs, office equipment & furniture, and stationary as per implementation plan. 	993
Ikageng self-help Association for the Blind	<ul style="list-style-type: none"> • Service Level agreement with association to purchase operational assets, and office furniture as per implementation plan. Ikageng main activities are sewing and knitting, in the north of Pretoria, Ga-Rankuwa 	1,000

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CSIR	88,855
Human Sciences Research Council (HSRC)	3,482
Witzenberg Local Municipality	7,112
Mpumalanga Regional Training Trust	51,163
Total Transfers	362,817

7. PUBLIC PRIVATE PARTNERSHIPS

The DRDLR is in the process of finalizing a PPP for the provision of office space for its Tshwane based operations. The National Treasury has granted approval of contract documentation in principle in order for the contract to be signed and construction to commence. Discussions and engagements are ongoing between the department and the National Treasury. It is expected that construction will commence during the 2014 calendar year.

8. CORPORATE GOVERNANCE ARRANGEMENTS

The department has established governance committees to assist the Accounting Officer in discharging his duties and responsibilities for the effective administration of the department. These include:

The Risk and Compliance Committee chaired by an independent chairperson drives the implementation of the Risk Management Policy and Strategy. The committee met quarterly in line with its approved charter to consider and review the risk management policies and provide oversight on the effectiveness of risk management within the department. The policies approved included the risk management policy, Risk management strategy, Fraud prevention policy, Fraud prevention plan, Compliance management policy and compliance management framework.

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- As part of implementing the Risk Management Strategy, the department conducted a comprehensive risk assessment. The assessment focused on risks at process, operational, and strategy level. The risk profile also includes corruption, business continuity and financial risks and forms the basis for the department's internal audit plans. The assessment was aligned to the operational and annual performance plans in order to ensure that efficient management of risk contributes to improved performance. The continuous identification of emerging risks was done as part of risk management monitoring activities. The committee continued to oversee the management of key enterprise-wide and compliance risks.
-
- The Audit Committee and Internal Audit respectively operated in accordance with the approved Audit Committee Charter and Internal Audit Charter. The activities of the Audit Committee are reported separately in the Annual Report.

9. DISCONTINUED ACTIVITIES/ACTIVITIES TO BE DISCONTINUED

There were no activities which were discontinued in the current financial year.

10. NEW PROPOSED ACTIVITIES

The reopening of the land claims as alluded to above is the most significant new activity that the department will engage in.

11. ASSET MANAGEMENT

Movable assets are recognized in the Annual Financial Statements in terms of the Financial Reporting Framework and no major challenges were experienced.

The recognition of immovable assets in the Annual Financial Statements and immovable assets registers of departments is governed by the Sector Specific Guide on Immovable assets issued by the National Treasury; Office of the Accountant General.

The department further holds certain land in trust for specific tribes. The said land is not recognized as an asset of the department however a register of such land is kept for control purposes.

12. EVENTS AFTER REPORTING DATE

On the 26 May 2014 the President announced the appointment of the Minister of Rural Development and Land Reform Mr GE Nkwinti (MP) and two new Deputy Ministers, Ms CK Mashego – Dlamini (MP) and Mr M Skwatsha (MP).

13. INFORMATION ON PREDETERMINED OBJECTIVES

The main focus of the department has been to create an enabling environment to ensure that rural communities have greater opportunities to participate fully in the economic, social and political life of the country supported by good legislation and policies that facilitate accelerated land reform, access to basic services, socio –economic infrastructure, skills development and job creation for the rural communities. The aim was to ensure that the department contributes to the development of an inclusive rural economy.

To this end the department implemented the organisational renewal plan that increased efficiency and improved governance, accountability and transparency. It also instituted various mechanisms

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to build capacity and capabilities to improve service delivery and the process of reporting for accountability. This translated in the department recording improved performance of 68% achievement on its set targets on the pre-determined objectives.

The department performed significantly well in providing 7 475 households with access to basic services, 5 471 youth skilled through the NARYSEC, 1 286 farmers trained, 7 528 jobs created through rural development and land reform initiatives, assisted 2 985 households with agricultural infrastructure services to produce their own food, ensured the functionality and development of 157 council of stakeholders, support given to 433 rural enterprises. It settled 270, finalised 292 land claims, and acquired 153 586 hectares of land, settling of 98 labour tenant applications, vested 863 land parcels. This is an indication of a significant progress in making profound changes in the land ownership patterns and promoting access to land by previously disadvantaged individuals.

In pursuit of improving service delivery and promoting a learning culture for corrective actions, the department conducted evaluation studies on the Restitution of Land Rights Programme and the National Rural Youth Service Corps (NARYSEC) Programmes. It is envisaged that the findings of the studies will play a significant role in assisting the department to strengthen the quality of the management practices, bring about operational efficiencies as well as improving the achievement of desired programme results. Taking into consideration that the Commission on Restitution of Land Rights will be re-opening the lodgement of land claims for those who missed the 1998 deadline, the Commission conducted an evaluation to understand how the restitution process could be strengthened for the next phase of Restitution and how can the programme can be implemented in a more cost effective way.

14. STANDING COMMITTEE ON PUBLIC ACCOUNTS (SCOPA) RESOLUTION

There are no SCOPA resolutions in respect of the Vote and the Deeds Trading Account.

15. PRIOR MODIFICATION TO AUDIT REPORTS

The department obtained an unqualified audit opinion in the prior year; therefore there are no prior modifications to audit reports.

16. EXEMPTIONS AND DEVIATIONS RECEIVED FROM NATIONAL TREASURY

The department did not receive any exemptions or deviations from National Treasury.

17. INTERIM FINANCIAL STATEMENTS

The department submitted quarterly Interim Financial Statements in a manner as prescribed by the National Treasury.

18. INVESTIGATIONS

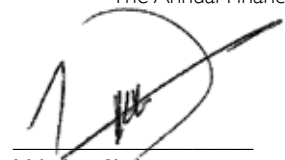
On request from the department, and in addition to the Proclamations for Land Reform and Restitution Programme Investigations, the President signed a Proclamation for the investigation of Deeds related matters. During the year under review, the department received 54 reported allegations of corruption; these are in various stages of investigation.

REPORT OF THE ACCOUNTING OFFICER

for the year ended 31 March 2014

19. APPROVAL

The Annual Financial Statements set out on pages 123 to 220 have been approved by the Accounting Officer:

A handwritten signature in black ink, appearing to be 'Mduduzi Shabane', written over a horizontal line.

Mduduzi Shabane
Accounting officer
Department of Rural Development and and Reform
31 July 2014

STATEMENT OF RESPONSIBILITY FOR THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

The Accounting Office is responsible for the preparation of the department's annual financial statements and for the judgements made in this information.

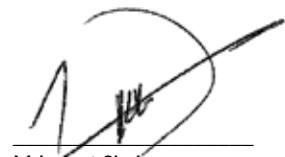
The Accounting Officer is responsible for establishing, and implementing a system of internal control designed to provide reasonable assurance as to the integrity and reliability of the annual financial statements.

In my opinion, the financial statements fairly reflect the operations of the department for the financial year ended 31 March 2014

The external auditors are engaged to express an independent opinion on the AFS of the department.

The Department of Rural Development and Land Reform AFS for the year ended 31 March 2014 have been examined by the external auditors and their report is presented on page 118

The Annual Financial Statements of the department set out on page 123 to page 220 have been approved.



Mduduzi Shabane
Accounting officer
Department of Rural Development and and Reform
Date: 31 July 2014

REPORT OF THE AUDITOR-GENERAL

for the year ended 31 March 2014

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON VOTE NO. 33: DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the financial statements of the Department of Rural Development and Land Reform set out on pages 123 to 202 which comprise the appropriation statement, the statement of financial position as at 31 March 2014, the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

The accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the Modified Cash Standard (MCS) prescribed by the National Treasury and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and Division of Revenue Act of South Africa, 2011 (Act No. 6 of 2011) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Department of Rural Development and Land Reform as at 31 March 2014 and its financial performance and cash flows for the year then ended, in accordance with Modified Cash Standard prescribed by the National treasury and the requirements of the PFMA and DoRA.

Emphasis of matters

7. I draw attention to the matters below. My opinion is not modified in respect of these matters.

REPORT OF THE AUDITOR-GENERAL

for the year ended 31 March 2014

Significant uncertainties

8. As disclosed in note 20.1 to the financial statements, there are claims instituted against the department amounting to R2 648 million. These claims are subject to the outcome of legal proceedings. The ultimate outcome of these matters cannot be determined at present, as a result, no provision for any liability that may result has been made in the financial statements of the department.
9. As disclosed in note 20.1 to the financial statements, the department has a possible liability towards the claimants in terms of the Restitution of Lands Rights Act, 1994 (Act No. 22 of 1994). The total amount in claims verified and pending approval in terms of section 42D of this act is approximately R329 million which once approved by the minister, will increase the commitment amount disclosed in note 21 to the annual financial statements.
10. As disclosed in note 20.1 to the financial statements, the department has a possible obligation to pay municipal rates on properties of the department. The municipalities may levy rates on properties within their areas in accordance with their rates policies for current and prior years. The ultimate outcome cannot be presently determined and no provision for any liability in respect of municipal rates, that may result has been adjusted in the financial statements.

Impairments

11. As disclosed in note 30 to the financial statements, impairment of R112 million was provided for, of which R96 million relates to provisions for doubtful debts as a result of inadequate debt-collection controls.

Restatement of corresponding figures

12. As disclosed in note 19 and 35 to the financial statements, the corresponding figures for 31 March 2013 have been restated as a result of an error discovered during the year ended 31 March 2014 in the financial statements of the Department of Rural Development and Land Reform at, and for the year ended, 31 March 2013.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

13. In accordance with the PAA and the general notice issued in terms thereof, I report the following findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report, non-compliance with legislation as well as internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

14. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected programmes presented in the annual performance report of the department for the year ended 31 March 2014:
 - Programme 3 : Rural development (on pages 32 to 36)
 - Programme 4 : Restitution (on pages 37 to 38)
 - Programme 5 : Land reform (on pages 39 to 41)

REPORT OF THE AUDITOR-GENERAL

for the year ended 31 March 2014

15. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
16. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned programmes. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information* (FMPPi).
17. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
18. I did not raise any material findings on the usefulness and reliability of the reported performance information for the selected programmes.

Additional matters

19. Although I raised no material findings on the usefulness and reliability of the reported performance information for the selected programmes, I draw attention to the following matters:

Achievement of planned targets

20. Refer to the annual performance report on pages 32 to 41 for information on the achievement of the planned targets for the year.

Adjustment of material misstatements

21. I identified material misstatements in the annual performance report submitted for auditing on the reported performance information for Rural Development, Restitutions and Land Reform. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

Compliance with legislation

22. I performed procedures to obtain evidence that the department had complied with applicable legislation regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

Strategic planning and performance management

23. The accounting officer did not ensure that the department had and maintained an effective, efficient and transparent system of internal control regarding performance management, which describes and represents how the institution's processes of performance monitoring, measurement, review and reporting were conducted, organised and managed as required by section 38(1)(a)(i) and (b) of the PFMA.

Financial statements, performance and annual reports

24. The financial statements submitted for auditing were not prepared in all material respects with the prescribed financial reporting framework as required by section 40(1) (a) and (b) of the Public Finance Management Act. Material misstatements relating to transfer payments, goods and services, compensation of employees, lease commitments, related parties, immovable assets, movable assets, commitments, lease debtors, provisions, accruals and irregular expenditure identified by the auditors in the submitted financial statements were subsequently corrected resulting in the financial statements receiving an unqualified audit opinion.

REPORT OF THE AUDITOR-GENERAL

for the year ended 31 March 2014

Expenditure management

25. The accounting officer did not take effective steps to prevent irregular, fruitless and wasteful expenditure as required by Treasury Regulations 9.1.1. and section 38 (1)(c) (ii) of the PFMA.

Internal control

26. I considered internal control relevant to my audit of the financial statements, performance information and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on non-compliance with legislation included in this report.

Leadership

27. The department improved significantly with regard to financial and performance reporting in the current year due to leadership being more effective leadership. Despite this, further progress is required regarding the department's oversight of financial and performance reporting and related internal controls. This is evidenced by the fact that the department still needs to improve its internal monitoring controls to ensure full compliance with the Modified Cash Standard for financial reporting and accurate reporting of the performance report given that the auditors had identified misstatements in this regard. The department needs to focus on implementing action plans to address the root causes of the internal control deficiencies identified going forward.

Financial and performance management

28. Daily and monthly controls to ensure accurate record keeping and preparation of financial and performance information require attention going forward. This is evidenced by the material adjustments which were made to the annual financial statements and performance report submitted for auditing and also the material non-compliance matters identified during the audit. Specific attention should also be given to the information systems environment. Systems were found to be outdated with several weaknesses and do not constitute an ideal mature information system environment.

Governance

29. Risk management relating to the preparation of financial statements and performance report is not as effective as it should be and some progress is still required. This is because these risks were not fully addressed in the current year, resulting in the financial statements and performance report being subject to material corrections.

OTHER REPORTS

Investigations

30. As at 31 March 2014, 20 cases were under investigation by internal audit as requested by the department. These investigations related to the following:
- Allegations of fraud and procurement irregularities
 - Allegations relating to S&T
 - Allegations of fraud and corruption
 - Allegations of misuse of funds and state assets
 - Allegations of falsified leave and leave irregularities
 - Alleged undertaking of remunerative work outside the public service

REPORT OF THE AUDITOR-GENERAL

for the year ended 31 March 2014

- Investigation into appointment of service provider
- Investigation into appointment of official within the department.

31. As at 31 March 2014, 14 cases were under investigation by the SIU as requested by the department. These investigations related to the following:
- Allegations relating to corruption in regional offices
 - Allegations relating to mismanagement of the Regional Land Claims Commission
 - Allegation of bribery in the regional offices
 - Allegation relating to financial misconduct.
32. The financial impact of the above has not been quantified at this stage as the investigations are still in progress.

Investigations completed

33. As at 31 March 2014, internal audit had completed 10 investigations for the period under review. These investigations related to the following:
- Allegations relating to irregularities by officials regarding payment of interns and pension benefits
 - Allegations relating to irregularities in respect of procurement and tender processes
 - Allegations relating to fraud and corruption in respect to land claims
 - Allegations relating to accidents/damage/losses and theft of departmental vehicles
 - Allegations relating to mismanagement of S&T at provincial shared service centres
 - Allegations relating to mismanagement of leave.

Auditor-General

Pretoria
31 July 2014



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

APPROPRIATION STATEMENT

for the year ended 31 March 2014

Appropriation per programme									
2013/14								2012/13	
APPROPRIATION STATEMENT	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1. ADMINISTRATION									
Current payment	1,130,316	14,025	70,660	1,215,001	1,213,651	1,350	99.9%	1,020,406	1,014,725
Transfers and subsidies	43,379	(17,580)	9,100	34,899	34,787	112	99.7%	64,407	64,388
Payment for capital assets	16,098	3,555	(1,000)	18,653	17,808	845	95.5%	22,461	22,438
Payment for financial assets	-	-	-	-	1,236	(1,236)		-	1,876
TOTAL	1,189,793	-	78,760	1,268,553	1,267,482	1,071		1,107,274	1,103,427
2. GEOSPATIAL AND CADASTRAL SERVICES									
Current payment	703,536	(168,753)	(5,193)	529,590	527,450	2,140	99.6%	520,342	517,025
Transfers and subsidies	82,375	167,225	-	249,600	248,871	729	99.7%	16,935	16,838
Payment for capital assets	8,803	1,528	(2,408)	7,923	7,531	392	95.1%	13,655	13,643
Payment for financial assets	-	-	-	-	2,017	(2,017)		-	858
TOTAL	794,714	-	(7,601)	787,113	785,869	1,244		550,932	548,364
3. RURAL DEVELOPMENT									
Current payment	1,610,371	(551,337)	(90,991)	968,043	1,010,960	(42,917)	104.4%	928,932	918,118
Transfers and subsidies	180,300	398,905	-	579,205	532,511	46,694	91.9%	100,820	100,814
Payment for capital assets	1,752	152,432	3,408	157,592	157,586	6	100%	56,456	56,437
Payment for financial assets	-	-	-	-	586	(586)		-	218
TOTAL	1,792,423	-	(87,583)	1,704,840	1,701,643	3,197		1,086,208	1,075,587

APPROPRIATION STATEMENT

for the year ended 31 March 2014

Appropriation per programme									
2013/14								2012/13	
APPROPRIATION STATEMENT	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
4. RESTITUTION									
Current payment	658,297	(83,035)	(79,987)	495,275	493,061	2,214	99.6%	376,643	361,045
Transfers and subsidies	2,255,447	33,691	-	2,289,138	2,278,600	10,538	99.5%	2,480,685	2,470,568
Payment for capital assets	3,094	49,344	-	52,438	62,967	(10,529)	120.1%	28,425	27,183
Payment for financial assets	-	-	-	-	2,075	(2,075)		-	6,937
TOTAL	2,916,838	-	(79,987)	2,836,851	2,836,703	148		2,885,753	2,865,733
5. LAND REFORM									
Current payment	496,633	(19,298)	-	477,335	477,050	285	99.9%	376,532	369,048
Transfers and subsidies	2,258,332	15,494	102,311	2,376,137	2,376,124	13	100.0%	2,960,098	2,952,327
Payment for capital assets	11,007	3,804	(5,900)	8,911	8,571	340	96.2%	7,288	4,582
Payment for financial assets	-	-	-	-	614	(614)		-	499
	2,765,972	-	96,411	2,862,383	2,862,359	24		3,343,918	3,326,456
Subtotal	9,459,740	-	-	9,459,740	9,454,056	5,684	99.9%	8,974,085	8,919,567
TOTAL	9,459,740	-	-	9,459,740	9,454,056	5,684	99.9%	8,974,085	8,919,567

APPROPRIATION STATEMENT

for the year ended 31 March 2014

Appropriation per programme									
2013/14								2012/13	
APPROPRIATION STATEMENT	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
				R'000	R'000	R'000	%	R'000	R'000
Reconciliation with statement of financial performance									
ADD									
Departmental receipts				104,622				74,698	
Direct Exchequer receipts									
NRF Receipts									
Aid assistance				7,909				6,709	
Actual amounts per statement of financial performance (total revenue)				9,572,271				9,055,492	
ADD									
Aid assistance					3,346				3,869
Prior year unauthorised expenditure approved without funding									
Actual amounts per statement of financial performance (total expenditure)					9,457,402				8,923,436

APPROPRIATION STATEMENT

for the year ended 31 March 2014

Appropriation per programme									
2013/14								2012/13	
APPROPRIATION STATEMENT	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	1,965,363	(388,215)	(24,593)	1,552,555	1,541,261	11,294	99.3%	1,779,025	1,745,407
Goods and services	2,633,790	(374,754)	(80,918)	2,178,118	2,175,153	2,965	99.9%	1,408,150	1,398,876
Interest and rent on land	-	-	-	-	5,759	(5,759)		35,680	35,678
Transfers and subsidies									
Provinces and municipalities	219	10,379	1	10,599	10,477	122	98.8%	642	557
Departmental agencies and accounts Universities & Technikons	1,934,292	301,296	-	2,235,588	2,235,583	5	100.0%	2,328,280	2,328,280
Foreign governments and international organisations	1,772	-	-	1,772	1,772	-	100.0%	1,540	1,459
Public corporations and private enterprises	58,540	1,817	9,099	69,456	69,453	3	100%	193,369	193,361
Non-profit institutions	2,849	3,584	-	6,433	6,433	-	100.0%	5,061	5,061
Households Gifts and donations	2,822,160	223,772	102,311	3,148,243	3,147,174	1,069	100.0%	3,094,053	3,076,217

APPROPRIATION STATEMENT

for the year ended 31 March 2014

Appropriation per programme									
2013/14								2012/13	
APPROPRIATION STATEMENT	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Payments for capital assets									
Buildings and other fixed structures	1,000	153,786	-	154,786	154,784	2	100.0%	61,073	61,067
Machinery and equipment	38,087	10,128	(4,492)	43,723	41,215	2,508	94.3%	45,610	41,618
Heritage assets									
Specialised military assets									
Biological assets	-	256	-	256	256	-	100.0%		
Land and subsoil assets	-	58,210	-	58,210	58,208	2	100.0%	21,600	21,598
Software and other intangible assets	1,667	(259)	(1,408)	-	-			2	-
Payments for financial assets	-	-	-	-	6,528	(6,528)		-	10,388
Total	9,459,739	-	-	9,459,739	9,454,056	5,683	99.9%	8,974,085	8,919,567

APPROPRIATION STATEMENT

for the year ended 31 March 2014

2013/14								2012/13	
Detail per subprogramme Programme I Administration	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
I.1 MINISTRY									
Current payment	24,561	6,681	3,220	34,462	34,313	149	99.6%	23,680	23,621
Transfers and subsidies	-	-	-	-	-	-	-	10	9
Payment for capital assets	100	472	-	572	567	5	99.1%	653	643
Payment for financial assets	-	-	-	-	65	(65)	-	-	7
I.2 MANAGEMENT									
Current payment	135,933	(27,411)	-	108,522	108,457	65	99.9%	72,742	69,751
Transfers and subsidies	-	3,306	-	3,306	3,301	5	99.8%	-	-
Payment for capital assets	958	1,565	-	2,523	2,444	79	96.9%	1,312	1,316
Payment for financial assets	-	-	-	-	34	(34)	-	-	78
I.3 CORPORATE SERVICES									
Current payment	328,102	58,918	37,000	424,020	423,071	949	99.8%	247,295	333,157
Transfers and subsidies	43,270	(21,252)	9,100	31,118	31,116	2	100.0%	64,126	64,122
Payment for capital assets	8,804	(1,131)	(1,000)	6,673	6,656	17	99.7%	6,039	6,035
Payment for financial assets	-	-	-	-	948	(948)	-	-	396

APPROPRIATION STATEMENT

for the year ended 31 March 2014

2013/14								2012/13	
Detail per subprogramme Programme I Administration	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
I.4 OFFICE ACCOMMODATION									
Current payment	141,678	60,027	-	201,705	201,705		100.0%	174,682	174,682
Payment for capital assets	-	-	-	-	-	-		7,844	7,842

APPROPRIATION STATEMENT

for the year ended 31 March 2014

Detail per subprogramme Programme I Administration	2013/14							2012/13	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
I.5 INTERNAL AUDIT									
Current payment	47,822	(15,077)		32,745	32,673	72	99.8%	48,266	48,235
Transfers and subsidies									
Payment for capital assets	500	(263)		237	107	130	45.1%	62	54
Payment for financial assets					7	(7)			3
I.6 FINANCIAL SERVICES									
Current payment	159,635	(30,407)	9,500	138,728	138,749	(21)	100.0%	131,816	131,321
Transfers and subsidies	8	109		117	105	12	89.7%	212	208
Payment for capital assets	5,467	381		5,848	5,235	613	89.5%	3,708	3,707
Payment for financial assets					47	(47)			1300
I.7 PROVINCIAL COORDINATION									
Current payment	292,585	(38,706)	20,940	274,819	274,683	136	100.0%	321,925	233,958
Transfers and subsidies	101	257		358	265	93	74.0%	59	49
Payment for capital assets	269	2,531		2,800	2,799	1	100.0%	2,843	2,841
Payment for financial assets					135	(135)			92
Total	1,189,793	-	78,760	1,268,553	1,267,482	1,071	99.9%	1,107,274	1,103,427

APPROPRIATION STATEMENT

for the year ended 31 March 2014

Programme Per Economic classification	2013/14							2012/13	
	Adjusted Appropriation	Shif-ting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	629,852	(97,582)	-	532,270	531,234	1,036	99,8%	949,138	947,805
Goods and services	500,464	111,607	70,660	682,731	682,385	346	99,9%	71,268	66,920
Interest and rent on land	-	-	-	-	33	(33)		-	-
Transfers and subsidies to:									
Provinces and municipalities	109	9	1	119	10	109	8,4%	26	17
Departmental agencies and accounts	3,171	2,246	-	5,417	5,416	1	100,0%	-	-
Public corporations & private enterprises	20,000	(29,099)	9,099	-	-	-		37,275	37,275
Households	20,099	9,264	-	29,363	29,360	3	100,0%	27,104	27,096
Payment for capital assets									
Building and other fixed structure	-	3,511	(1,000)	2,511	2,511		100,0%	7,843	7,842
Machinery and equipment Land and subsoil assets	16,098	44	-	16,142	15,297	845	94,8%	14,618	14,596
Software and other intangible assets	-	-	-	-	-	-		-	-
Payments for financial assets	-	-	-	-	1,236	(1,236)		-	1,876
Total	1,189,793	-	78,760	1,268,553	1,267,482	1,070	99,9%	1,107,274	1,103,427

APPROPRIATION STATEMENT

for the year ended 31 March 2014

2013/14								2012/13	
Detail per subprogramme Programme 2 Geospatial and Cadastral Services	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
2.1 NATIONAL GEOSPATIAL INFORMATION									
Current payment	526,583	(118,789)	(93)	407,701	406,175	1,526	99.6%	431,449	428,933
Transfers and subsidies	1,785	2,480	-	4,265	4,248	17	99.6%	3,087	2,991
Payment for capital assets	8,648	(858)	(2,408)	5,382	4,994	388	92.8%	12,777	12,766
Payment for financial assets	-	-	-	-	1,999	(1,999)		-	796
2.2 SPATIAL PLANNING									
Current payment	176,953	(49,964)	(5,100)	121,889	121,275	614	99.5%	88,893	88,092
Transfers and subsidies	-	745	-	745	745	-	100%	19	18
Payment for capital assets	155	2,386	-	2,541	2,537	4	99.8%	878	877
Payment for financial assets	-	-	-	-	18	(18)		-	62
2.3 REGISTRATION OF DEEDS TRADING ACCOUNT									
Transfers and subsidies	77,741	164,000	-	241,741	241,741	-	100.0%	11,129	11,129
2.4 SOUTH AFRICAN COUNCIL FOR PLANNERS									
Transfers and subsidies	2,849	-	-	2,849	2,137	712	75.0%	2,700	2,700
Total	794,714	-	(7,601)	787,113	785,869	1,244	99.8%	550,932	548,364

APPROPRIATION STATEMENT

for the year ended 31 March 2014

Programme 2 Per Economic classification	2013/14							2012/13	
	Adjus-ted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	376,809	(17,387)	(93)	359,329	357,425	1,904	99.5%	323,969	321,167
Goods and services	326,727	(150,657)	(5,100)	170,970	170,019	951	99.4%	196,365	195,850
Interest and rent on land	-	-	-	-	6	(6)	-	8	8
Transfers and subsidies to:									
Provinces and municipalities	12	1	-	13	4	9	30.8%	13	3
Departmental agencies and accounts	77,741	164,468	-	242,209	242,208	1	100.0%	11,129	11,129
Universities & technikons									
Foreign governments and international organisations	1,772	-	-	1,772	1,772	-	100.0%	1,540	1,459
Non-profit institutions	2,849	-	-	2,849	2,849	-	100.0%	2,700	2,700
Households	-	2,047	-	2,047	2,038	9	99.6%	1,553	1,547
Payment for capital assets									
Machinery and equipment	7,136	1,787	(1,000)	7,923	7,531	392	95.1%	13,653	13,643
Software and other intangible assets	1,667	(259)	(1,408)	-	-	-		2	-
Payments for financial assets	-	-	-	-	2,017	(2,017)		-	858
Total	794,713	-	(7,601)	787,112	785,869	1,243	99.8%	550,932	548,364

APPROPRIATION STATEMENT

for the year ended 31 March 2014

2013/14								2012/13	
Detail per subprogramme Programme 3 Rural Development	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
3.1 RURAL DEVELOPMENT NATIONAL OFFICE									
Current payment	362,669	(203,614)	(85,191)	73,864	120,674	(46,810)	163.4%	201,777	192,195
Transfer and subsidies	141,761	4,624		146,385	99,694	46,691	68.1%	6,432	6,431
Payment for capital assets	141	146,336	3,408	149,885	149,883	2	100%	53,832	53,825
Payment for financial assets	-	-	-	-	220	(220)		-	46
3.2 RURAL DEVELOPMENT PROVINCIAL OFFICES									
Current payment	439,024	(188,684)	(800)	249,540	246,802	2,738	98.9%	191,001	190,426
Transfers and subsidies	38,539	176,917	-	215,456	215,454	2	100.0%	94,388	94,383
Payment for capital assets	1,372	5,271	-	6,643	6,640	3	6,640	2,356	2,347
Payment for financial assets	-	-	-	-	286	(286)		-	167
3.3 NATIONAL RURAL YOUTH SERVICES CORPS									
Current payment	808,678	(159,039)	(5,000)	644,639	643,484	1,155	99.8%	536,154	535,497
Transfers and subsidies	-	217,364	-	217,364	217,363	1	100.0%	-	-
Payment for capital assets	239	825	-	1,064	1,063	1	99.9%	268	265
Payment for financial assets	-	-	-	-	80	(80)		-	5
Total	1,792,423	-	(87,583)	1,704,840	1,701,643	3,197	99.8%	1,086,208	1,075,587

APPROPRIATION STATEMENT

for the year ended 31 March 2014

Programme 3 Per Economic classification	2013/14							2012/13	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	445,311	(218,018)	(24,500)	202,793	200,408	2,385	98.8%	120,183	110,570
Goods and services	1,165,060	(288,599)	(66,491)	809,970	810,552	(582)	100.1%	808,749	807,548
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies to:									
Provinces & municipalities	-	7,115	-	7,115	7,115	-	100.0%	-	-
Departmental agencies & accounts	141,761	134,579	-	276,340	276,338	2	100.0%	-	-
Public corporations & private enterprises	38,539	30,916	-	69,455	69,453	2	100.0%	98,372	98,367
Non-profit institutions	-	3,584	-	3,584	3,584	-	100.0%	2,361	2361
Households	-	177,066	-	177,066	176,021	1,045	99.4%	87	86
Payment for capital assets									
Buildings and other fixed structures	1,000	150,275	1,000	152,275	152,273	2	100%	52,844	52,839
Machinery and equipment	752	2,826	2,408	5,986	5,057	929	84.5%	3,612	3,598
Biological Assets		256		256	256		100.0%		
Payments for financial assets	-	-	-	-	586	(586)		-	218
Total	1,792,423	-	(87,583)	1,704,840	1,701,643	3,197	99.8%	1,086,208	1,075,587

APPROPRIATION STATEMENT

for the year ended 31 March 2014

2013/14								2012/13	
Detail per subprogramme Programme 4 Restitution	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
4.1 RESTITUTION NATIONAL OFFICE									
Current payment	93,231	65,492	-	158,723	158,572	151	99.9%	48,005	38,275
Transfers and subsidies	2	3	-	5	5	-	100.0%	2	-
Payment for capital assets	996	473	-	1,469	1,468	1	99.9%	652	472
Payment for financial assets	-	-	-	-	4	(4)		-	37
4.2 RESTITUTION REGIONAL OFFICES									
Current payment	565,066	(148,527)	(79,987)	336,552	334,489	2,063	99.4%	328,638	322,770
Transfers and subsidies	249	2,596	-	2,845	2,845	-	100%	239	36
Payment for capital assets	2,098	48,871	-	50,969	50,966	3	100.0%	27,773	26,711
Payment for financial assets	-	-	-	-	2,071	(2,071)		-	6,900
4.3 RESTITUTION GRANTS									
Transfers and subsidies	2,255,196	31,092		2,286,288	2,275,750	10,538	99.5%	2,480,444	2,470,532
Payment for capital assets									
Payment for financial assets					10,533	10,533			
Total	2,916,838	-	(79,987)	2,836,851	2,836,703	148	100.0%	2,885,753	2,865,733

APPROPRIATION STATEMENT

for the year ended 31 March 2014

Programme 4 Per Economic classification	2013/14							2012/13	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	222,265	-	-	222,265	216,914	5,351	97.6%	193,016	177,806
Goods and services	436,032	(83,035)	(79,987)	273,010	270,769	2,241	99.2%	147,955	147,569
Interest and rent on land	-	-	-	-	5,378	(5,378)		35,672	35,670
Transfers and subsidies to:									
Provinces and municipalities	11	464	-	475	474	1	99.8%	13	5
Households	2,255,436	22,694	-	2,278,130	2,278,126	4	100.0%	2,480,672	2,470,563
Payment for capital assets									
Building & other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	3,094	1,667	-	4,761	4,759	2	100.0%	6,825	5,585
Land & subsoil assets	-	58,210	-	58,210	58,208	2	100.0%	21,600	21,598
Payments for financial assets	-	-	-	-	2,075	(2,075)	-	-	6,937
Total	2,916,838	-	(79,987)	2,836,851	2,836,703	148	100%	2,885,753	2,865,733

APPROPRIATION STATEMENT

for the year ended 31 March 2014

2013/14								2012/13	
Detail per subprogramme Programme 5 Land Reform	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
5.1 LAND REFORM NATIONAL OFFICE									
Current payment	137,442	63,023	-	200,465	200,305	160	99.9%	131,907	127,176
Transfers and subsidies	35	10	-	45	42	3	93.3%	59	58
Payment for capital assets	1,431	3,596	(695)	4,332	3,992	340	92.2%	2,497	1,722
Payment for financial assets	-	-	-	-	160	(160)		-	35
5.2 LAND REFORM PROVINCIAL OFFICE									
Current payment	359,191	(82,321)	-	276,870	276,745	125	100.0%	244,625	241,872
Transfers and subsidies	87	3,478	-	3,565	3,565	-	100%	848	786
Payment for capital assets	9,576	208	(5,205)	4,579	4,579	-	100.0%	4,791	2,860
Payment for financial assets	-	-	-	-	454	(454)		-	464
5.3 LAND REFORM GRANTS									
Transfers and subsidies	546,591	12,006	102,311	660,908	660,898	10	100%	642,040	634,332
Payment for capital assets	-	-	-	-	-	-		-	-
5.4 KWAZULU-NATAL INGONYAMA TRUST BOARD									
Transfers and subsidies	14,500	-	-	14,500	14,500	-	100.0%	18,816	18,816
5.5 LAND REFORM EMPOWERMENT FACILITY									
Transfers and subsidies	-	-	-	-	-	-		-	-
5.6 COMMUNAL LAND RIGHTS PROGRAMME									
Current payment	-	-	-	-	-	-		-	-
Payment for financial assets	-	-	-	-	-	-		-	-
5.7 AGRICULTURAL LAND HOLDING ACCOUNT									
Transfers and subsidies	1,697,119	-	-	1,697,119	1,697,119	-	100.0%	2,298,335	2,298,335
Payment for financial assets	-	-	-	-	-	-		-	-
Total	2,765,972	-	96,411	2,862,383	2,862,359	24	100.0%	3,343,918	3,326,456

APPROPRIATION STATEMENT

for the year ended 31 March 2014

Programme 5 Per Economic classification	2013/14							2012/13	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	291,126	(55,228)	-	235,898	235,280	618	99.7%	192,719	188,059
Goods and services	205,507	35,930	-	241,437	241,428	9	100.0%	183,813	180,989
Interest and rent on land	-	-	-	-	342	(342)		-	-
Transfers and subsidies to:									
Provinces and municipalities	87	2,790	-	2,877	2,874	3	99.9%	590	532
Departmental agencies and accounts	1,711,619	3	-	1,711,622	1,711,621	1	100.0%	2,317,151	2,317,151
Public corporations and private enterprises	1	-	-	1	-	1	-	57,720	57,719
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	546,625	12,701	102,311	661,637	661,629	8	100.0%	584,637	576,925
Payment for capital assets									
Buildings and other fixed structure	-	-	-	-	-	-	-	386	386
Machinery and equipment	11,007	3,804	(5,900)	8,911	8,571	340	96.2%	6,902	4,196
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	614	(614)	-	-	499
Total	2,765,972	-	96,411	2,862,383	2,862,359	24	100.0%	3,343,918	3,326,456

NOTES TO THE APPROPRIATION STATEMENT

for the year ended 31 March 2014

1. DETAIL OF TRANSFERS AND SUBSIDIES AS PER APPROPRIATION ACT (AFTER VIREMENT)

Detail of these transactions can be viewed in the note on Transfers and subsidies, disclosure notes and Annexure I (A-H) to the Annual Financial Statements.

2. DETAIL OF SPECIFICALLY AND EXCLUSIVELY APPROPRIATED AMOUNTS VOTED (AFTER VIREMENT)

Detail of these transactions can be viewed in note I (Annual Appropriation) to the Annual Financial Statements.

3. DETAIL ON PAYMENTS FOR FINANCIAL ASSETS

Detail of these transactions per programme can be viewed in the note on Payments for financial assets to the Annual Financial Statements.

4. EXPLANATIONS OF MATERIAL VARIANCES FROM AMOUNTS VOTED (AFTER VIREMENT)

4.1 Per Programme	Final Appropriation	Actual Expenditure	Variance R'000	Variance as a % of Final Appropriation
	R'000	R'000	R'000	%
Administration	1,268,553	1,267,482	1,071	0.08%
Geospatial and Cadastral Services	787,113	785,869	1,244	0.16%
Rural Development	1,704,840	1,701,642	3,198	0.19%
Restitution	2,836,851	2,836,703	148	0.01%
Land Reform	2,862,383	2,862,359	24	0.00%

In 2013/14, the department's original budget allocation for goods and services amounted to R1,375 billion. Same increased to R2,157 billion (recording an increase of R782 million) during the financial year due to emerging priorities that emanated from the State of the Nation Address and Minister's Vote Speech for 2013/14.

Expenditure against the final appropriation amounted to R2,152 billion which is directly linked to Part B: Pre – determined Objectives.

NOTES TO THE APPROPRIATION STATEMENT

for the year ended 31 March 2014

4.2 Per Economic classification	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	R'000
Current payments				
Compensation of employees	1,552,555	1,541,261	11,294	0.73%
Goods and services	2,178,118	2,175,153	2,965	0.14%
Interest and rent on land	-	5,759	(5,759)	100.0%
Transfers and subsidies				
Provinces and municipalities	10,599	10,477	122	1.15%
Departmental agencies and accounts	2,235,588	2,235,583	5	0.0%
Public corporations and private enterprises	69,456	69,453	3	0.0%
Foreign governments and international organisations	1,772	1,772	-	0.0%
Non-profits institutions	6,433	6,433	-	0.0%
Households	3,148,243	3,147,174	1,069	0.03%
Payments for capital assets				
Buildings and other fixed structures	154,786	154,784	2	0.0%
Machinery and equipment	43,723	41,215	2,508	5.74%
Biological assets	256	256	0	0.0%
Land and subsoil assets	58,210	58,208	2	0.0%
Software and other intangible assets	-	-	-	-
Payments for financial assets	-	6,528	(6,528)	100.0%

*Included in the adjusted appropriation is the R96million roll over for Programme 3

STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 31 March 2014

PERFORMANCE

REVENUE

Annual appropriation
Departmental revenue
Aid assistance

TOTAL REVENUE

EXPENDITURE

Current expenditure

Compensation of employees
Goods and services
Interest and rent on land
Aid assistance

Total current expenditure

Transfers and subsidies

Transfers and subsidies

Total transfers and subsidies

Expenditure for capital assets

Tangible capital assets
Software and other intangible assets

Total expenditure for capital assets

Payments for financial assets

Note	2013/14 R'000	2012/13 R'000
1	9,459,740	8,974,085
2	104,622	74,698
3	7,909	6,709
	9,572,271	9,055,492
4	1,541,261	1,745,407
5	2,175,153	1,398,967
6	5,759	35,678
3	3,346	3,869
	3,725,519	3,183,921
8	5,470,892	5,604,935
	5,470,892	5,604,935
9	254,463	124,193
9		
	254,463	124,193
7	6,528	10,387

STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 31 March 2014

PERFORMANCE

TOTAL EXPENDITURE

SURPLUS/(DEFICIT) FOR THE YEAR

Reconciliation of Net Surplus/(Deficit) for the year

Voted funds

Annual appropriation

Departmental revenue and NRF Receipts

Aid assistance

SURPLUS/(DEFICIT) FOR THE YEAR

Note	2013/14 R'000	2012/13 R'000
	9,457,402	8,923,436
	114,869	132,056
	5,684	54,518
	5,684	54,518
15	104,622	74,698
3	4,563	2,840
	114,869	132,056

STATEMENT OF FINANCIAL POSITION

for the year ended 31 March 2014

POSITION

ASSETS

Current assets

Cash and cash equivalents

Prepayments and advances

Receivables

Non-current assets

Investments

TOTAL ASSETS

LIABILITIES

Current liabilities

Voted funds to be surrendered to the Revenue Fund

Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund

Payables

Aid assistance unutilised

TOTAL LIABILITIES

NET ASSETS

Note	2013/14 R'000	2012/13 R'000
	240,911	377,974
10	194,443	335,055
11	23,447	21,628
12	23,021	21,291
	16,112	16,112
13	16,112	16,112
	257,023	394,086
	234,729	373,712
14	5,684	54,518
15	40,940	2,153
16	183,542	314,200
3	4,563	2,841
	234,729	373,712
	22,294	20,374

STATEMENT OF FINANCIAL POSITION

for the year ended 31 March 2014

POSITION

Represented by:

Capitalisation reserve

Recoverable revenue

TOTAL

Note	2013/14	2012/13
	R'000	R'000
	16,112	16,112
	6,182	4,262
	<u>22,294</u>	<u>20,374</u>

STATEMENT OF CHANGES IN NET ASSETS

for the year ended 31 March 2014

NET ASSETS

Capitalisation Reserves

Opening balance

Other movements

Closing balance

Recoverable revenue

Opening balance

Transfers:

Irrecoverable amounts written off

Debts revised

Debts recovered (included in departmental receipts)

Debts raised

Closing balance

TOTAL

Note	2013/14 R'000	2012/13 R'000
	16,112	32,512
	-	(16,400)
	16,112	16,112
	4,262	4,184
	1,920	78
		-
	(2,371)	(1,834)
	4,291	1,912
	6,182	4,262
	22,294	20,374

CASH FLOW STATEMENT

for the year ended 31 March 2014

CASH FLOW

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts

Annual appropriated funds received

Departmental revenue received

Interest Received

Aid assistance received

Net (increase)/decrease in working capital

Surrendered to Revenue Fund

Surrendered to RDP Fund/Donor

Current payments

Interest Received

Payments for financial assets

Transfers and subsidies paid

Net cash flow available from operating activities

CASH FLOWS FROM INVESTING ACTIVITIES

Payments for capital assets

Proceeds from sale of capital assets

(Increase)/decrease in investments

Net cash flows from investing activities

CASH FLOWS FROM FINANCING ACTIVITIES

Increase/(decrease) in net assets

Net cash flows from financing activities

Note	2013/14 R'000	2012/13 R'000
	9,572,124	9,055,287
1.1	9,459,740	8,974,085
2	85,613	51,935
	18,862	22,558
3	7,909	6,709
	(134,207)	165,535
	(120,353)	(214,431)
	(2,841)	(3,121)
	(3,720,102)	(3,148,243)
	(5,417)	(35,678)
	(6,528)	(10,387)
	(5,470,892)	(5,604,935)
18	111,784	204,027
9	(254,463)	(124,193)
2.3	147	205
	-	16,400
	(254,316)	(107,588)
	1,920	(16,322)
	1,920	(16,322)

CASH FLOW STATEMENT

for the year ended 31 March 2014

CASH FLOW

Net increase/(decrease) in cash and cash equivalents

Cash and cash equivalents at beginning of period

Cash and cash equivalents at end of period

Note	2013/14	2012/13
	R'000	R'000
	(140,612)	80,117
	335,055	254,938
19	194,443	335,055

ACCOUNTING POLICIES

for the year ended 31 March 2014

The Financial Statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. However, where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the Financial Statements and to comply with the statutory requirements of the Public Finance Management Act, Act 1 of 1999 (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the Act and the Division of Revenue Act, Act 1 of 2010.

I. PRESENTATION OF THE FINANCIAL STATEMENTS

I.1 Basis of preparation

The Financial Statements have been prepared on a modified cash basis of accounting, except where stated otherwise. The modified cash basis constitutes the cash basis of accounting supplemented with additional disclosure items. Under the cash basis of accounting transactions and other events are recognised when cash is received or paid.

I.2 Presentation currency

All amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the department.

I.3 Rounding

Unless otherwise stated all financial figures have been rounded to the nearest one thousand Rand (R'000).

I.4 Comparative figures

Prior period comparative information has been presented in the current year's financial statements. Where necessary figures included in the prior period financial statements have been reclassified to ensure that the format in which the information is presented is consistent with the format of the current year's financial statements.

I.5 Comparative figures - Appropriation Statement

A comparison between actual amounts and final appropriation per major classification of expenditure is included in the Appropriation Statement.

I.6 Going concern assumption

These annual financial statements were prepared based on the expectation that the department will continue to operate as a going concern.

ACCOUNTING POLICIES

for the year ended 31 March 2014

2. REVENUE

2.1 Appropriated funds

Appropriated funds comprises of departmental allocations.

Appropriated funds are recognised in the financial records on the date the appropriation becomes effective. Adjustments made in terms of the adjustments budget process are recognised in the financial records on the date the adjustments become effective.

Unexpended appropriated funds are surrendered to the National Revenue Fund. Any amounts owing to the National Revenue Fund at the end of the financial year are recognised as payable in the statement of financial position.

Any amount due from the National Revenue Fund at the end of the financial year is recognised as a receivable in the statement of financial position.

2.2 Departmental revenue

All departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the National Revenue Fund, unless stated otherwise.

Any amount owing to the National Revenue Fund is recognised as a payable in the statement of financial position.

No accrual is made for amounts receivable from the last receipt date to the end of the reporting period. These amounts are however disclosed in the disclosure note to the annual financial statements.

2.3 Aid assistance

Aids assistance is recognised as revenue when received.

All in-kind aid assistance is disclosed at fair value on the date of receipt in the annexures to the Annual Financial Statements.

The cash payments made during the year relating to aid assistance projects are recognised as expenditure in the statement of financial performance when final authorisation for payments is effected on the system (by no later than 31 March of each year).

The value of the assistance expensed prior to the receipt of funds is recognised as a receivable in the statement of financial position.

Inappropriately expensed amounts using aid assistance and any unutilised amounts are recognised as payables in the statement of financial position. These amounts are then surrendered to the National Revenue Fund.

ACCOUNTING POLICIES

for the year ended 31 March 2014

3. EXPENDITURE

3.1 Compensation of employees

3.1.1 Salaries and wages

Salaries and wages are expensed in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

Other employee benefits that give rise to a present legal or constructive obligation are disclosed in the disclosure notes to the financial statements at its face value and are not recognised in the statement of financial performance or position.

3.1.2 Social contributions

Employer contributions to post employment benefit plans in respect of current employees are expensed in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

No provision is made for retirement benefits in the financial statements of the department. Any potential liabilities are disclosed in the financial statements of the National Revenue Fund and not in the financial statements of the employer department.

Employer contributions made by the department for certain of its ex-employees (such as medical benefits) are classified as transfers to households in the statement of financial performance.

3.2 Goods and services

Payments made during the year for goods and/or services are recognised as an expense in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

The expense is classified as capital if the goods and/or services were acquired for a capital project or if the total purchase price exceeds the capitalisation threshold (currently R5,000). All other expenditures are classified as current.

Rental paid for the use of buildings or other fixed structures is classified as goods and services and not as rent on land.

3.3 Interest and rent on land

Interest and rental payments are recognised as an expense in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year). This item excludes rental for the use of buildings or other fixed structures. If it is not possible to distinguish between payment for the use of land and the fixed structures on it, the whole amount should be recorded under goods and services.

ACCOUNTING POLICIES

for the year ended 31 March 2014

3.4 Payments for financial assets

Debts are written off when identified as irrecoverable. Debts written-off are limited to the amount of savings and/or under spending of appropriated funds. The write off occurs at year-end or when funds are available. No provision is made for irrecoverable amounts but an estimate is included in the disclosure notes to the financial statements amounts.

All other losses are recognised when authorisation has been granted for the recognition thereof.

3.5 Transfers and subsidies

Transfers and subsidies are recognised as an expense when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

Included in the Transfers payments to households are prepayments to conveyors pending registration of properties. They are expensed as per the exemption received from the Office of the Accountant-General on the 24 July 2008.

3.6 Unauthorised expenditure

When confirmed unauthorised expenditure is recognised as an asset in the statement of financial position until such time as the expenditure is either approved by the relevant authority, recovered from the responsible person or written off as irrecoverable in the statement of financial performance.

Unauthorised expenditure approved with funding is derecognised from the statement of financial position when the unauthorised expenditure is approved and the related funds are received.

Where the amount is approved without funding it is recognised as expenditure in the statement of financial performance on the date of approval in the Act.

3.7 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is recognised as expenditure in the statement of financial performance according to the nature of the payment and not as a separate line item on the face of the statement. If the expenditure is recoverable it is treated as an asset until it is recovered from the responsible person or written off as irrecoverable in the statement of financial performance.

3.8 Irregular expenditure

Irregular expenditure is recognised as expenditure in the statement of financial performance. If the expenditure is not condoned by the relevant authority it is treated as an asset until it is recovered or written off as irrecoverable.

ACCOUNTING POLICIES

for the year ended 31 March 2014

4. ASSETS

4.1 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand and deposits held.

4.2 Prepayments and advances

Amounts prepaid or advanced are recognised in the statement of financial position when the payments are made and are derecognised as and when the goods/services are received or the funds are utilised.

Prepayments and advances outstanding at the end of the year are carried in the statement of financial position at cost.

4.3 Receivables

Receivables included in the statement of financial position arise from cash payments made that are recoverable from another party (including departmental employees) and are derecognised upon recovery or write-off.

Receivables outstanding at year-end are carried in the statement of financial position at cost plus any accrued interest. Amounts that are potentially irrecoverable are included in the disclosure notes.

4.4 Investments

Capitalised investments are shown at cost in the statement of financial position. Investments are tested for an impairment loss whenever events or changes in circumstances indicate that the investment may be impaired. Any impairment loss is included in the disclosure notes.

4.5 Inventory

Inventories that qualify for recognition must be initially reflected at cost. Where inventories are acquired at no cost, or for nominal consideration, their cost shall be their fair value at the date of acquisition.

All inventory items at year-end are reflected using the FIFO cost formula.

ACCOUNTING POLICIES

for the year ended 31 March 2014

4.6 Capital assets

4.6.1 Movable assets

Initial recognition

A capital asset is recorded in the asset register on receipt of the item at cost. Cost of an asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the movable capital asset is stated at fair value. Where fair value cannot be determined, the capital asset is included in the asset register at R1.

All assets acquired prior to 1 April 2002 are included in the register R1.

Subsequent recognition

Subsequent expenditure of a capital nature is recorded in the statement of financial performance as "expenditure for capital assets" and is capitalised in the asset register of the department on completion of the project.

Repairs and maintenance is expensed as current "goods and services" in the statement of financial performance.

4.6.2 Immovable assets

Initial recognition

A capital asset is recorded on receipt of the item at cost. Cost of an asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the immovable capital asset is stated at R1 unless the fair value for the asset has been reliably estimated.

Subsequent recognition

Work-in-progress of a capital nature is recorded in the statement of financial performance as "expenditure for capital assets". On completion, the total cost of the project is included in the asset register of the department that is accountable for the asset.

Repairs and maintenance is expensed as current "goods and services" in the statement of financial performance

ACCOUNTING POLICIES

for the year ended 31 March 2014

5. LIABILITIES

5.1 Payables

Recognised payables mainly comprise of amounts owing to other governmental entities. These payables are carried at cost in the statement of financial position.

5.2 Contingent liabilities

Contingent liabilities are included in the disclosure notes to the financial statements when it is possible that economic benefits will flow from the department, or when an outflow of economic benefits or service potential is probable but cannot be measured reliably.

5.3 Contingent assets

Contingent assets are included in the disclosure notes to the financial statements when it is probable that an inflow of economic benefits will flow to the entity.

5.4 Commitments

Commitments are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes.

5.5 Accruals

Accruals are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes.

5.6 Employee benefits

Short-term employee benefits that give rise to a present legal or constructive obligation are disclosed in the disclosure notes to the financial statements. These amounts are not recognised in the statement of financial performance or the statement of financial position.

5.7 Lease commitments

Finance lease

Finance leases are not recognised as assets and liabilities in the statement of financial position. Finance lease payments are recognised as an expense in the statement of financial performance and are not apportioned between the capital and interest portions. The finance lease liability is disclosed in the disclosure notes to the financial statements.

ACCOUNTING POLICIES

for the year ended 31 March 2014

Operating lease

Operating lease payments are recognised as an expense in the statement of financial performance. The operating lease commitments are disclosed in the disclosure notes to the financial statement.

5.8 Impairment

The department tests for impairment where there is an indication that a receivable, loan or investment may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. An estimate is made for doubtful loans and receivables based on a review of all outstanding amounts at year-end. Impairments on investments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows / service potential flowing from the instrument.

5.9 Provisions

Provisions are disclosed when there is a present legal or constructive obligation to forfeit economic benefits as a result of events in the past and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

6. RECEIVABLES FOR DEPARTMENTAL REVENUE

Receivables for departmental revenue are disclosed in the disclosure notes to the annual financial statements.

7. NET ASSETS

7.1 Capitalisation reserve

The capitalisation reserve comprises of financial assets and/or liabilities originating in a prior reporting period but which are recognised in the statement of financial position for the first time in the current reporting period. Amounts are recognised in the capitalisation reserves when identified in the current period and are transferred to the National Revenue Fund when the underlining asset is disposed and the related funds are received.

7.2 Recoverable revenue

Amounts are recognised as recoverable revenue when a payment made in a previous financial year becomes recoverable from a debtor in the current financial year. Amounts are either transferred to the National Revenue Fund when recovered or are transferred to the statement of financial performance when written-off.

8. RELATED PARTY TRANSACTIONS

Specific information with regards to related party transactions is included in the disclosure notes.

ACCOUNTING POLICIES

for the year ended 31 March 2014

9. KEY MANAGEMENT PERSONNEL

Compensation paid to key management personnel including their family members where relevant, is included in the disclosure notes.

10. PUBLIC PRIVATE PARTNERSHIPS

A description of the PPP arrangement, the contract fees and current and capital expenditure relating to the PPP arrangement is included in the disclosure notes.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

I. ANNUAL APPROPRIATION

I.1 Annual Appropriation

Included are funds appropriated in terms of the Appropriation Act (and the Adjustments Appropriation Act) for National departments (Voted funds) and Provincial departments:

	2013/14			2012/13
	Final Appropriation	Actual Funds Received	Funds not requested/ not received	Appropriation received
	R'000	R'000	R'000	R'000
Administration	1,268,553	1,189,793	78,760	1,091,274
Geospatial and Cadastral Services	787,113	794,714	(7,601)	595,932
Rural Development	1,704,840	1,792,423	(87,583)	1,041,208
Restitution	2,836,851	2,916,838	(79,987)	2,961,519
Land Reform	2,862,383	2,765,972	96,411	3,284,152
Total	9,459,740	9,459,740	-	8,974,085

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

2. DEPARTMENTAL REVENUE

Sales of goods and services other than capital assets
Interest, dividends and rent on land
Sales of capital assets
Transactions in financial assets and liabilities

Departmental revenue collected

Note	2013/14 R'000	2012/13 R'000
2.1	21,218	20,142
2.2	21,469	26,581
2.3	147	205
2.4	61,788	27,770
	104,622	74,698

2.1 Sales of goods and services other than capital assets

Sales of goods and services produced by the department
Sales by market establishment
Administrative fees
Other sales
Sales of scrap, waste and other used current goods
Total

Note	2013/14 R'000	2012/13 R'000
2	21,213	20,140
	1,019	881
	16,658	16,325
	3,536	2,934
	5	2
	21,218	20,142

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

2.2 Interest, dividends and rent on land

Interest
Rent on land
Total

Note	2013/14	2012/13
	R'000	R'000
	18,862	22,558
	2,607	4,023
	21,469	26,581

2.3 Sale of capital assets

Tangible assets
Machinery and equipment
Land and subsoil assets

Total

Note	2013/14	2012/13
	R'000	R'000
	147	205
30	134	15
45	13	190
	147	205

2.4 Transactions in financial assets and liabilities

Receivables
Other Receipts including Recoverable Revenue
Total

Note	2013/14	2012/13
	R'000	R'000
	779	972
	61,009	26,798
	61,788	27,770

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

3. AID ASSISTANCE

3.1 Aid assistance received in cash from RDP

	2013/14 R'000	2012/13 R'000
Local		
Revenue	-	3,000
Expenditure	-	(3,000)
Current	-	(3,000)
Closing Balance	-	-
Foreign		
Opening Balance	2,841	3,122
Revenue	7,909	3,709
Expenditure	(3,346)	(869)
Current	(3,346)	(869)
Surrendered to the RDP	(2,841)	(3,121)
Closing Balance	4,563	2,841

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

3.2 Total assistance

Opening Balance
Revenue
Expenditure
Current
Surrendered / Transferred to retained funds
Balance

2013/14	2012/13
R'000	R'000
2,841	3,122
7,909	6,709
(3,346)	(3,869)
(3,346)	(3,869)
(2,841)	(3,121)
4,563	2,841

3.3 Analysis of balance

Aid assistance unutilised
Other sources
Closing balance

2013/14	2012/13
R'000	R'000
4,563	2,841
4,563	2,841
4,563	2,841

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

4. COMPENSATION OF EMPLOYEES

4.1 Salaries and Wages

	2013/14 R'000	2012/13 R'000
Basic salary	1,053,765	838,874
Performance award	26,929	27,794
Service Based	3,901	3,299
Compensative/circumstantial	63,744	**549,350
Periodic payments	115	340
Other non-pensionable allowances	202,912	168,201
Total	1,351,366	1,587,858

** The prior year amount has been restated due to a change in the Disclosure requirements as issued by the National Treasury. An amount of R 517 162 000 which was previously disclosed under "Other operating expenditure: Learnerships" has now being disclosed under "Compensation of employees: Salaries and Wages". The amount as disclosed in the prior year financials was R 32 188 000.

4.2 Social contributions

	2013/14 R'000	2012/13 R'000
Employer contributions		
Pension	133,350	106,055
Medical	56,236	51,296
UIF	16	
Bargaining council	293	198
Total	189,895	157,549

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

Total compensation of employees

Average number of employees

Note	2013/14	2012/13
	R'000	R'000
	1,541,261	1,745,407
	4,229	3,573

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

5. GOODS AND SERVICES

	Note	2013/14 R'000	2012/13 R'000
Administrative fees		61,446	27,865
Advertising		47,896	39,216
Assets less than R5,000	5.1	12,671	9,840
Bursaries (employees)		3,604	3,540
Catering		15,097	11,474
Communication		54,260	47,383
Computer services	5.2	96,570	98,950
Consultants, contractors and agency/outsourced services	5.3	500,794	441,419
Entertainment		7	17
Audit cost – external	5.4	15,675	15,134
Fleet services		16,998	8
Inventory	5.5	11,490	3,937
Consumables		31,839	28,183
Operating leases		180,456	142,390
Property payment	5.6	93,660	84,475
Rental and hiring		10,267	3,795
Transport provided as part of the departmental activities	5.7	3,223	9,349
Travel and subsistence		790,962	321,241
Venues and facilities		98,783	62,899
Training and staff development	5.8	109,003	20,995
Other operating expenditure		20,452	26,857
Total		2,175,153	1,398,967

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

5.1 Assets less than R5,000

Tangible assets

Buildings and other fixed structures

Biological assets

Machinery and equipment

Transport assets

Intangible assets

Total

Note	2013/14	2012/13
5	R'000	R'000
	12,659	9,838
	1	9
	2,575	263
	10,082	9,560
	1	6
	12	2
	12,671	9,840

5.2 Computer services

SITA computer services

External computer service providers

Total

Note	2013/14	2012/13
5	R'000	R'000
	29,959	24,517
	66,611	74,433
	96,570	98,950

5.3 Consultants, contractors and agency/outsourced services

Business and advisory services

Infrastructure and planning

Legal costs

Contractors

Agency and support/outsourced services

Total

Note	2013/14	2012/13
5	R'000	R'000
	236,188	233,500
	12,628	15,748
	104,706	81,130
	53,617	23,987
	93,655	87,054
	500,794	441,419

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

5.4 Audit cost – External

Regularity audits
Performance audits
Investigations
Other audits
Computer audits

Total

Note	2013/14	2012/13
5	R'000	R'000
	15,675	15,059
	-	-
	-	75
	-	-
	-	-
	15,675	15,134

5.5 Inventory

Clothing material and accessories
Farming supplies
Learning and teaching support material
Materials and supplies
Food and food supplies
Learning and teaching support material
Fuel, oil and gas
Other consumable materials
Maintenance material
Stationery and printing
Medical supplies
Medicine

Total

Note	2013/14	2012/13
5	R'000	R'000
	4,676	-
	2,335	-
	-	-
	4,458	2,420
	-	905
	-	524
	-	71
	-	-
	-	-
	-	-
	18	17
	3	-
	11,490	**3,937

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

5.6 Consumables

	Note	2013/14	2012/13
	5	R'000	R'000
Consumable supplies		6,302	5,803
Uniform and clothing		128	-
Household supplies		3,364	-
Building material and supplies		1,253	-
Communication accessories		6	-
IT consumables		749	-
Other consumables		802	5,803
Stationery, printing and office supplies		25,537	22,380
		31,839	**28,183

** Comparative figures are not the same as disclosed in the prior year AFS due to a change in the Disclosure requirements as issued by the National Treasury. In the prior year AFS all items were disclosed under Inventory, whereas in the current year there is a split between Inventory and Consumables. Some item which were disclosed as Inventory are now disclosed as consumables

5.7 Property payments

	Note	2013/14	2012/13
	5	R'000	R'000
Municipal services		40,264	34,088
*Other		53,396	50,387
Total		93,660	84,475

* Expenditure of office buildings leased with DPW

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

5.8 Travel and subsistence

Local
Foreign

Total

Note	2013/14 R'000	2012/13 R'000
5	779,895	319,237
	11,067	2,004
	790,962	321,241

5.9 Other operating expenditure

Professional bodies, membership and subscription fees
Resettlement costs
Other
Total

Note	2013/14 R'000	2012/13 R'000
5	338	218
	3,497	2,486
	16,617	24,153
	20,452	**26,857

**The prior year amount has been restated due to a change in the Disclosure requirements as issued by the National Treasury. An amount of R 517 162 000 which was previously disclosed under "Other operating expenditure: Learnerships" has now being disclosed under "Compensation of employees: Salaries and Wages". The amount as disclosed in the prior year financials was R 544 019 00.

6. INTEREST AND RENT ON LAND

Interest paid
Rent on Land
Total

Note	2013/14 R'000	2012/13 R'000
	5,417	35,678
	342	-
	5,759	35,678

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

7. PAYMENTS FOR FINANCIAL ASSETS

Other material losses written off

Debts written off

Total

Note	2013/14 R'000	2012/13 R'000
7.1	5,465	9,166
7.2	1,063	1,221
	6,528	10,387

7.1 Other material losses written off

Nature of losses

Damaged Rental vehicles- Officials did not forfeit state cover

No Show Accommodation-Officials did not forfeit state cover

Other

Total

Note	2013/14 R'000	2012/13 R'000
5		
	4,868	1,814
	-	173
	597	7,179
	5,465	9,166

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

7.2 Debts written off

Nature of debts written off

Breach of contract
Subsidised Transport
Salary Debt
Suppliers
Other
Telephone Debts
Tax Debts
Surveyor-General Office
Total

Note	2013/14 R'000	2012/13 R'000
7		
	670	571
	-	72
	309	409
	1	-
	3	95
	72	55
	8	11
		8
	1,063	1,221

8. TRANSFERS AND SUBSIDIES

Provinces and municipalities
Departmental agencies and accounts
Foreign governments and international organisations
Public corporations and private enterprises
Non-profit institutions
Households
Gifts, donations and sponsorships made
Total

Note	2013/14 R'000	2012/13 R'000
Annex 1A	10,477	557
Annex 1B	2,235,583	2,328,280
Annex 1D	1,772	1,459
Annex 1C	69,453	193,361
Annex 1E	6,433	5,061
Annex 1F	3,147,174	3,076,217
Annex 1K	-	-
	5,470,892	5,604,935

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

9. EXPENDITURE FOR CAPITAL ASSETS

9.1 Capital assets – 2013/14

	Note	2013/14 R'000	2012/13 R'000
		254,463	124,193
Buildings and other Fixed structure	32	154,782	61,067
Machinery and Equipment	33	41,217	41,528
Land and subsoil assets	35	58,208	21,598
Biological assets		256	-
Software and other intangible assets		-	-
Other intangibles	34	-	-
Total		254,463	124,193

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

9.1.1 Analysis of funds utilised to acquire capital assets – 2013/14

Tangible assets

Buildings and other fixed structures

Machinery and equipment

Land and subsoil assets

Building and other fixed structure

Software and other intangible assets

Intangible asset

Total

Voted funds	Aid assistance	Total
R'000	R'000	R'000
254,463	-	254,463
154,782	-	154,782
41,217	-	41,217
58,208	-	58,208
256	-	256
-	-	-
254,463	-	254,463

9.2 Capital assets – 2012/13

Tangible assets

Buildings and other fixed structures

Machinery and equipment

Land and subsoil assets

Total

Voted funds	Total
R'000	R'000
124,193	124,193
61,067	61,067
41,528	41,528
21,598	21,598
124,193	124,193

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

9.2.1 Analysis of funds utilised to acquire capital assets – 2012/13

Tangible assets

Building and other fixed structures

Machinery and equipment

Land and subsoil assets

Total

Voted funds R'000	Aid assistance R'000	Total R'000
124,193	-	124,193
61,067		61,067
41,528	-	41,528
21,598	-	21,598
124,193	-	124,193

10. CASH AND CASH EQUIVALENTS

Consolidated Paymaster General Account

Disbursements

Cash on hand

Total

Note	2013/14 R'000	2012/13 R'000
	194,225	334,853
	83	69
	135	133
	194,443	335,055

11. PREPAYMENTS AND ADVANCES

Travel and subsistence

Advances paid to other entities

Total

Note	2013/14 R'000	2012/13 R'000
	90	32
	23,357	21,596
	23,447	21,628

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

11.1 Advances paid

Public entities

Other institutions

Total

Note	2013/14 R'000	2012/13 R'000
	23,357	-
	-	21,596
	23,357	21,596

12. RECEIVABLES

Claims recoverable

Annex 4

Recoverable expenditure

Staff debt

Fruitless & Wasteful

Other debtors

Total

Note	2013/14			2012/13	
	R'000 Less than one year	R'000 One to three years	R'000 Older than three years	R'000 Total	R'000 Total
12.1	1,242	2,921	-	4,163	3,149
12.2	8,864	383	460	9,707	9,752
12.3	2,582	2,851	3,069	8,502	6,847
12.4	-	-	-	-	596
12.5	23	90	536	649	947
	12,711	6,245	4,065	23,021	21,291

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

12.1 Claims recoverable

National departments
Provincial departments
Public entities
Total

Note	2013/14	2012/13
12	R'000	R'000
	-	60
	285	3,089
	3,878	-
	4,163	3,149

12.2 Recoverable expenditure (disallowance accounts)

Sal: Disallowances account: CA
Disallowance: miscellaneous
Disallowance: Damaged GG Vehicle
Sal: Tax Debt
Sal: Medical Aid
Disallowance Accounts: CA
Total

Note	2013/14	2012/13
12	R'000	R'000
	613	107
	-	-
	9,002	9,640
	63	5
	24	-
	5	-
	9,707	9,752

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

12.3 Staff debt

Salary Debt
Bursary Debt
Subsidised Motor Scheme
Tax Debts
Telephone Debt
Cell Phone Debt
Misconduct
Government Garage Motor Vehicle Accident
Other debts
SG Debtor
Total

Note	2013/14	2012/13
12	R'000	R'000
	1,262	1,669
	5,483	3,386
	148	185
	31	-
	13	17
	-	66
	1,041	986
	72	104
	425	434
	27	-
	8,502	6,847

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

12.4 Fruitless and wasteful expenditure

	Note	2013/14 R'000	2012/13 R'000
	12		
Opening balance		596	596
Less amounts recovered			
Less amounts written off		(596)	-
Transfers from Note 32 Fruitless and Wasteful expenditure			
Total		-	596

12.5 Other debtors

	Note	2013/14 R'000	2012/13 R'000
	12		
Transport Payment Suspense: CL		649	626
Sal: Income Tax: CL			321
Total		649	947

13. INVESTMENTS

	Note	2013/14 R'000	2012/13 R'000
Non-Current			
Shares and other equity			
*Inala Farms (PTY) LTD		16,112	16,112
Total		16,112	16,112

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

Analysis of non-current investments

Opening Balance

Non- cash movements

Closing balance

2013/14 R'000	2012/13 R'000
16,112	32,512
-	(16,400)
16,112	16,112

*The Inala Farm(Pty) Ltd is in the process of being liquidated, hence the net-asset value of this investment has been reduced to zero. It will be written off once the liquidation has been finalised.

14. VOTED FUNDS TO BE SURRENDERED TO THE REVENUE FUND

Opening balance

Transfer from statement of financial performance

Paid during the year

Closing balance

Note	2013/14 R'000	2012/13 R'000
	54,518	138,972
	5,684	54,518
	(54,518)	(138,972)
	5,684	54,518

15. DEPARTMENTAL REVENUE AND NRF RECEIPTS TO BE SURRENDERED TO THE REVENUE FUND

Opening balance

Transfer from Statement of Financial Performance

Paid during the year

Closing balance

Note	2013/14 R'000	2012/13 R'000
	2,153	2,914
	104,622	74,698
	(65 835)	(75,459)
	40,940	2,153

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

16. PAYABLES – CURRENT

Clearing accounts

Other payables

Total

<i>Note</i>	2013/14	2012/13
	Total	Total
16.1	43,055	86,057
16.2	140,487	228,143
	183,542	314,200

16.1 Clearing accounts

Payable: (Restitution claims returned)

Total

<i>Note</i>	2013/14	2012/13
	R'000	R'000
16	43,055	86,057
	43,055	86,057

16.2 Other payables

Salaries: Pension Fund: CL

Salaries: Medical: CL

Salaries: Housing

Salaries: Bargaining Council

Transport Suspense Account: CL

<i>Note</i>	2013/14	2012/13
	R'000	R'000
16	108	11
	33	2
	1	13
	1	1
	551	550

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

Sal:Income Tax	220	-
Restitution projects accounts – ABSA	139,570	223,706
Compensation Comm	-	3860
Lease - ABSA	3	-
Total	140,487	228,143

17. NET CASH FLOW AVAILABLE FROM OPERATING ACTIVITIES

Net surplus/(deficit) as per Statement of Financial Performance
Add back non cash/cash movements not deemed operating activities
(Increase)/decrease in receivables – current
(Increase)/decrease in prepayments and advances
Increase/(decrease) in payables – current
Proceeds from sale of capital assets
Expenditure on capital assets
Surrenders to Revenue Fund
Surrenders to RDP Fund/Donor
Net cash flow generated by operating activities

Note	2013/14 R'000	2012/13 R'000
	114,869	132,056
	(3,085)	71,971
	(1,730)	641
	(1,819)	(4,579)
	(130,658)	169,473
	(147)	(205)
	254,463	124,193
	(120,353)	(214,431)
	(2,841)	(3,121)
	111,784	204,027

18. RECONCILIATION OF CASH AND CASH EQUIVALENTS FOR CASH FLOW PURPOSES

Disbursements
Cash on hand
Total

2013/14 R'000	2012/13 R'000
194,225	334,853
83	69
135	133
194,443	335,055

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

These amounts are not recognised in the Annual Financial Statements and are disclosed to enhance the usefulness of the Annual Financial Statements.

19. DEPARTMENTAL REVENUE AND NRF RECEIPTS TO BE SURRENDERED TO THE REVENUE FUND

	Note	2013/14 R'000	2012/13 R'000
Opening balance		7,079	2,914
Prior period error (2012/13)	19.1	(4,926)	-
As restated		2,153	-
Transfer from Statement of Financial Performance (as restated)		104,622	79,624
Paid during the year		(65,835)	(75,459)
Closing balance		40,940	7,079

19.1 Prior period error (affecting departmental revenue to be surrendered)

Note	2013/14 R'000
19	

Nature of prior period error

Prior year departmental revenue received was restated. This was as a result of monies received from departmental debtors being incorrectly classified as departmental revenue. Prior year's disclosed amount of departmental Revenue received had to be reduced by R 4 926 932, 42. This amount was reclassified as monies paid towards departmental Receivables.

Reclassification of this amount resulted in the prior year balance of departmental Revenue to be surrendered to the Revenue fund being reduced for R 7 079 000 to R 2 153 000.

Relating to 2012/13

Total

4,926

4,926

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

20. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

20.1 Contingent liabilities

Liable to Nature

Housing loan guarantees Employees

Claims against the department

Restitution claims

Other departments (interdepartmental unconfirmed balances)

Total

Note	2013/14 R'000	2012/13 R'000
Annex 3A	1,006	195
Annex 3B	2,648,274	3,601,814
	329,191	-
Annex 5	8,694	10
	2,987,165	3,602,019

Interest and legal costs that may arise from claims against the state is not disclosed as contingent liability as the occurrence of the obligations depends on the handing down of an order by a court that the department is liable for payment and only in instances where the department is not appealing or reviewing the order.

There is a possible obligation to pay municipal rates on properties of the Department of Rural Development and Land Reform. The municipality may levy rates on properties within their areas in accordance with their rates policies. Whilst a number of municipalities do publish municipal valuation rolls, which provide values of properties, such valuation rolls do not indicate the applicable rate per property. Municipalities undertake various processes, which result in a rate being levied and an invoice being dispatched to the owner. Until an owner receives the first invoice for rates levied on a particular property, he or she is unlikely to know precisely what the rate obligation will be. The department is dependent on the information received from municipalities in this regard in determining the amount owing in respect of rates, and bases the disclosure of this obligation on invoice information received by year-end.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

20.2 Contingent assets

Nature of contingent asset

Legal claims by the department

Assets seized during forfeiture order by the Assets Forfeiture Unit

Total

2013/14 R'000	2012/13 R'000
20,838	20,838
153,105	35,513
173,943	56,351

*The total value of the assets seized during the forfeiture order by the Assets Forfeiture Unit amounted to R 153 million, whilst the preservation order amounted to R288 million.

21. COMMITMENTS

Current expenditure

Approved and contracted

Approved but not yet contracted

Capital expenditure

Approved and contracted

Approved but not yet contracted

Total Commitments

Note	2013/14 R'000	2012/13 R'000
	1,421,635	1,206,264
	322,385	47,279
	1,099,250	1,158,985
	4,829 890	4,972 235
	6,229	641
	4,823,661	4,971,594
	6,251,525	6,178,499

Included in commitments are projects that are between 1 to 3 years (R1,277,993,142) and that are older than 3 years (R2 086 682 004 this is due to changes of Restitution settlement options, community, tribal and family disputes and untraceable claim. Interest might be charged on settlement of some of these claims in terms of Section 80 of PFMA as prescribed by the Minister of Finance.

Capital Expenditure approved but not yet contracted

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

The department is committed to settle the restitution claims after the Section 42D memo has been approved by the Minister. However, certain processes needs to take place by the department and could result in the department only able to enter any agreement in order to settle the claims after a period of time.

22. ACCRUALS

Listed by economic classification

Goods and services
Interest and rent on land
Transfers and subsidies
Capital assets
Other

Total

			2013/14 R'000	2012/13 R'000
	30 Days	30+ Days	Total	Total
Goods and services	197,005	24,753	221,758	196,901
Interest and rent on land	53	-	53	10,153
Transfers and subsidies	1,902	-	1,902	28,000
Capital assets	-	-	-	-
Other	136	49	185	7,349
Total	199,096	24,802	223,898	242,403

Listed by programme level

Administration
Geospatial and Cadastral Surveys
Rural Development
Restitution
Land Reform

Total

Note	2013/14 R'000	2012/13 R'000
	50,267	61,891
	12,092	5,366
	75,448	114,207
	23,528	25,411
	62,563	35,528
	223,898	242,403

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

23. EMPLOYEE BENEFITS

Leave entitlement
Service bonus (Thirteenth cheque)
Performance awards
Capped leave commitments
Total

Note	2013/14	2012/13
	R'000	R'000
	56,321	47,781
	44,468	34,668
	29,305	21,332
	30,946	30,360
	161,040	134,141

24. LEASE COMMITMENTS

24.1 Operating leases expenditure

2013/14

Not later than 1 year
Later than 1 year and not later than 5 years
Total lease commitments

Buildings and other fixed structures	Machinery and equipment	Total
R'000	R'000	R'000
154,773	7,450	162,223
151,012	1,191	152,203
305,785	8,641	314,426

2012/13

Not later than 1 year
Later than 1 year and not later than 5 years
Total lease commitments

Buildings and other fixed structures	Machinery and equipment	Total
R'000	R'000	R'000
127,023	9,633	136,656
258,586	5,304	263,890
385,609	14,937	400,546

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

*The lease commitments for lease of office accommodation/buildings, facilities were based on the actual lease tariff and escalation rate per annum as outlined in the signed lease agreements. Some of contracts were expired and the Department of Public Works leases the buildings on a month to month basis.

24.2 Finance leases expenditure**

2013/14

Not later than 1 year

Later than 1 year and not later than 5 years

Total lease commitments

Machinery and equipment R'000	Total R'000
4,065	4,065
1,749	1,749
5,814	5,814

2012/13

Not later than 1 year

Later than 1 year and not later than 5 years

Later than five years

Total lease commitments

LESS: finance costs

Total present value of lease liabilities

Machinery and equipment R'000	Total R'000
4,219	4,219
2,838	2,838
-	-
7,057	7,057
7,057	7,057

25. ACCRUED DEPARTMENTAL REVENUE

Interest, dividends and rent on land

Transfers received (incl conditional grants to be repaid)

Other

Total

Note	2013/14 R'000	2012/13 R'000
	105,332	111,720
	54,637	90,056
	26,761	17,071
	186,730	218,847

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

25.1 Analysis of accrued departmental revenue

	Note	2013/14 R'000	2012/13 R'000
Opening balance		129,491	195,643
Less: amounts received		(36,320)	(30,968)
Add: amounts recognised		112,248	54,172
Less: Amounts written-off/reversed as irrecoverable		(18,689)	-
Closing balance		186,730	218,847

26. IRREGULAR EXPENDITURE

26.1 Reconciliation of irregular expenditure

	Note	2013/14 R'000	2012/13 R'000
Opening balance		61,857	56,169
Add: Irregular expenditure – relating to prior years		7,730	-
Add: Irregular expenditure – relating to current year		12,647	5,688
Less: Amounts condoned		(56,169)	-
Irregular expenditure awaiting condonation		26,065	61,857
Analysis of awaiting condonation per age classification			
Current year		12,647	5,688
Prior years		13,418	56,169
Total		26,065	61,857

Irregular expenditure relating to prior years relates to the overspending on the BOG and Recap projects.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

26.2 Details of irregular expenditure

Incident

Non Compliance with Supply Chain

Total

Disciplinary steps taken/criminal proceedings	2013/14 R'000
---	------------------

DRDLR to determine recoverability	12,647
--------------------------------------	--------

12,647

26.3 Details of irregular expenditure condoned

Incident

Non Compliance with Supply Chain

Total

Condoned by (condoning authority)	2013/14 R'000
--------------------------------------	------------------

DG	(56,169)
----	----------

(56,169)

27. FRUITLESS AND WASTEFUL EXPENDITURE

27.1 Reconciliation of fruitless and wasteful expenditure

Opening balance

Fruitless and wasteful expenditure – relating to current year

Less: Amounts condoned

Less: Amounts transferred to receivables for recovery

Fruitless and wasteful expenditure awaiting condonement

Note	2013/14 R'000	2012/13 R'000
	119,131	83,453
	5,417	35,678
	(82,857)	-
	-	-
	41,691	119,131

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

27.2 Analysis of awaiting condonation per economic classification

Classification

Current

Capital

Transfers and subsidies

Total

Note	2013/14 R'000	2012/13 R'000
	38,973	116,413
	2,595	2,595
	123	123
	41,691	119,131

27.3 Analysis of Current year's fruitless and wasteful expenditure

Incident

Interest paid on late payments

Interest paid as compelled by the court order

Total

Disciplinary steps taken/ criminal proceedings	2013/14 R'000
Departmental investigation in progress	40
Departmental investigation in progress	5,377
	5,417

*The Finance Compliance Committee has been established to ensure the accuracy and validity of the expenditure incurred. The expenditure could not be condoned as the matter has been referred to State Attorney for legal opinion as responsible officials are no longer employees of the department.

28. RELATED PARTY TRANSACTIONS

Year end balances arising from revenue/payment

Receivables

Total

	2013/14 R'000	2012/13 R'000
	3,878	8,016
	3,878	8,016

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

*Deeds Trading Account and Agricultural Land Holding Account are trading entities which operate within the administration of the department. The Ingonyama Trust Board is Schedule 3 Listed Public entity which reports to the Minister of Rural Development and Land Reform. Inala Farms (Pty) Limited is a wholly owned subsidiary, but it's in the process of liquidation and no transaction has happened during the year under review and previous years.

In kind goods and services provided/received

List in kind goods and services
Between department and related party

The Agricultural Land Holdings Account falls under the Administration of the Department of Rural Development and Land Reform. The executives of the department spend some of their time on the Affairs of the trading entity. Further, the department provides the services of internal audit function, information technology and staff training. There is no cost charged by the department in this regard.

State Land Properties transferred to Agricultural Land Holdings Account

	2013/14 R'000	2012/13 R'000
	7,329	-
	27,862	-
	35,191	-
No. of Individuals	2013/14 R'000	2012/13 R'000
2	3,879	3,569
12	15,119	14,934
62	62,289	49,608
	-	-
	81,287	68,112

29. KEY MANAGEMENT PERSONNEL

Political office bearers
Officials:

Level 15 to 16

Level 14

Family members of key management personnel

Total

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

30. IMPAIRMENT

	2013/14 R'000	2012/13 R'000
Impairment		
Investments	16,112	16,112
DRDLR Lease Debtors	24,517	25,882
Provision for doubtful Debts (Interest due to Conveyances)	60,866	37,660
Transport Payment Suspense	613	602
Damage Vehicle	4,425	3,516
Staff Debts	5,900	5,022
Total	112,433	**88,794

**Impairments were incorrectly classified as Provisions, hence the difference in the prior year amounts. Prior year Impairments were disclosed as R 16 112 000 instead of R 88 794 000. Prior year Provisions were incorrectly disclosed as R 91 672 000 instead of R 8 397 000

31. PROVISIONS

	2013/14 R'000	2012/13 R'000
Claims against the department	-	281
Cheadle Thompson and Haysom	9,053	8116
State Land Payables	3,838	-
Total	12,891	8,397

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

Reconciliation of movement in provisions – 2013/14

	Provision (Claims against the dept)	Provision (Cheadle, Thompson & Haysom)	Provision (State Land payables)	Total Provisions
	R'000	R'000	R'000	R'000
Opening balance	281	8,116	-	8,397
Increase in provision	-	937	3,838	4,775
Settlement of provision	(281)	-	-	(281)
Unused amount reversed	-	-	-	-
Closing balance	-	9,053	3,838	12,891

32. NON-ADJUSTING EVENTS AFTER REPORTING DATE

No such events were identified.

33. MOVABLE TANGIBLE CAPITAL ASSETS

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2014

	Opening balance	Curr Year Adjust- ments to prior year balances	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	339,851	(19,136)	35,678	3,365	353,028
Transport assets	10,509	1	-	-	10,510
Computer equipment	222,534	(6,488)	28,732	2,755	242,023
Furniture and office equipment	89,198	(7,703)	5,244	610	86,129
Other machinery and equipment	17,610	(4,946)	1,702	-	14,366

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

BIOLOGICAL ASSETS

Biological assets

-	-	256	256	-
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TOTAL MOVABLE TANGIBLE CAPITAL ASSETS

339,851	(19,136)	35,934	3,621	353,028
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33.1 Additions

ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2014

	Cash	Non-cash	(Capital Work in Progress current costs and finance lease payments)	Received current, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	48,826	-	(15,994)	2,846	35,678
Transport assets					
Computer equipment	26,303	-	(130)	2,559	28,732
Furniture and office equipment	5,028	-	-	216	5,244
Other machinery and equipment	17,495	-	(15,864)	71	1,702
BIOLOGICAL ASSETS	256	-	-	-	256
Biological assets	256	-	-	-	256
TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS	49,082		(15,994)	2,846	35,934

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

33.2 Disposals

DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2014

	Sold for cash	Transfer out or destroyed or scrapped	Total disposals	Cash Received Actual
	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	547	2,818	3,365	134
Computer equipment	547	2,208	2,755	134
Furniture and office equipment Other machinery and equipment		610	610	
BIOLOGICAL ASSETS		256	256	
Biological Assets		256	256	
TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS	547	3,074	3,621	134

33.3 Movement for 2012/13

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013

	Opening balance	Current yr Adj	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	315,936	(28)	34,251	10,308	339,851
Transport assets	9,204	-	1,305	-	10,509
Computer equipment	212,994	557	18,372	9,389	222,534
Furniture and office equipment	76,410	6,578	7,129	919	89,198
Other machinery and equipment	17,328	(7,163)	7,445	-	17,610
	315,936	(28)	34,251	10,308	339,851

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

33.4 Minor assets

MINOR ASSETS OF THE DEPARTMENT AS AT 31 MARCH 2014

Opening balance

Current year adjustment to Prior Balances

Additions

Received current but not paid

Disposals

TOTAL MINOR ASSETS

Number of Minor Assets (‘000)	Machinery and equipment R’000	Total R’000
38	58,383	58,383
	(186)	(186)
4	7,726	7,726
	682	682
42	65,241	65,241

MINOR ASSETS OF THE DEPARTMENT AS AT 31 MARCH 2013

Opening balance

Additions

Current year adjustment to Prior year balances

Additions

Disposals

TOTAL

Number of Minor Assets (‘000)	Machinery and equipment R’000	Total R’000
33	50,783	50,783
	9	9
5	8,916	8,916
	1,325	1,325
38	58,383	58,383

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

34. IMMOVABLE TANGIBLE CAPITAL ASSETS

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2014

	Opening balance	Curr Year Adjustments to prior year balances	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURE	362,122	-	233,203	-	595,325
Other fixed structure	362,122	-	233,203	-	595,325
LAND AND SUBSOIL ASSETS	1,431,374	143,366	141,336	347,431	1,368,645
Land	1,431,374	143,366	141,336	347,431	1,368,645
TOTAL ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS	1,793,496	143,366	374,539	347,431	1,963,970

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

34.1 Additions

ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2014

	Cash	Non-cash	(Capital Work in Progress current costs and finance lease payments)	Received current, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURE	154,782	233,203	(154,782)	-	233,203
Other fixed structure	154,782	233,203	(154,782)	-	233,203
LAND AND SUBSOIL ASSETS	58,208	95,595	(14,297)	1,830	141,336
Land	58,208	95,595	(14,297)	1,830	141,336
TOTAL ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS	212,990	328,798	(169,079)	1,830	374,539

34.2 Disposal

DISPOSAL OF IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2014

	Sold for cash	Transfer out or destroyed or scrapped	Total disposals	Cash received Actual
	R'000	R'000	R'000	R'000
LAND AND SUBSOIL ASSETS				
Land	-	347,431	347,431	13
TOTAL DISPOSAL OF IMMOVABLE TANGIBLE CAPITAL ASSETS	-	347,431	347,431	13

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

34.3 Movement for 2012/13

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013

	Opening balance	Curr Year Adjustments to prior year balances	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURE					
Other fixed structure	-	362,122	-	-	362,122
LAND AND SUBSOIL ASSETS					
Land	1,545,523	(29,735)	32,848	117,262	1,431,374
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	1,545,523	332,387	32,848	117,262	1,793,496

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

34.4 Immovable assets valued at R1

IMMOVABLE ASSETS VALUED AT R1 IN THE ASSET REGISTER AS AT 31 MARCH 2014

	Land and subsoil assets R'000	Total R'000
R1 Immovable assets	23	23
Total	23	23

*The department's Immovable asset register is recorded in line with the Immovable asset sector specific guide issued by National Treasury on the 12th of June 2013.

Un-surveyed State land

- The Nature of un-surveyed land is that no representative data or direct measurement of it exists. With the assistance of all the Surveyor-General Offices, all un-surveyed state land was identified in each province by technically interrogating and researching 'gaps' in the Cadastral Spatial Continuous Map. All identified un-surveyed administrative areas are surveyed.
- All State Domestic Facilities on un-surveyed State Land were simultaneously surveyed with the outside figure (Administrative Area), with approved SG diagrams. The survey and approval of diagrams for State Domestic Facilities (SDF) contained within previously surveyed state land is facilitated by a parallel exercise which is a long-term ongoing exercise, owing to the vast number of un-surveyed SDFs.
- All un-surveyed state land, including those from the former TBVC States and Self Governing Territories and state land in the former territory of the Republic of South Africa (pre 27 April 1994).

Surveyed but not registered State land

- All surveyed but unregistered land parcels for which the custodianship is still being determined and which is not confirmed vested in the name of a province or where custodial powers have not been assigned to another national department in terms of section 4 of the GIAMA.
- All surveyed but unregistered land parcels where the surveying process has been concluded between 1 October and 31 March of every year or where the relevant information to commence registration has not been handed over to the rightful custodian before 30 September of every year.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

Surveyed Land registered

- All land vested with the national government situated in the former TBVC states and the former Self Governing Territories including any tribal land located in these areas with the exclusion of land governed by the KwaZulu-Natal Ingonyama Trust Act, 1994 (Act 3 of 1994) and Amendment Act.
- All former South African Development Trust land unless title clearly resides with another party in terms of specific legislation or have been confirmed vested in a province.
- All national land held for land reform purposes.

35. CORRECTION OF PRIOR PERIOD ERROR FOR SECONDARY INFORMATION

35.1 Provisions

Impairment: Other
Accrual

Net effect on the note

**2012/13
R'000**

(72,682)

(10,593)

(83,275)

An amount of R72 682 for Lease Debtors, Provisions for doubtful debts, Transport Payment Suspense, Damage Vehicle and Staff Debts were incorrectly classified as Provisions in the previous financial year, the correct amount was supposed to be R 8 397 000

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

35.2 Accruals

Municipality Rates

10,593

Net effect on the note

10,593

An amount of R10 593 for municipality Rates was incorrectly classified as Provision.

35.3 Impairments

Provision for Doubtful Debts

72,682

Net effect on the note

72,682

35.4 Immovable Assets: Building and other fixed structures

Other fixed structures

2012/13

R'000

362,122

Net effect on the note

362,122

An amount of R362,122 which was for Other fixed structures was not disclosed in the prior year Financial Statements.

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (UNAUDITED FROM PG 203 TO PG 220)

for the year ended 31 March 2014

ANNEXURE 1A STATEMENT OF UNCONDITIONAL GRANTS AND TRANSPORT TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER			SPENT			2012/13
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds With held	Reallocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Division of Revenue Act
	R'000	R'000	R'000		R'000	R'000	%	R'000	R'000	%	R'000
Witzenberg Municipality	7,112	-	-	-	7,112	-	-	-	-	-	-
	7,112	-	-	-	7,112	-	-	-	-	-	-

ANNEXURE 1B STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER			SPENT			2012/13
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds With held	Reallocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Division of Revenue Act
	R'000	R'000	R'000		R'000	R'000	%	R'000	R'000	%	R'000
Municipal rates & taxes	-	-	1,438	1,438	3,318	-	231%	-	-	-	518
Levies vehicle licences	141	-	193	334	47	-	14%	-	-	-	39
	141	-	1,631	1,772	3,365	-	-	-	-	-	557

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (UNAUDITED FROM PG 203 TO PG 220)

for the year ended 31 March 2014

ANNEXURE 1C STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

DEPARTMENT/ AGENCY/ ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2012/13
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
Ingonyama Trust Board	7,500		7,000	14,500	14,500	100%	18,816
Registration of Deeds Trading Account	13,741		241,741	255,482	241,741	95%	11,129
Agricultural Land Holdings Account	2,218,287		(521,168)	1,697,119	1,697,119	100%	2,298,335
Skills Development Levy							
Com: Licences (Radio%TV)	1		3,170	3,171	2,377	75%	-
	-		28	28	26	93%	-
Agricultural Research Council	241,761		(110,127)	-	131,634		72,247
AgriSeta	-		-	-	-		4,514
Development Bank of South Africa	-		25,692	-	25,692		5,260
PROV DA: Business Rural Dev Corp	-		-	-	-		1,237
Kwazulu Natal Agricultural Development Trust	-		-	-	-		7,579
Human Sciences Rec Council	-		3,482	-	3,482		5,000
Agri Business: ASNAPP	-		7,550	-	7,550		-
National Agricultural Marketing Council	-		9,500	-	9,500		-
National Wool Growers Assoc of SA	-		11,944	-	11,944		-
The Council for Scientific and Industrial Research	-		88,855	-	88,855		-
Mpumalanga Regional Training Trust	-		1,163	-	1,163		-
Total	2,481,290	-	(231,170)	1,970,300	2,235,583		2,424,117

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (UNAUDITED FROM PG 203 TO PG 220)

for the year ended 31 March 2014

ANNEXURE 1E

STATEMENT OF TRANSFERS/SUBSIDIES TO PUBLIC CORPORATION AND PRIVATE ENTERPRISES

FOREIGN GOVERNMENT/ INTERNATIONAL ORGANISATION	TRANSFER ALLOCATION				EXPENDITURE		2012/13
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000

Transfers

COEGA Development Corporation	-	-	-	-	-		32,275
Independent Development Trust	118,539	-	(49,086)	69,453	69,453	100%	65,249

Total	118,539		(49,086)	69,453	69,453		97,524
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ANNEXURE 1F

STATEMENT OF TRANSFERS TO FOREIGN GOVERNMENT AND INTERNATIONAL ORGANISATIONS

FOREIGN GOVERNMENT/ INTERNATIONAL ORGANISATION	TRANSFER ALLOCATION				EXPENDITURE		2012/13
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000

Transfers

UN Membership Fees	1,400		373	1,773	1,772	100%	1,459
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Total	1,400		373	1,773	1,772		1,459
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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (UNAUDITED FROM PG 203 TO PG 220)

for the year ended 31 March 2014

ANNEXURE 1G STATEMENT OF TRANSFERS TO NON-PROFIT INSTITUTIONS

NON-PROFIT INSTITUTIONS	TRANSFER ALLOCATION				EXPENDITURE		2012/13
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
Transfers							
South African Council for Planners	2,849	-	-	2,849	2,849	100%	2,700
Goedgedacht Trust	-	-	1,591	1,591	1,591	100%	2,361
Ikageng Self Help Assoc for the Blind	-	-	1,000	1,000	1,000	100%	-
Ikemeseng Assoc for the blind	-	-	993	993	993	100%	-
Total	2,849	-	3,584	6,433	6,433		5,061

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (UNAUDITED FROM PG 203 TO PG 220)

for the year ended 31 March 2014

ANNEXURE 1H STATEMENT OF TRANSFERS TO HOUSEHOLDS

HOUSEHOLDS	TRANSFER ALLOCATION				EXPENDITURE		2012/13
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
Transfers							
Restitution Grants (Beneficiaries)	2,255,196		33,389	2,288,585	2,278,048	100%	2,470,531
Land Reform Grants (Beneficiaries)	546,591		71,862	618,453	619,380	100%	576,613
Social benefits Bursaries (Non-Employees)	20,099		8,584	28,683	28,685	100%	26,743
Social benefits (Severance Package)	-		-	-	-		-
Social benefits (Leave Gratuity)	274		2,757	3,031	3,031	100%	2,330
Social benefits (Cash)	-		669	669	669	100%	-
Social benefits (Narysec)	204,035		13,730	217,765	217,361	100%	-
Total	3,026,195		130,991	3,157,186	3,147,174		3,076,217

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (UNAUDITED FROM PG 203 TO PG 220)

for the year ended 31 March 2014

ANNEXURE 1J STATEMENT OF AID ASSISTANCE RECEIVED

NAME OF DONOR	PURPOSE	OPENING			CLOSING
		BALANCE	REVENUE	EXPENDITURE	BALANCE
		R'000	R'000	R'000	R'000
European union	Establishment of large blueberry out Grower	-	-	-	-
Belgium	Post settlement and development support for Land Reform beneficiaries	2,840	5,069	3,346	4,563
Total		2,840	5,069	3,346	4,563

ANNEXURE 2A STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO NATIONAL/PROVINCIAL PUBLIC ENTITIES

Name of Public Entity	State Entity's PFMA Schedule type (state yearend if not 31 March)			Number of shares held		Cost of investment R'000		Profit/(Loss) for the year R'000		Losses guaranteed
		% Held 12/13	% Held 11/12	2012/13	2010/11	2012/13	2011/12	2012/13	2011/12	Yes/ No
National/ Provincial Public Entity										
Inala Farm (Pty) Ltd		1	1	100	100	16,112	16,112	-	-	
TOTAL				100	100	16,112	16,112	-	-	

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (UNAUDITED FROM PG 203 TO PG 220)

for the year ended 31 March 2014

ANNEXURE 3A

STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2014 – LOCAL

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2013	Guarantees draw downs during the year	Guarantees repayments/ cancelled/ reduced/ released during the year	Revaluations	Closing balance 31 March 2014	Guaranteed interest for year ended 31 March 2014	Realised losses not recoverable i.e. claims paid out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Stannic	Motor vehicles	-	-	-	-	-	-	-	-
Subtotal		-	-	-	-	-	-	-	-
	Housing								
ABSA		394	90	304	-	-	394	-	-
BOE (Ltd)		18	-	18	-	-	18	-	-
First Rand Bank		73	-	73	-	-	73	-	-
MEEG		38	38	-	-	-	38	-	-
Bank		30	-	30	-	-	30	-	-
Nedbank									
Old Mutual Div		13	13	-	-	-	13	-	-
Nedbank									
Standard Bank		433	54	379	-	-	433	-	-
Nedbank Inc BOE		7	-	7	-	-	7	-	-
Total		1,006	195	811	-	-	1,006	-	-

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (UNAUDITED FROM PG 203 TO PG 220)

for the year ended 31 March 2014

ANNEXURE 3B

STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2014

Nature of Liability	Opening Balance 1 April 2013	Adjustment Opening	Liabilities incurred during the year	Liabilities paid/ Cancelled/ reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing Balance 31 March 2014
	R'000		R'000	R'000	R'000	R'000

Claims against the department

Action proceedings against the department to make a payment to his family alone	60,000	-	-	-	-	60,000
Application compelling commission to pay grant money to CPA's account	10,000	-	-	-	-	10,000
Breach of contract and sued for interest	744	-	-	-	-	744
Breach of contract and compelling specific performance	1,696	-	-	-	-	1,696
Claimant dispute claim of just and equitable compensation	28,470	-	-	-	-	28,470
Claimant disputing that her claim is for tenancy but for ownership	4,113	-	-	-	-	4,113
Claimants allege to have bought the property through a nominee	3,500	-	-	-	-	3,500
Claimants in this matter are disputing that they received just and equitable comp	54,000	118,944	-	(172,944)	-	-
Commission disputes feasibility and claim for specific performance	15,678	-	-	-	-	15,678
Commission disputes validity of the contract with applicant	528	-	-	-	-	528
Commission disputes validity of the contract with applicant	3,491	-	-	-	-	3,491

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (UNAUDITED FROM PG 203 TO PG 220)

for the year ended 31 March 2014

Nature of Liability	Opening Balance 1 April 2013	Adjustment Opening	Liabilities incurred during the year	Liabilities paid/ Cancelled/ reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing Balance 31 March 2014
	R'000		R'000	R'000	R'000	R'000
Commission were compelled to pay 2nd 50% of purchase price and interest	1,002	731	-	(1,733)	-	-
Consultants are claiming payment for services rendered	1,164	-	-	-	-	1,164
Current owner want to be paid more than the valuation amount on an approved	4,500	-	-	-	-	4,500
Department dispute Alexcor claim of just and equitable compensation	164,896	-	-	-	-	164,896
Interdict against the commission from making payment to Ebrahim family	1,185	-	-	-	-	1,185
Interest on failure to pay 2nd 50% as contained in the agreement	253	-	-	-	-	253
Lease rentals claim	1,516	-	-	-	-	1,516
Liquidator issued summons against commission matter is opposed breach contract	15,252	-	-	-	-	15,252
Matter for payment of interest for breach of contract	53	-	-	-	-	53
Matter going on appeal as claimants want restoration	791,289	220,700	-	(1,011,989)	-	-
Matter in court due to breach of contract	53	-	-	-	-	53
Mr Vermaas claims compensation he received was not just & equit	67,989	-	-	-	-	67,989
Restitution claim, for purchase price and interest of 15.5% & cost	18,927	-	-	-	-	18,927
State is refusing to buy paper development thus restoration not feasible	41,000	-	-	-	-	41,000
Summons issued for interest on failure to honour legal agreement	147	-	-	-	-	147
The claim is for alleged under compensation to the Ballot family	-	-	-	-	-	-

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (UNAUDITED FROM PG 203 TO PG 220)

for the year ended 31 March 2014

Nature of Liability	Opening Balance 1 April 2013	Adjustment Opening	Liabilities incurred during the year	Liabilities paid/ Cancelled/ reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing Balance 31 March 2014
	R'000		R'000	R'000	R'000	R'000
The claim is for alleged under compensation to the Crowter family	5,000	-	-	-	-	5,000
This is a direct access case for under compensation	5,377	-	-	-	-	5,377
Restitution claim for purchase price & interest of 15.5% and cost	12,197	-	-	-	-	12,197
Claim for valuation performance	202	-	-	-	-	202
Claim on demolished dwellings	1,600	-	-	-	-	1,600
Claim on undervaluation of property	10,314	-	-	-	-	10,314
Claim on property	74	-	-	-	-	74
Restitution claim for purchase price and interest of 15.5% & cost	994,230	-	-	-	-	994,230
Claim on property	-	-	168	-	-	168
Claim on interest 15.5%	-	-	5,290	-	-	5,290
Claim on property	-	-	2,507	(2,507)	-	-
Breach of contract	368	-	-	-	-	363
Labour dispute	653	-	-	-	-	653
Breach of agreement	2,812	-	-	-	-	2,812
Claim for losses incurred as result of fire	4,000	-	-	-	-	4,000
Claim for losses incurred as result of fire	6,886	-	-	-	-	6,886
Claim for losses incurred as result of fire	16,783	-	-	-	-	16,783
Contractual claim	291	-	-	(291)	-	-

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (UNAUDITED FROM PG 203 TO PG 220)

for the year ended 31 March 2014

Nature of Liability	Opening Balance 1 April 2013	Adjustment Opening	Liabilities incurred during the year	Liabilities paid/ Cancelled/ reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing Balance 31 March 2014
	R'000		R'000	R'000	R'000	R'000
Grants claim	1,000	-	-	-	-	1,000
Labour dispute	-	-	-	-	-	-
Rates claim	-	-	-	-	-	-
Negligence	100	-	-	-	-	100
Other	1,151,806	-	-	(85,000)	-	1,066,806
Personal claim (labour dispute)	202	-	-	-	-	202
Rates claim	282	-	-	(282)	-	-
Contractual claim	-	-	-	-	-	-
Claim for repair of boundary fence	16	-	-	-	-	16
Contractual claim	-	-	-	-	-	-
Negligence by the employees of the deeds office Cape Town	917	-	-	-	-	917
OSD	1,135	-	-	(707)	-	428
Constructive Obligations	87,388	-	-	(27,599)	-	59,789
Application for payment in respect of adjustment account	740	-	-	-	-	740
Application compelling payment	6,000	-	-	-	-	6,000
Rates claim	-	-	76	(76)	-	-
Contractual claim	-	-	360	-	-	360
Rates claim	-	-	373	-	-	373

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (UNAUDITED FROM PG 203 TO PG 220)

for the year ended 31 March 2014

Nature of Liability	Opening Balance 1 April 2013	Adjustment Opening	Liabilities incurred during the year	Liabilities paid/ Cancelled/ reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing Balance 31 March 2014
	R'000		R'000	R'000	R'000	R'000
	-	-	34	-	-	34
Contractual claim	-	-	679	(679)	-	-
Contractual claim	-	-	109	(109)	-	-
Contractual claim	-	-	167	-	-	167
Rates claim	-	-	96	-	-	96
Rates claim	-	-	130	-	-	130
Rates claim	-	-	7	-	-	7
Rates claim	-	-	6	(6)	-	-
Rates claim	-	-	3	-	-	3
Rates claim	-	-	3	-	-	3
Subtotal	3,601,814	340,375	10,007	(1,303,922)	-	2,648,274
TOTAL	3,601,814	340,375	10,007	(1,303,922)	-	2,648,274

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (UNAUDITED FROM PG 203 TO PG 220)

for the year ended 31 March 2014

ANNEXURE 4 CLAIMS RECOVERABLE

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2014	31/03/2013	31/03/2014	31/03/2013	31/03/2014	31/03/2013
	R'000	R'000	R'000	R'000	R'000	R'000
Department						
COO and Traditional Affairs	-	-	-	-	-	-
Gauteng: Road and Transport	-	-	-	28	-	28
Public Works	-	-	1	-	1	-
National Treasury	-	-	48	-	48	-
KZN Agriculture & Environment	-	-	7	-	7	-
Social Development	-	-	1	-	1	-
Education	-	-	7	-	7	-
Water Affairs	-	-	38	-	38	-
Mpumalanga: Health	-	-	19	-	19	-
North West: Public Works	-	-	66	-	66	-
Mpumalanga: Social Development	-	-	21	-	21	-
Free State: Social Development	-	-	14	-	14	-
Government Pensions Administration Agency	-	-	-	-	-	-
Limpopo: COO and Traditional Affairs	-	-	-	-	-	-
North West: Local Government & Traditional Affairs	-	-	-	-	-	-
North West: Human Settlement	-	-	-	31	-	31
North West: Arts & Culture	-	-	-	-	-	-
Justice	-	-	-	-	-	-
Limpopo: Economic Development and Tourism	-	-	-	-	-	-
South African Police Service	-	-	24	-	24	-

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (UNAUDITED FROM PG 203 TO PG 220)

for the year ended 31 March 2014

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2014	31/03/2013	31/03/2014	31/03/2013	31/03/2014	31/03/2013
	R'000	R'000	R'000	R'000	R'000	R'000
Limpopo: Economic Development	-	-	-	-	-	-
Housing and Local Government	-	-	19	-	19	-
Gauteng: Health	-	-	3	-	3	-
Free State: Dept of Agriculture	-	-	17	42	17	42
	-	-	285	101	285	101
Other Government Entities						
PLAS Trading Entity	-	-	-	-	-	-
Deeds Registration Trading Accounts	-	-	3,878	8,016	3,878	8,016
	-	-	3,878	8,016	3,878	8,016
TOTAL	-	-	4,163	8,117	4,163	8,117

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (UNAUDITED FROM PG 203 TO PG 220)

for the year ended 31 March 2014

ANNEXURE 5 INTER-GOVERNMENT PAYABLES

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2014	31/03/2013	31/03/2014	31/03/2013	31/03/2014	31/03/2013
	R'000	R'000	R'000	R'000	R'000	R'000
International Relations & Cooperation	-	-	10	10	10	10
Department of Trade and industry Justice	-	-	1,819	-	1,819	-
Free State Provincial department	-	-	6,865	-	6,865	-
Subtotal	-	-	8,694	10	8,694	10
Total	-	-	8,694	10	8,694	10
Total	-	-	8,694	10	8,694	10

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (UNAUDITED FROM PG 203 TO PG 220)

for the year ended 31 March 2014

ANNEXURE 6 INVENTORY

Inventory	Note	Quantity	2013/14	Quantity	2012/13
	R'000	R'000	R'000	R'000	R'000
Opening balance		90,358	1,032	154,784	4,789
Add/(Less): Adjustments to prior year balance		88,547	5,734	251	45
Add: Additions/Purchases – Cash		381,637	49,184	559,111	48,448
Add: Additions - Non-cash		1,534	-	227	2
(Less): Disposals		(29,347)	(1,177)	(6,480)	(2,661)
(Less): Issues		(383,174)	(49,137)	(528,975)	(43,264)
Add/(Less): Adjustments		1	3,291	(13)	(593)
Closing balance		149,556	8,927	178,905	6,766

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (UNAUDITED FROM PG 203 TO PG 220)

for the year ended 31 March 2014

ANNEXURE 7

MOVEMENT IN CAPITAL WORK-IN-PROGRESS FOR THE YEAR ENDED 31 MARCH 2014

Description		Opening balance	Current year capital WIP	Completed assets	Closing balance
		R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT		-	(15,994)	-	(15,994)
Computer equipment		-	(130)	-	(130)
Furniture and office equipment		-	-	-	-
Other machinery and equipment		-	(15,864)	-	(15,864)
BUILDINGS AND OTHER FIXED STRUCTURES			(154,782)		(154,782)
Other fixed structures		-	(154,782)	-	(154,782)
LAND AND SUBSOIL ASSETS			(14,297)		(14,297)
Land		-	(14,297)	-	(14,297)
Total		-	(185,073)	-	(185,073)

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (UNAUDITED FROM PG 203 TO PG 220)

for the year ended 31 March 2014

ANNEXURE 8A

INTER-ENTITY ADVANCES PAID (note 17)

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2014	31/03/2013	31/03/2014	31/03/2013	31/03/2014	31/03/2013
	R'000	R'000	R'000	R'000	R'000	R'000
OTHER INSTITUTIONS						
Cheadle Thompson and Haysom Inc	-	-	23,357	21,596	23,357	21,596
			23,357	21,596	23,357	21,596
Total	-	-	23,357	21,596	23,357	21,596

REPORT OF THE AUDITOR-GENERAL

for the year ended 31 March 2014

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE AGRICULTURAL LAND HOLDING ACCOUNT

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the financial statements of the Agricultural Land Holding Account (ALHA) set out on pages 225 to 266, which comprise the statement of financial position as at 31 March 2014, the statement of financial performance, statement of changes in net assets, cash flow statement and the comparison of budget and actual amounts in the financial statements for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Agricultural Land Holding Account as at 31 March 2014 and its financial performance and cash flows for the year then ended, in accordance with SA Standards of GRAP and the requirements of the PFMA.

Emphasis of matters

7. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Impairment of trade receivables

8. As disclosed in note 6 to the financial statements, the trading entity had receivables from exchange transactions totalling R268 526 000 (R209 414 000:2012-13), with an allowance for impairment of R 223 684 000 (R100 470 000:2012-13) at 31 March 2014. The extent of the recoverability of these amounts is uncertain. This is further broken down into trade receivables of R 186 462 000 (R79 933 000:2012-13) that has been due for more than 365 days and R4 066 000 (R4 426 000:2012-13) that relates to expired leases.

REPORT OF THE AUDITOR-GENERAL

for the year ended 31 March 2014

Impairment of receivables from non-exchange transactions

9. As disclosed in note 7 to the financial statements, the trading entity had receivables from non-exchange transactions totalling R 374 626 000 (R 523 330 000: 2012-2013) with an allowance for impairment of R 187 205 000 (R 97 599 000: 2012-2013) which has not been spent nor recovered from Strategic Partners to set off the receivable from non-exchange transactions.

Restatement of corresponding figures

10. As disclosed in note 27.1, 27.2 and 27.3 to the financial statements, the corresponding figure for property plant and equipment, rental receivable and expenditure relating to the 31 March 2013, has been restated

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

11. In accordance with the PAA and the general notice issued in terms thereof, I report the following findings on the reported performance information against predetermined objectives presented in the annual performance report, non-compliance with legislation as well as internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

12. The strategic objectives, programme outputs, indicators and targets of the ALHA are incorporated in the reported programme of the Department of Rural Development and Land Reform, and are not separately identifiable from reported information under programme 5. As a result, findings relating to the audit of predetermined objectives are reported as part of the audit report on the Department of Rural Development and Land Reform.

Compliance with legislation

13. I performed procedures to obtain evidence that the entity had complied with applicable legislation regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

Annual financial statements, performance report and annual report

14. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 40(1) of the PFMA. Material misstatements relating to operating lease receivables and the related party disclosure were identified by the auditors and subsequently corrected therefore resulting in the financial statements receiving an unqualified opinion.

Revenue management

15. The accounting officer did not take effective and appropriate steps to collect all money due to the trading entity, as required by section 38(1)(c)(i) of the PFMA and treasury regulation 11.2.1.

Expenditure management

16. The accounting officer did not take effective steps to prevent fruitless and wasteful expenditure, as per the requirements of section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1.

Internal control

17. I considered internal control relevant to my audit of the financial statements, the annual performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the annual performance report and the findings on non-compliance with legislation included in this report.

REPORT OF THE AUDITOR-GENERAL

for the year ended 31 March 2014

Leadership

18. Although improvement has been made some progress is still required regarding the entity exercise of oversight responsibility over financial reporting and related internal controls. This is evident of the fact that the entity still requires improving their implemented internal monitoring controls to ensure full compliance with accurate financial reporting as this was subject to material misstatement identified by the auditors. The entity needs to focus on implementing action plans addressing the root cause of the internal control deficiencies identified going forward.

Financial and performance management

19. Daily and monthly controls regarding accurate record keeping and preparation of financial reporting requires attention going forward. This is evident as material adjustments were made to the financial statements submitted for auditing and also gave rise to material non-compliance matters being identified during the audit.

OTHER REPORTS

Investigations in progress

20. The Special Investigating Unit is currently investigating four cases relating to allegations of irregularities in certain land reform projects.
21. Internal Audit: Forensic Audit and Investigations is currently investigating 18 cases relating to allegations of irregularities.

Auditor-General

Pretoria
31 July 2014



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

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The Financial Statements set out on pages 225 to 266 which have been prepared on the going concern basis, were approved on 31 July 2014, by the Chief Financial Officer and the Accounting Officer, and are signed below



TS Motsoeneng
Chief Financial Officer



PM Shabane
Accounting Officer

STATEMENT OF FINANCIAL POSITION

for the year ended 31 March 2014

	Notes	2014 R'000	2013 R'000 Restated
ASSETS			
Non current assets			
Property, Plant and Equipment	2	9 174 249	7 894 513
Intangible assets	3	2 006	2 006
Other financial assets	4	240 852	228 668
Total non current assets		9 417 107	8 125 187
Current assets			
Cash and cash equivalents	5	91 849	318 802
Trade and other receivables from exchange transactions	6	47 028	111 309
Receivables from non exchange transactions	7	188 116	425 816
Total current assets		326 993	855 927
TOTAL ASSETS		9 744 100	8 981 114
LIABILITIES			
Current Liabilities			
Trade and other payables from exchange transactions	8	9 639	23 959
Trade and other payables from non exchange transactions	9	26 671	23 055
TOTAL LIABILITIES		36 310	47 014
NET ASSETS			
Accumulated surplus		9 707 790	8 934 100
Total Net Assets		9 707 790	8 934 100
TOTAL NET ASSETS AND LIABILITIES		9 744 100	8 981 114

STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 31 March 2014

	Notes	2014 R'000	2013 R'000 Restated
REVENUE			
Non - exchange transactions		1 718 932	2 298 335
Grant income – non exchange	10	1 697 119	2 298 335
Donation received	10	21 813	-
Exchange transactions		90 005	119 293
Rental income		49 639	79 025
Interest income	11	28 535	26 398
Other income	12	11 831	13 870
EXPENDITURE		(1 035 247)	(436 876)
Operating expenditure farmers/strategic partners	13	(655 870)	(279 790)
Other operating expenditure	13	(35 282)	(69 824)
Impairment	15	(308 983)	(65 012)
Depreciation	2	(35 077)	(22 229)
Finance costs	14	(35)	(21)
Surplus for the year		773 690	1 980 750

STATEMENT OF CHANGES IN NET ASSETS

for the year ended 31 March 2014

	Notes	Accumulated Surplus R'000	Total Net Assets R'000
Balance at 01 April 2012		7 050 529	7 050 529
Correction of prior period error	27	(97 179)	(97 179)
Restated balance 01 April 2012		6 953 350	6 953 350
Surplus for the year 2013		1 980 750	1 980 750
Balance at 01 April 2013		8 934 100	8 934 100
Surplus for the year 2014		773 690	773 690
Balance at 31 March 2014		9 707 790	9 707 790

CASH FLOW STATEMENT

for the year ended 31 March 2014

	Notes	2014 R'000	2013 R'000 Restated
Cash flows from operating activities			
Cash receipts		1 749 241	2 346 672
Sale of goods and other Services		5 944	12 908
Grant income	10	1 697 119	2 298 335
Interest income		13 229	16 547
Other operating revenue		32 949	18 882
Cash paid to suppliers and employees		(628 087)	(601 157)
Suppliers and other payables		(628 052)	(601 136)
Interest paid	13	(35)	(21)
Net cash flows from operating activities	16	1 121 154	1 745 515
Cash flows from investing activities			
Purchases of property, plant and equipment	17	(1 336 720)	(1 502 039)
Net cash flows from investing activities		(1 336 720)	(1 502 039)
Cash flows from financing activities			
Other financial assets		(11 387)	(11 164)
Net cash flows from financing activities		(11 387)	(11 164)
Net (Decrease)/increase in cash and cash equivalents		(226 953)	232 312
Cash at the beginning of the year		318 802	86 490
Total cash at end of the year	5	91 849	318 802

COMPARISON OF BUDGET AND THE STATEMENT OF FINANCIAL POSITION

for the year ended 31 March 2014

	Notes	Actuals 2013/14 R'000	Actuals 2012/13 R'000	Approved budget 2013/14 R'000	Adjustment budget 2013/14 R'000	Final budget 2013/14 R'000	Variance Final budget v/s Actuals 2013/14 %
ASSETS							
Non current assets							
Property, Plant and Equipment	2	9 174 249	7 894 513	2 206 656	(573 246)	1 633 410	7 540 839
Intangibles	3	2 006	2 006	-	-	-	2 006
Other financial assets	4	240 852	228 668	-	-	-	240 852
Total non current assets		9 417 107	8 125 187	2 206 656	(573 246)	1 633 410	7 783 697
Current assets							
Cash and cash equivalents	5	91 849	318 802	212 499	(11 498)	201 001	(109 152)
Trade and other receivables from exchange transactions	6	47 028	111 309	122 361	(62 309)	60 052	13 024
Trade and other receivables from non exchange transactions	7	188 116	425 816	-	-	-	188 116
Total Current Assets		326 993	855 927	334 860	(73 807)	261 053	65 940
TOTAL ASSETS		9 744 100	8 981 114	2 541 516	(647 053)	1 894 463	7 849 637
LIABILITIES							
Current Liabilities							
Trade and other payables from exchange transactions	8	9 639	23 959	18 458	-	18 458	(8 819)
Trade and other payables from non exchange transactions		26 671	23 055	-	-	-	26 671
TOTAL LIABILITIES		36 310	47 014	18 458	-	18 458	17 852
NET ASSETS							
Accumulated surplus		9 707 790	8 934 100	2 523 058	(647 053)	1 876 005	7 831 785
Total Net Assets		9 707 790	8 934 100	2 523 058	(647 053)	1 876 005	7 831 785
TOTAL NET ASSETS AND LIABILITIES		9 744 100	8 981 114	2 541 516	(647 053)	1 894 463	7 849 637

COMPARISON OF BUDGET AND THE STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 31 March 2014

	Notes	Actuals 2013/14 R'000	Actuals 2012/13 R'000	Approved budget 2013/14 R'000	Adjustment budget 2013/14 R'000	Final budget 2013/14 R'000	Variance Final budget v/s Actuals 2013/14 R'000
REVENUE							
Non-exchange transactions		1 718 932	2 298 335	2 218 287	(521 168)	1 697 119	21 813
Grant Income – Non exchange	10	1 697 119	2 298 335	2 218 287	(521 168)	1 697 119	-
Donation received	10	21 813	-	-	-	-	21 813
Exchange transactions		90 005	119 293	86 849	-	86 849	3 155
Rental Income		49 639	79 025	56 575	-	56 575	(6 936)
Interest	11	28 535	26 398	30 274	-	30 274	(1 739)
Other operating Income	12	11 831	13 870	-	-	-	11 831
TOTAL REVENUE		1 808 936	2 417 628	2 305 136	-	1 783 968	24 968
EXPENDITURE							
		(1 035 247)	(436 876)	(98 480)	(34 771)	(63 709)	(971 538)
Operating expenditure farmers/strategic partners	13	(655 870)	(279 790)	(98 480)	(34 771)	(63 709)	(592 161)
Other operating expenditure	13	(35 282)	(69 824)	-	-	-	(35 282)
Impairment	15	(308 983)	(65 012)	-	-	-	(308 983)
Depreciation	2	(35 077)	(22 229)	-	-	-	(35 077)
Finance costs	14	(35)	(21)	-	-	-	(35)
Surplus for the year		773 690	1 980 750	2 206 656	(555 939)	1 720 259	(946 570)

In preparing for the 2014 medium term expenditure framework (MTEF) the Department conducted a Comprehensive Rural Development Programme (CRDP) reprioritisation process with the purpose of assisting other programmes in implementing priorities effectively. For this purpose, reprioritisation of programmes within baseline allocation was considered. As a result, an amount of R 521.2 was reprioritised through CRDP process which decreased grant income from R 2.218 to R 1.697.

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

Public Sector Practices and Policies: Inter-relationship with national government

The Agricultural Land Holding Account operates as a trading entity under the administration of the Department: Rural Development and Land Reform. Policies and procedures applicable to the Department: Rural Development and Land Reform are applicable except where accounting policies of the trading entity states otherwise.

I. Basis of preparation

The annual financial statements were prepared in accordance with the effective Standards of Generally Recognised Accounting Practices (GRAP), and the effective interpretations as issued by the Accounting Standards Board ("ASB") in accordance with section 91(1) of the Public Finance Management Act, (Act 1 of 1999).

The annual financial statements were prepared on an accrual basis of accounting and incorporate the historical cost conventions as the basis of measurement, except where specified otherwise.

In the absence of an issued and effective Standards of GRAP, accounting policies for material transactions, events or conditions were developed in accordance with paragraph 8, 10 and 11 of GRAP 3 and read with Directive 5.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

The principal accounting policies applied in the preparation of annual financial statements are set out below. These accounting policies are consistent with those applied in the preparation of the prior year financial statements, unless specified otherwise.

I.1. Presentation currency

The annual financial statements are presented in South African Rand, which is the functional currency of the Trading entity.

I.2. Rounding

Unless otherwise stated all financial figures have been rounded off to the nearest one thousand rand (R'000).

I.3. Going concern assumption

The annual financial statements were prepared based on the expectation that the entity will continue to operate as a going concern.

I.4. Prior year comparatives

When the presentation or classification of items in the annual statements is amended, prior period comparative amounts are also reclassified and restate, unless such comparative reclassification is not required and or is not required by a Standard of GRAP. The nature and reasons for such reclassification and restatement are also disclosed.

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

Where material accounting errors, which relate to prior periods, have been identified in the current year, the correction is made retrospectively as far as practicable and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly.

1.5. Budget

Budget information has been provided in a separate disclosure note in accordance with GRAP 1 and 24.

1.6. Effect of new standards of GRAP and interpretations

1.6.1. Standards issued but not yet effective

The following Standards of GRAP have been issued by the Accounting Standards Board, but have not been given an effective date by the Minister of Finance. The Trading entity has not early adopted any of these new Standards but has referred to them for guidance in the development of accounting policies in accordance with GRAP 3 as read with Directive 5.

Standard number	Standard name	Effective date
GRAP 18	Segment Reporting	No effective date
GRAP 20	Related parties	No effective date
GRAP 105	Transfer of functions between entities under common control	No effective date
GRAP 106	Transfer of functions between entities not under common control	No effective date
GRAP 107	Mergers	No effective date

GRAP 20 – Related Parties

The Standard deals with the presentation and disclosure of related party information. The impact on the financial results is considered to be minimal. The Trading entity has applied the principles of IPSAS 20 at present.

GRAP 105 – Transfer of Function Between Entities Under common Control

The Standard provides the accounting treatment for transfers of functions between entities under common control and has already been referred to in developing an appropriate accounting policy for the treatment of assets transferred from the Department of Rural Development and Land Reform to the Trading entity.

The following interpretations are effective and are expected to have an insignificant impact on the financial statements, since they generally reflect the interpretations and principles already applied by the Trading entity in previous years. Apart from the interpretations relating to leases, it is unlikely that the Trading entity will encounter any of these issues in the normal course of its business.

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

Preface to Interpretations of the Standards of GRAP

IGRAP1 - Applying the Probability Test on Initial Recognition of Revenue.

IGRAP1 - Applying the Probability Test on Initial Recognition of Exchange Revenue.

IGRAP2 - Changes in Existing Decommissioning Restoration and Similar Liabilities.

IGRAP3 - Determining Whether an Arrangement Contains a Lease.

IGRAP4 - Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds.

IGRAP5 - Applying the Restatement Approach under the Standard of GRAP on Financial Reporting in Hyperinflationary Economies.

IGRAP6 - Loyalty Programmes.

IGRAP7 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction.

IGRAP8 - Agreements for the Construction of Assets from Exchange Transactions.

IGRAP9 - Distributions of Non-cash Assets to Owners.

1.7. SIGNIFICANT JUDGEMENTS AND ESTIMATES

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgment are inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgments include:

Impairments of non-financial assets

In testing for impairment, the Trading entity performs assessment on current condition of the assets and makes use of the estimates to impair the carrying amount of the assets.

A percentage of carrying amounts is impaired based on the following categories:

- Fair condition – 5%
- Poor condition – 20%
- Very poor/Scrap status - 100%
- Losses – 100%

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

Impairment of trade receivables

The Trading entity assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the trading entity makes judgments as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Allowance for doubtful debts

The Trading entity measures receivables after consideration of the allowance for doubtful debts. Management makes certain assumption regarding the categorisation of debtors in to groups with similar risk profiles so that the effect of any impairment on a group of receivables would not differ materially from impairment that would have been determined had each debtor been assessed for impairment on an individual basis.

The determination of this allowance is predisposed to the utilisation of estimates. In determining this allowance, estimates are made about the probability of recoverability of debt based on their past payment and risk profile.

Fair value estimation

The carrying value less impairment provision of trade receivables and payables approximate their fair values.

Biological Assets

The Trading entity recognises expenditure on biological assets (living animals and plants) as an expense in the statement of financial performance. Management has applied judgment that it is not probable that future economic benefits or service potential associated with Biological Assets will flow to the Trading entity. This is because it is difficult for the trading entity to demonstrate ongoing control of these assets after they have been placed in the custody of the farmers.

Depreciation

Depreciation is recognised on property, plant and equipment and is determined with reference to the useful lives of the underlying items. The useful lives of the assets are based on management's estimation of the asset's condition at the end of the period of use, its current use and expected future use.

Recapitalization and Development funding

The Trading entity provides funding to farmers for recapitalisation and development of farms. The transactions between the trading entity and the farmers are classified as non – exchange transaction because entity does not receive equal value in the form of goods and services directly.

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

1.8. Property, Plant and Equipment

Initial recognition and measurement

Property, plant and equipment are tangible non-current assets that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and are expected to be used during more than one period.

Items of property, plant and equipment are recognised as assets when it is probable that future economic benefits or service potential associated with the item will flow to the entity and the cost or fair value of the item can be measured reliably.

Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost where acquired through exchange transactions. However, when items of property, plant and equipment are acquired through non-exchange transactions, those items are initially measured at their fair values as at the date of acquisition.

The cost of an item of property, plant and equipment is the purchase price and other costs directly attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the entity. Trade discounts and rebates are deducted in arriving at the cost at which the asset is recognised. The cost also includes the estimated costs of dismantling and removing the asset and restoring the site on which it is operated.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. These major components are depreciated separately over their useful lives.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value is not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the entity expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

Subsequent measurement

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the entity replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequent expenditure including major spare parts and servicing equipment qualify as property, plant and equipment if the recognition criteria are met.

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

Depreciation

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The entity maintains and acquires assets to provide a social service to the community, with no intention to off dispose the assets for any economic gain, and thus no residual values are applicable other than for motor vehicles.

The asset's residual values, useful lives and depreciation methods are reviewed at each financial year-end and adjusted prospectively, if appropriate.

The annual depreciation rates are based on the following estimated asset useful lives:

Details

Average useful Life (Years)

LAND

Agricultural Land

Unlimited

INFRASTRUCTURE

Production facility

40-50

Production Infrastructure

30-50

BUILDINGS

Farm dwellings

40-50

Farm buildings

40-50

AGRICULTURAL EQUIPMENT

No moving parts e.g. Ploughs

20-30

High intensity moving parts e.g. Chain Saws

5-7

Low intensity moving parts e.g. Planters

7-12

Mechanical e.g. Tractors

10

Water low intensity e.g. Irrigation pipes

30

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

Water high intensity e.g. Movable irrigation pumps	15-20
Electrical e.g. Butchery equipment	15
Office Equipment	5
MOTOR VEHICLES	
Motor vehicles	5

Impairment

The Entity tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

Where items of Property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss which is recognised as an expense in the Statement of Financial Performance in the period identified.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of the impairment is recognised in the Statement of Financial Performance.

Derecognition

Items of property, plant and equipment are derecognised when the asset is disposed off or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognized in the Statement of Financial Performance.

1.9. Intangible assets

Initial recognition and measurement

An intangible asset is an identifiable non-monetary asset without physical substance. The Trading entity recognises intangible assets in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the assets will flow to the entity and the cost or fair value of the item can be measured reliably. Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Intangibles are initially recognised at cost.

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

Where intangible assets are acquired by the Trading entity for no or non-monetary consideration, the cost is deemed to be equal to the fair value of the assets on date acquired.

Where items of intangibles are acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Subsequent measurement

Subsequent to initial recognition, intangible assets are measured at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

Amortisation

Shares on packaging houses for the Trading entity are considered to have an indefinite useful life. Based on all the relevant factors, there is no foreseeable limit to the period over which the assets will be expected to generate net cash inflows. Therefore, amortisation is not provided to these assets, but they are tested for impairment annually. The useful life of the packaging and service rights is reviewed annually and any change from indefinite to finite is made on a prospective basis.

Details

Average Useful life

Shares on packaging houses

Indefinite

Impairments

An intangible asset with an indefinite useful life is tested for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of a possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

Derecognition

Intangible assets are derecognised when the asset is disposed off or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.10. Revenue

Revenue from non-exchange transactions:

Revenue from non-exchange transactions refers to transactions where the trading entity received revenue from another entity without directly giving approximately equal value in exchange.

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from non-exchange transactions is measured at the amount of the increase in net assets recognised by the entity.

Revenue from exchange transactions:

Revenue from exchange transactions is measured at the fair value of the consideration received or receivable taking into account the amount of any discounts allowed by the entity, for goods and services provided in the normal course of business.

Revenue from the sale of farms is recognised when all the following conditions have been satisfied:

- (a) The entity has transferred to the purchaser the significant risks and rewards of ownership of the property.
- (b) The entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the property sold.
- (c) The amount of revenue can be measured reliably.
- (d) It is probable that the economic benefits or service potential associated with the transaction will flow to the entity.
- (e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Rental revenue arising from operating leases is accounted for on a straight line basis over the lease terms.

1.11. Government Grants

The transfer from the Department of Rural Development and Land Reform is recognised when it is appropriated and probable that future economic benefits will flow to the entity and the amount can be measured reliably. A transfer is recognised as revenue to the extent that there is no corresponding liability arising from the receipt of the transfer payment.

Where conditions are attached to the transfer that gives rise to a corresponding liability, the corresponding amount is recognised as non-exchange revenue as and when the related liability is discharged.

1.12. Leases

The Trading entity as a lessor

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

Classification

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. An operating lease is a lease other than a finance lease.

The Trading entity classifies its leases as operating leases. The classification of the leases is based on the extent that the entity does not transfer substantially all the risks and rewards incidental to ownership of the assets to the lessee.

Measurement

- Lease income from operating leases is recognised in income on a straight-line basis over the lease term.
- Lease income is disclosed in the Statement of Financial Performance.
- Any contingent rental income is recognised as surplus or deficit in the period in which it is receivable.

1.13. Financial Instruments

Classification

The trading entity classifies its financial instruments at amortised cost i.e. non - derivative financial assets or non-derivative financial liabilities that have a fixed or determinable payments, excluding instruments that:

- The Trading entity designates at fair value at initial recognition, or
- Are held for trading.

The classification depends on the purpose for which the financial instruments were obtained or incurred and takes place at initial recognition. Classification is re assessed on an annual basis.

Initial recognition

Financial instruments are recognised initially when the trading entity becomes a party to the contractual provisions of the instruments.

The trading entity classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and to the extent that the instrument satisfies the definition of a financial liability, a financial assets or a residual interest.

Initial measurement

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost.

For financial instruments which are not at fair value, transaction costs are included in the initial measurement of the instrument.

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

Subsequent measurement

Financial assets at amortised cost are subsequently measured at amortised cost, using the effective interest rate method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest rate method.

Impairment of financial assets

At each reporting date the Trading entity assesses all financial assets, other than those at fair value to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the Trading entity, significant financial difficulties of the debtor; probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

If there is objective evidence that an impairment loss on financial assets measured at amortised costs have been incurred, the amount of the loss is measured at as the difference between the asset's carrying amount and the present value of the future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the loss is reduced through the use of an allowance amount. The amount of the loss is recognised in surplus or deficit.

Impairment deficits are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Where financial assets are impaired through use of an allowance account, the amount of the deficit is recognised in surplus or deficit within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Trade and other receivables

The Trade receivables are initially recognised at fair value and are subsequently stated at amortised costs less provision for impairment. Allowance and impairment

Allowance and impairment

Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired.

Significant financial difficulties of the debtor; probability that the debtor will enter bankruptcy or financial reorganisation and default of payments (more than 90 days overdue) are considered

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

indicators that the trade receivable is impaired. The allowance recognised is measured at the sum of 40% of trade receivables outstanding for between 3-6 months, 65% of trade receivables outstanding for between 6-12 months and 90% of trade receivables outstanding for more than 12 months. The allowance is determined on a portfolio basis for debtors grouped into similar risk categories. Individual debtors that have been specifically identified as possibly being impaired are removed from the portfolio of debtors and tested for impairment individually. Impairment adjustments are made through the use of an allowance amount.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and are subject to an insignificant risk of changes in value. These are classified as financial assets at amortised cost.

Other financial assets

Other financial assets represents cash deposits to Eskom and financial guarantees to land bank and are classified as financial assets at amortised cost.

1.14. Services in kind

The trading entity does not recognise services in kind as revenue. Services in kind are disclosed under related parties.

1.15. Transfer of Assets from the Department

In 2009/10 financial year the entity recorded transfers of assets from the Department as follows:

The transfer of the assets from the Department to the trading entity was treated in accordance with the principles established in the new, not-yet-effective Standard of GRAP on Transfers of Functions Between Entities Under Common Control (GRAP 105). Although not available for early adoption, this standard provides adequate guidance on determining the recognition and measurement principles for assets transferred from the Department in accordance with the guidance in Directive 5. Assets transferred in terms of a transfer of functions between entities under common control are brought in at their carrying amounts, rather than fair value. The carrying amounts of the assets in question approximate the carrying value that would have been determined had the Department been applying GRAP on the date of transfer.

1.16. Commitments

No provision is made for projects approved for recapitalisation at year-end, unless the service in terms of the contract has been delivered or the contract is of an onerous nature. Where a project has been approved and contracted, but no expenditure has accrued it is disclosed as commitments in the notes to the financial statements.

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

1.17. Irregular, Fruitless and Wasteful Expenditure

Irregular expenditure means expenditure, other than unauthorised expenditure, incurred in contravention of, or that is not in accordance with a requirement of the Department's approved policies or any applicable legislation, including:

- The PFMA, or
- The State Tender Board Act, 1968 (Act No.88 of 1986), or any regulations made in terms of that Act; or
- Any national legislation providing for procurement in the National Government.

Fruitless and wasteful expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

Any irregular, fruitless and wasteful expenditure is charged against surplus or deficit in the period in which it is incurred.

1.18. Unauthorised Expenditure

Unauthorised expenditure is expenditure that has not been budgeted for; expenditure that is not in terms of the conditions of an allocation received from another sphere of government, trading entity or organ of state and expenditure in the form of a grant that is not permitted in terms of the Public Finance Management Act (No.1 of 1999 as amended by Act 29 of 1999). Unauthorised expenditure is accounted for as surplus or deficit in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.19. Other non-exchange receivables

Recognition and measurement

Other non-exchange receivables consist of funds transferred to farmers for recapitalisation and development of farms and is recognised as deferred expenses. Expenditure is recognised by the Trading entity upon receiving of spending reports from farmers.

Allowance and impairment

Considering the nature of the deferred expenditure, the Trading entity provides for an allowance of the estimated non submission of spending reports by farmers at year end at the sum of 25% of deferred expenditure outstanding for 120 days, 50% of deferred expenditure outstanding between 121 - 270 days, 75% of deferred expenditure outstanding between 271 - 360 days and 100% of deferred expenditure outstanding for more than 360 days. This represents a change in accounting estimates as the deferred expenditure balance was provided for impairment loss at 100% of the balance with aging of 360 days and above.

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

I.20. Contingent Asset

A contingent asset is disclosed by the trading entity where there is a possible asset that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

I.21. Contingent Liability

A contingent liability is disclosed by the trading entity where there is a possible obligation arising from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of ALHA ; OR where there is a present obligation arising from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

I.22. Events after reporting date

Adjusting events

The entity will adjust the amounts recognised in the financial statements to reflect events that provided evidence of conditions that existed at the reporting date once the event has occurred.

Non - Adjusting events

The entity will disclose the nature of the events and estimates in its financial statements for non – adjusting events, where non disclosure could influence the economic decisions of the users.

I.23. Related parties

The entity has controls in place to aid in the identification of related parties. The entity provides information on transactions with related parties in its financial statements. Disclosure of transactions with other government entities is only provided to the extent that the transaction was not on normal terms (not at arm's length).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

2. PROPERTY PLANT AND EQUIPMENT

2014 R'000	Agricultural Land	Buildings	Farm Infrastructure	Agricultural Equipment	Motor Vehicles	Total
Restated carrying amount 01 April 2013	7 047 487	480 576	297 011	62 726	6 713	7 894 513
Gross carrying amount	7 047 487	497 215	304 701	70 239	9 949	7 929 591
Accumulated depreciation & impairment	-	(16 639)	(7 690)	(7 513)	(3 236)	(35 078)
Additions	942 136	172 011	171 284	45 752	5 537	1 336 720
Depreciation	-	(13 125)	(9 615)	(10 013)	(2 325)	(35 078)
Impairment	-	(13 192)	(7 838)	(847)	(29)	(21 906)
Carrying amount 31 March 2014	7 989 623	626 270	450 842	97 618	9 896	9 174 249
Gross carrying amount	7 989 623	669 226	475 985	115 991	15 486	9 266 311
Accumulated depreciation & impairment	-	(42 956)	(25 143)	(18 373)	(5 590)	(92 062)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

2013 R'000 Restated	Agricultural Land	Buildings	Farm Infrastructure	Agricultural Equipment	Motor Vehicles	Work in Progress	Total
Carrying amount 01 April 2012	5 872 088	361 436	188 128	80 597	10 053	900	6 513 202
Gross carrying amount	5 872 088	361 436	188 128	80 597	10 053	900	6 513 202
Accumulated depreciation & impairment	-	-	-	-	-	-	-
Additions	1 153 323	142 869	203 416	68 611	12 520	39 473	1 620 212
Depreciation	-	(9 825)	(7 603)	(14 385)	(3 494)	-	(35 307)
Impairment	-	(6 954)	(2 552)	(1 833)	(1 510)	-	(12 849)
Prior period error	22 076	(6 950)	(84 378)	(70 264)	(10 857)	(40 373)	(190 745)
Carrying amount 31 March 2013	7 047 487	480 576	297 011	62 726	6 713	-	7 894 513
Gross carrying amount	7 047 487	497 215	304 701	70 239	9 949	-	7 929 591
Accumulated depreciation & impairment	-	(16 639)	(7 690)	(7 513)	(3 236)	-	(35 078)

Property, Plant and Equipment are carried at cost less accumulated depreciation and impairment losses. The net carrying amount of Property, Plant and Equipment is R 9 174 249 (2013: R 7 894 513) after depreciation and impairment losses of R 35 078 and R 21 096.

Included in current year additions is Property, Plant and Equipment with fair value of R 21 680 which was transferred to the Trading entity at no cost. The Property, Plant and Equipment was valued by a Professional Land and Property valuer of the Department on the 09 May 2013 and 25 May 2013. The fair values of the properties were determined with reference to direct comparable and depreciation cost method.

Prior period error relates to:

The Trading entity previously recognised assets with a carrying amount of R 221 400 acquired through Recapitalisation and development grants for farmers, as ALHA Property, Plant and Equipment. Since Trading entity does not expect any future economic benefits from use of these assets, correction was done retrospectively to the earliest comparative financial years as per note 27.1.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

Property, Plant and Equipment was adjusted with a cost of R 28 269 which relates to Property, Plant and Equipment acquired under proactive strategic programme but was not included in the list of transfers. The error was corrected retrospectively as per note 27.1.

Depreciation reversal of R 2 386 as per note 27.1.

3. INTANGIBLE ASSETS

Net carrying amount

2014	2013
R'000	R'000
2 006	2 006

Intangible Assets consist of shares on packaging houses initially recognised at 31 March 2012. There was no indication that the intangible asset might be impaired or an indication of change in the useful life at 31 March 2014.

4. OTHER FINANCIAL ASSETS

Opening balance at 01 April 2013

Deposits/Interest earned for the year 2014

Balance at 31 March 2014

	Deposits	Financial assistance	Total
	R'000	R'000	R'000
Opening balance at 01 April 2013	3 366	225 302	228 668
Deposits/Interest earned for the year 2014	797	11 387	12 184
Balance at 31 March 2014	4 163	236 689	240 852

Other financial assets comprise of deposits for Eskom electricity connection and financial assistance to Land Bank as guarantees for farms in distress. Interest earned on the financial assistance guarantees is capitalized.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

Cash at bank

2014	2013
R'000	R'000
91 849	318 802

Cash and deposits are held with a registered banking institution which is subjected to insignificant credit risk. The maximum exposure to credit risk at balance sheet date is the fair value of cash and cash equivalents mentioned above.

6. TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS

Operating lease receivables

Deferred lease assets

44 842	108 944
2 186	2 365
47 028	111 309

Credit quality of trade and other receivables

The carrying value of operating lease receivables of R 44 842 (2013: R 108 944) after restatement as per note 27.2, is stated after an allowance for impairment of R 223 684 (2013: R 100 470). An allowance for impairment of operating leases is assessed at the end of the reporting date. The gross operating lease receivables value is R 268 526 (2013: R 209 414).

Reconciliation of the allowance

Balance at 01 April 2013

Increase in allowance

Balance at 31 March 2014

100 470	74 995
123 214	25 475
223 684	100 470

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

Trade and other receivables past due but not impaired

Trade and other receivables less than 3 months are not impaired unless individual debtor impairment is identified. Total trade and other receivables of R 44 842 (2013: R 108 944) were not impaired.

The aging of amounts not impaired is as follows:

Less than 3 months
3 to 6 months
6 to 12 months
Over 12 months

2014 R'000	2013 R'000 Restated
5 477	64 491
3 332	8 231
16 657	13 093
19 376	23 129
44 842	108 944

Trade and other receivables impaired

Trade and other receivables of R 223 684 (2013: R 100 470) were impaired.

The aging of the impairment loss is as follows:

3 to 6 months
6 to 12 months
Over 12 months
Expired contracts

2 221	2 892
30 935	13 219
186 462	79 933
4 066	4 426
223 684	100 470

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

7. RECEIVABLES FROM NON EXCHANGE TRANSACTIONS

Other Debtors
Deferred expenses

2014 R'000	2013 R'000 Restated
695	45
187 421	425 771
188 116	425 816

Deferred expenses relates to recapitalization and development funds transferred to Farmers. The carrying value of the deferred expenses is R 187 421 (2013: R 425 771) after providing for an impairment loss R 187 205 (2013: R 97 559). An allowance for impairment of deferred expenses is assessed at the end of the reporting date. The gross deferred expense value is R 374 626 (2013: R 523 330). A decision to change accounting estimate resulted in an increase in impairment loss to R 66 258 on deferred expenditure balance which was based on aging period. The effects on future periods cannot be reasonably be determined.

8. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Trade payables
Accrued expense
Revenue rental received in advance

4 053	13 323
3 764	8 746
1 822	1 890
9 639	23 959

9. TRADE AND OTHER PAYABLES FROM NON EXCHANGE TRANSACTIONS

Inter –departmental creditors

26 671	23 055
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The Trading entity collected an amount of R 26 671 (2013: R 22 957) from restitution debtors which is a programme under the Department of Rural Development and Land Reform. The opening balance of inter-departmental debtors has been restated as per note 27.2.2.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

10. REVENUE

Grant Income – Non exchange
Donation received

2014 R'000	2013 R'000
1 697 119	2 298 335
21 813	-
1 718 932	2 298 335

The grant received from the Department of Rural Development and Land Reform is an allocation from voted funds for the purposes of executing the Pro-Active Land Acquisition Strategy. Donation received refers to PPE transferred to the Trading entity at no cost.

11. INTEREST INCOME

Interest earned - bank
Interest on lease receivables

13 229	16 547
15 306	9 851
28 535	26 398

The interest relates to the interest earned from the bank in the current year and interest charged on outstanding lease receivables.

12. OTHER INCOME

Other income

11 831	13 870
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Other income relates to interest earned from land bank and deposits from farmers.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

	2014	2013
	R'000	R'000
13. OPERATING EXPENSES/ GOODS AND SERVICES		
OTHER OPERATING EXPENDITURE		
Administrative fees	39	44
Consultants, contracts and agency costs	31 425	65 251
Operating expenditure	3 818	4 529
	35 282	69 824

OPERATING EXPENDITURE FARMERS

Training and skills development	641	683
Machinery and equipment	585	539
Biological assets	139 291	64 837
Repairs and maintenance	402	9 644
Animal feeds	2 380	7 162
Rates & taxes	5 345	3 846
Land preparation and fire ring	-	7 236
Security expenses	-	43
Fuel & diesel expenses	62	1 718
License fees	-	3
Water and electricity	617	3 087
Road grading and other repair	41	1 306
Consumables	1 634	7 208
Communication costs	-	24
Animal vaccines	-	113

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

OPERATING EXPENDITURE FARMERS - Continued

Animal medicine

Fertilizer

Transport

Seeds

Recapitalisation and development expenditure

Temporary staff

2014	2013
R'000	R'000
-	358
505	3 523
-	239
-	5 358
504 367	158 254
-	4 609
655 870	279 790

The operating expenditure was classified between normal operating expenditure of the Trading entity and operating expenses for farmers.

14. FINANCE COSTS

Interest paid

35	21
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The expenditure relates to interest paid on late payment of electricity, land acquisition and municipal rates and taxes accounts.

15. IMPAIRMENT OF ASSETS

Impairment of movable and immovable assets

Impairment of debtors leases

Impairment of other debtors

Impairment deferred expenditure

21 906	12 849
123 214	25 475
46	3 301
163 817	23 387
308 983	65 012

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

2014	2013
R'000	R'000
	Restated

16. RECONCILIATION OF THE NET CASH FLOWS FROM OPERATING ACTIVITIES TO SURPLUS/(DEFICIT)

Surplus for the period	773 690	1 980 750
Adjusted for Non Cash Movements:		
Depreciation	35 077	22 229
Increase in impairment -lease debtors	123 213	52 162
Increase in impairment - other debtors	45	-
Impairment of Assets	21 906	12 849
Adjusted for Changes in Working Capital:		
Increase in prepayments	(797)	(1 050)
Increase in trade and other receivables from exchange transactions	(58 977)	(76 776)
Decrease in trade and other receivables from non-exchange transactions	237 700	(261 474)
Decrease in trade and other payables from exchange transactions	(14 319)	7 525
Increase in trade and other payables from non-exchange transactions	3 616	9 300
Net cash inflow generated from operating activities	1 121 154	1 745 515

17. NET CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of property plant and equipment	1 336 720	1 502 039
	1 336 720	1 502 039

The Trading entity acquired property, plant and equipment by means of grants received from the Department of Rural Development and Land reform. Cash payments of R 1 336 720 were made to purchase property, plant and equipment

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

18. FINANCIAL ASSET BY CATERGORY

The accounting policies for financial instruments have been applied to the line items below:

2014

Cash and cash equivalents
Trade and other receivables from exchange transactions
Other financial assets

R'000 Financial Assets at Amortised Cost	R'000 Total
91 849	91 849
47 028	47 028
240 852	240 852
379 729	379 729

The accounting policies for financial instruments have been applied to the line items below:

2013

Cash and cash equivalents
Trade and other receivables from exchange transactions
Other financial assets

R'000 Financial Assets at Amortised Cost	R'000 Total
318 802	318 802
111 309	111 309
228 668	228 668
658 779	658 779

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

19. FINANCIAL LIABILITY BY CATERGORY

The accounting policies for financial instruments have been applied to the line items below:

2014

Trade and other payables from exchange transactions

The accounting policies for financial instruments have been applied to the line items below:

2013

Trade and other payables from exchange transactions

Financial liabilities at amortised cost	Total
7 818	7 818

Financial liabilities at amortised cost	Total
22 069	22 069

20. RELATED PARTIES

Relationships

Controlling state entity: Department: Rural Development and Land Reform

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

The trading entity is a related party to other state departments and other state owned entities. The trading entity does not separately disclose transactions with government entities related parties unless there are transactions or balances between the trading entity and the related parties and, in accordance with IPSAS 20: Related Parties, those transactions were not on normal terms and practice for the sector:

Related party balances

Inter departmental payables

Department : Rural Development and Land Reform: Payables

Related party transactions

Department: Rural Development and Land Reform – Grant received

Donation received

2014 R'000	2013 R'000
26 671	23 055
26 671	23 055
1 697 119	2 298 335
21 813	-
1 718 932	2 298 335

No executive emoluments are paid by the entity, as they are remunerated by the Department of Rural Development & Land Reform.

The Department: Rural Development and Land Reform also provides administrative services to the trading entity at no cost. These are not accounted for but disclosed as services in kind. Refer to note 22.

Donation received refers to assets transferred by the Department of Rural Development and Land Reform to the Trading entity at no cost.

21. RISK MANAGEMENT

Financial risk management

The trading entity's activities expose it to a variety of financial risks including credit risk and liquidity risk.

The trading entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the trading entity's financial performance. Risk management is carried out by a management committee of the department under the risk management framework approved by the Audit Committee.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

Liquidity risk

The table below analyses the trading entity's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Trade Payables

At 31 March 2014

Trade and other payables from exchange transactions

Less than 3 months R'000	Between 3& 6 months R'000	Between 6 months & 1 year R'000
6 950	-	868

Trade Payables

At 31 March 2013

Trade and other payables from exchange transactions

Less than 3 months R'000	Between 3& 6 months R'000	Between 6 months & 1 year R'000
21 848	120	101

Trade Receivables

At 31 March 2014

Trade and other receivables from exchange transactions

Less than 3 months R'000	Between 3& 6 months R'000	Between 6 months & 1 year R'000	Over 1 year R'000
5 477	3 332	16 657	19 376

At 31 March 2013

Trade and other receivables from exchange transactions

Less than 3 months R'000	Between 3& 6 months R'000	Between 6 months & 1 year R'000	Over 1 year R'000
64 491	8 231	13 093	23 129

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

Interest rate risk

As the trading entity has no significant interest-bearing assets, the trading entity's income and operating cash flows are substantially independent of changes in market interest rates.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, trade receivables and other financial assets. The trading entity only deposits cash with major banks and service providers with high quality credit standing and limits exposure to any one counter party.

Financial assets exposed to credit risk at year end were as follows:

Financial instruments

Cash and cash equivalents

Trade and other receivables from exchange transactions

Other financial assets

2014	2013
R'000	R'000
91 849	318 802
47 028	111 309
240 852	228 668
379 729	658 779

22. SERVICES IN KIND

The Trading entity falls under the administration of the Department of Rural Development and Land Reform. The executives of the department spend some of their time on the affairs of the trading entity. Furthermore, the department provides the services of internal audit function, information technology and staff training. There is no cost charged by the department in this regard.

23. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and Wasteful Expenditure

Finance and legal costs

35	21
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

The expenditure relates to interest paid on late payment of electricity, municipal rates and taxes accounts and interest paid on late payment for Land acquisition. The reasons for the wasteful expenditure are still under investigation and should the expenditure be deemed recoverable, this amount will be recorded as an asset in the statement of financial position.

2014	2013
R'000	R'000
	Restated

24. FUTURE MINIMUM LEASE RECEIVABLE

Operating leases – as lessor (income)

Minimum lease payments due

- within one year
- in second to fifth year inclusive
- later than five years

64 341	54 320
84 608	131 392
3 764	3 905
152 713	189 617

The Trading entity has entered into lease agreements with identified farmers for the lease of farms. The duration of the lease agreement periods range from one year to thirty years. The lease agreements contain escalation clause between 5% and 6% per annum. The trading entity calculates and discloses future minimum lease payments annually at year end.

25. COMMITMENTS

The trading entity has the following committed as at 31 March 2014

Contracted recapitalization projects

WIP/Recapitalisations

Guarantees Land acquisition

Project Management

Open orders

340 288	306 815
-	863
62 591	361 095
-	23 945
4 980	5 427
407 859	698 145

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

26. CONTINGENT ASSET

During the previous financial year, the Trading Entity determined that a farmer had unlawfully removed movable assets to the value of R 1 596 from the farm. As a result the Trading Entity took legal action against the farmer to recover the loss of assets. The matter is still in the court of law.

During the 2012 financial year, ALHA took a company of conveyances to court for not paying over the total amount transferred by the Trading Entity to the seller over a purchase of land. The amount claimed by the Trading entity is R3 300. The matter is in the court of law.

27. DISCLOSURE OF PRIOR PERIOD ERRORS

The Trading Entity identified the following prior period errors during the 2013/14 financial year:

27.1. Property, Plant and Equipment

As part of the Departmental immovable assets verification process, the Trading Entity discovered Agricultural Land with a carrying value of R 28 269 which was acquired under proactive programme by DRDLR but not included in the list of transfers to ALHA as part of the transfer of function in the 2009/10 financial year. The error has been corrected retrospectively from the beginning of 2012 with an adjustment against the opening balance of accumulated surplus.

The Trading entity previously recognised assets with a carrying amount of R 221 400 (gross: R 232 091, depreciation: R 10 691) acquired through Recapitalisation and development grant for farmers as ALHA Property, Plant and Equipment. Since Trading entity does not expect any future economic benefits from use of those assets, correction was done retrospectively to the earliest comparative financial year.

Depreciation of R 2 386 was reversed as a result of incorrect estimate used.

27.1.1. Restated statement of financial position:

Property, Plant and Equipment

Carrying amount as reported

Correction prior year error: PPE addition

Correction : depreciation reversal – 31 March 2013

2013	2012
R'000	R'000
8 085 258	6 513 202
28 269	28 269
2 386	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

Correction : Reversal of depreciation on Farmers assets – 31 March 2013

Correction: adjustment of farmers assets

Restated balance as at 31 March

10 691	-
(232 091)	(113 918)
7 894 513	6 427 553

2012
R'000

27.1.2. Statement of changes in net assets

Adjustment against accumulated surplus as at 01 April 2012

Opening balance reported as at 01 April 2012

Correction of error: PPE addition

Restated opening balance as at 01 April 2012

7 050 529

(85 649)

6 964 880

2013
R'000

27.1.3. Statement of financial performance

Depreciation

Balance reported as at 31 March 2013

Correction: Depreciation and impairment

Restated balance as at 31 March

35 307

(13 078)

22 229

27.2. Rental Receivable

Operating lease receivable

During the current year the Trading entity identified lease agreements with lease rental receivables relating to prior periods that had not previously been recognised. The revenue recognition has been corrected retrospectively from the beginning of 2012, with an adjustment against the opening balance of accumulated surplus. Comparative figures were restated appropriately.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

The Trading entity identified Restitution lease debtors which were recognised as ALHA debtors from 2009/10 to 2012/13. The error has been corrected retrospectively and opening balance of accumulated surplus as at 01 April 2012 has been restated.

An amount R 22 956 in 2010/11 and 2012/13 was identified to have been received by the Trading entity from Restitution debtors on behalf of the Department of Rural Development and Land Reform. An interdepartmental creditor has been raised retrospectively.

Effect of error is as follows:

27.2.1. Restated statement of financial position:

Operating lease receivable

Operating lease carrying amount reported

Correction - opening balance - prior period - error - operating lease

Correction - opening balance - RLCC debtors

Correction - closing balance - derecognition of rental received in advance from RLCC debtors

Correction - closing balance - rental income receivable

Correction - closing balance - interest on rental income receivable

Correction - closing balance - derecognition of RLCC rental receivable

Correction - closing balance - derecognition of RLCC interest receivable

Restated balance as at 31 March

	2013 R'000	2012 R'000
Operating lease carrying amount reported	108 566	60 022
Correction - opening balance - prior period - error - operating lease	2 234	-
Correction - opening balance - RLCC debtors	(8)	-
	110 792	60 022
Correction - closing balance - derecognition of rental received in advance from RLCC debtors	(963)	-
Correction - closing balance - rental income receivable	1 281	2 234
Correction - closing balance - interest on rental income receivable	15	-
Correction - closing balance - derecognition of RLCC rental receivable	(2 136)	(13 764)
Correction - closing balance - derecognition of RLCC interest receivable	(45)	-
Restated balance as at 31 March	108 944	48 492

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

Deferred lease assets

Amount reported

Increase in deferred rental revenue assets

Restated balance as at 31 March**2013****R'000**

2 337

28

2 365**2012****R'000****27.2.2. Adjustment against accumulated surplus as at 01 April 2012**

Opening balance reported as at 31 March 2012 (after adjustment above)

Correction - derecognition of RLCC debtors

Correction of error- Operating lease receivable

Restated balance as at 31 March

6 964 880

(13 764)

2 234

6 953 350**Inter- departmental creditors**

Carrying amount reported 31 March

Correction - opening balance deposits from RLCC debtors

Correction -deposits from RLCC debtors -31 March 2013

Restated balance as at 31 March**2013****R'000**

98

13 757

9 200

23 055**2012****R'000**

-

-

13 757

13 757

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

Rental received in advance

Balance reported as at 31 March

Correction - rental deposits from RLCC debtors recorded as in advance

Restated balance as at 31 March

2013

R'000

2 854

(963)

1 891

2013

R'000

27.2.3. Restated statement of financial performance

Operating lease income

Balance reported as at 31 March 2013

Correction - closing balance - derecognition of RLCC rental income

Correction - deposits from RLCC debtors

Correction of error – prior year - operating lease income

Correction of error – prior year - Deferred lease rental to operating lease

Restated balance as at 31 March

89 052

(2 136)

(9 200)

1 281

28

79 025

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

Interest of rental income

Balance reported as at 31 March 2013

Correction of error - derecognition of RLCC interest income

Correction of error - interest charged on operating lease debtors

Restated Balance as at 31 March

2013
R'000

9 881

(45)

15

9 851

27.3. Expenditure

Other operating expenditure of R 706 was incorrectly allocated to Property Plant and Equipment during the 2012/13 financial year. The error has been corrected retrospectively.

The effect of the error is as follows:

27.3.1 Restated statement of financial performance:

Operating expenditure farmers

Balance reported as at 31 March 2013

Correction: farmers expenditure

Correction: adjustment of farmers assets

Restated balance as at 31 March

162 295

(706)

118 202

279 791

Other operating expenditure

Balance reported as at 31 March 2013

Correction: Other operating expenditure

Restated balance as at 31 March

69 118

706

69 824

REPORT OF THE AUDITOR-GENERAL

for the year ended 31 March 2014

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE DEEDS REGISTRATION TRADING ACCOUNT

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the financial statements of the Deeds Registration Trading Account set out on pages 271 to 316, which comprise the statement of financial position as at 31 March 2014 the statement of comprehensive income, statement of changes in equity, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA). The general notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion the financial statements present fairly, in all material respects the financial position of the Deeds Registration Trading Account as at 31 March 2014 and its financial performance and cash flows for the year then ended, in accordance with SA Standards of GRAP and the requirements of the PFMA.

Emphasis of matter

7. I draw attention to the matter below. My opinion is not modified in respect of this matter:

Restatement of corresponding figures

8. As disclosed in note 20 to the financial statements, the corresponding figures for 31 March 2013 have been restated as a result of errors relating to operating expenditure incurred on the e-cadastre project discovered during the 2013-14 financial period. A portion of expenditure that had been expensed in prior years should have been capitalised as an intangible asset.

REPORT OF THE AUDITOR-GENERAL

for the year ended 31 March 2014

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

9. In accordance with the PAA and the general notice issued in terms thereof, I report the following findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report, non-compliance with legislation as well as internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

10. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for programme 2: geospatial and cadastral services (indicator operational e-cadastre) presented on pages 28 to 31 of the annual performance report of the Department of Rural Development and Land Reform for the year ended 31 March 2014.
11. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
12. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned objectives. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information* (FMPPi).
13. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
14. The material findings in respect of the selected programme are as follows:

Programme 2: geospatial and cadastral services (indicator: operational e-cadastre)

Usefulness of reported performance information

15. The FMPPi requires the following:
- Performance targets must be specific in clearly identifying the nature and required level of performance. A total of 100% (>20%) of the targets were not specific.
 - Performance targets must be measurable. I could not measure the required performance for 100% (>20%) of the targets.
 - Performance indicators must be well defined by having clear data definitions so that data can be collected consistently and is easy to understand and use. A total of 100% (>20%) of the indicators were not well defined.

Additional matter

16. I draw attention to the following matter:

Achievement of planned targets

17. Refer to the annual performance report on pages 26 to 31 for information on the achievement of the planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information for the selected objectives reported in paragraph 15 of this report.

Compliance with legislation

18. I performed procedures to obtain evidence that the trading account had complied with applicable legislation regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key legislation as set out in the general notice issued in terms of the PAA, are as follows:

REPORT OF THE AUDITOR-GENERAL

for the year ended 31 March 2014

Annual financial statements, performance report and annual report

19. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and were not supported by full and proper records, as required by section 40(1)(a) and (b) of the PFMA. Material misstatements relating intangible assets, provisions and payables were identified by the auditors in the submitted financial statements and subsequently corrected and therefore resulting in the financial statements receiving unqualified opinion.

Procurement and contract management

20. The procurement of consultants for services rendered relating to the Deeds Registration System did not comply with the prescribed HR and SCM procurement processes. Goods and services with a transaction value above R500 000 were procured without inviting competitive bids, as required by treasury regulation 16A6.1.

Human resource management and compensation

21. A human resource plan was not in place, as required by public service regulation 1/III/B.

Expenditure management

22. The accounting officer did not take effective steps to prevent irregular as well as fruitless and wasteful expenditure, as required by section 38(1)(c) (ii) of the PFMA and treasury regulation 9.1.1.

Internal control

23. I considered internal control relevant to my audit of the financial statements, report on predetermined objectives and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the report of predetermined objectives and the findings on non-compliance with legislation included in this report.

Leadership

24. Although improvement has been made progress is still required regarding the entity exercise of oversight responsibility over financial and performance reporting and related internal controls. This is evident of the fact that the entity still requires improving their implemented internal monitoring controls to ensure full compliance with accurate financial reporting as this was subject to material misstatement identified by the auditors. Furthermore, review processes did not ensure that only achievable and measurable indicators and targets relating to predetermined objectives were recorded in the annual performance report. The entity needs to focus on implementing action plans addressing the root cause of the internal control deficiencies identified going forward.

Financial and performance management

25. Daily and monthly controls regarding accurate record keeping and preparation of financial and performance information require attention going forward. This is evident as material adjustments were made to the financial statements submitted for auditing and also gave rise to material non-compliance matters being identified during the audit. It should further be noted that attention also needs to be given to the information system control environment.

Governance

26. Risk management relating to the preparation of financial statements and performance report is not as effective as it should be and some progress is still required. This is because of the risks relating to preparation of financial statements and performance report were not fully addressed in the current year therefore resulting in the financial statements and performance report being subject to material corrections.

REPORT OF THE AUDITOR-GENERAL

for the year ended 31 March 2014

OTHER REPORTS

Investigations

27. Investigations, involving 10 individual cases, are being conducted based on the allegation of corruption due to fraud in the illegal transfer of properties. The investigations were still in progress at the date of this report.

Auditor-General

Pretoria

31 July 2014



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

DEEDS REGISTRATION TRADING ACCOUNT

for the year ended 31 March 2014

General Information

Country of incorporation and domicile	South Africa
Legal form of entity	Public Entity
Nature of business and principal activities	Registration of Deeds
Business address	Corner Bosman and Pretorius Pretoria 0001
Bankers	Standard Bank
Auditors	Auditor-General Chartered Accountants (S.A.) Registered Auditors

DEEDS REGISTRATION TRADING ACCOUNT


for the year ended 31 March 2014

Index

The reports and statements set out below comprise the annual financial statements presented to the parliament:

Index	Page
Statement of Financial Position	273
Statement of Financial Performance	274
Statement of Changes in Net Assets	275
Cash Flow Statement	276 - 277
Statement of Comparison of Budget and Actual Amounts	278 - 281
Accounting Policies	282 - 294
Notes to the Annual Financial Statements	295 - 316
The following supplementary information does not form part of the annual financial statements and is unaudited:	
Detailed Income Statement	317-318

The annual financial statements set out on pages 273 to 316, which have been prepared on the going concern basis, were approved by the accounting authority on 31 July 2014 and were signed on its behalf by:



TS Motsoeneng
Chief Financial Officer



PM Shabane
Accounting Officer

STATEMENT OF FINANCIAL POSITION

for the year ended 31 March 2014

		2014	2013
			Restated ¹
	Notes	R'000	R'000
Assets			
Current Assets			
Inventories	2	3,006	2,352
Prepayments	3	51,747	51,162
Trade and other receivable	4	49,562	42,152
Cash and cash equivalents	5	279,698	95,452
		384,013	191,118
Non-Current Assets			
Property, plant and equipment	6	53,151	65,144
Intangible assets	7	140,050	89,873
		193,201	155,017
Total Assets		577,214	346,135
Liabilities			
Current Liabilities			
Finance lease obligation	8	697	990
Trade and other payables	9	41,422	78,968
Unspent conditional grants	10	164,000	-
		206,119	79,958
Non-Current Liabilities			
Finance lease obligation	8	749	693
Leave provisions	11	14,525	14,026
		15,274	14,719
Total Liabilities		221,393	94,677
Net Assets		355,821	251,458
Accumulated surplus		355,821	251,458

STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 31 March 2014

	Notes	2014 R'000	2013 Restated ² R'000
Registration of Deeds and sale of information	13	515,045	418,680
Other income		78,927	29,749
Operating expenses		(496,048)	(450,238)
Operating surplus (deficit)		97,924	(1,809)
Investment revenue	14	6,569	3,987
Finance costs	15	(130)	(170)
Surplus for the year		104,363	2,008

STATEMENT OF CHANGES IN NET ASSETS

for the year ended 31 March 2014

Balance at 01 April 2012

Changes in net assets

Surplus for the year

Total changes

Opening balance as previously reported

Adjustments

Prior year adjustments

Restated* Balance at 01 April 2013 as restated

Changes in net assets

Surplus for the year

Total changes

Balance at 31 March 2014

Accumulated surplus R '000	Total net assets R '000
249,450	249,450
2,008	2,008
2,008	2,008
211,141	211,141
40,317	40,317
251,458	251,458
104,363	104,363
104,363	104,363
355,821	355,821

CASH FLOW STATEMENT

for the year ended 31 March 2014

		2014	2013
			Restated ⁴
	Notes	R'000	R'000
Cash flows from operating activities			
Receipts			
Registration of Deeds and sale of information		508,247	492,088
Grants		241,741	11,129
Interest income		6,569	3,987
		<u>756,557</u>	<u>507,204</u>
Payments			
Employee costs		(349,243)	(309,624)
Suppliers		(165,979)	(59,304)
		<u>(515,222)</u>	<u>(368,928)</u>
Net cash flows from operating activities	18	241,335	138,276
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(6,594)	(4,568)
Proceeds from sale of property, plant and equipment	6	48	1
Purchase of other intangible assets	7	(50,177)	(89,873)
Net cash flows from investing activities		(56,723)	(94,440)
Cash flows from financing activities			
Finance lease payments		(366)	(768)

CASH FLOW STATEMENT

for the year ended 31 March 2014

Net increase/(decrease) in cash and cash equivalents

184,246

43,068

Cash and cash equivalents at the beginning of the year

95,452

52,384

Cash and cash equivalents at the end of the year

5

279,698

95,452

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

for the year ended 31 March 2014

Budget on Cash Basis

Statement of Financial Performance

Revenue

Revenue from exchange transactions

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual
	R'000	R'000	R'000	R'000	R'000
Registration of Deeds and sale of information	541,884	(64,002)	477,882	515,045	37,163
Other income	-	177	177	1,186	1,009
Government grants	-	77,741	77,741	77,741	-
Interest received - investment	3,920	(25)	3,895	6,569	2,674
Total revenue from exchange transactions	545,804	13,891	559,695	600,541	40,846

Expenditure

Personnel	(353,969)	-	(353,969)	(349,243)	4,726
Depreciation and amortization	(27,752)	-	(27,752)	(17,783)	9,969
Impairment loss/ Reversal of impairments	-	-	-	(1,558)	(1,558)
Finance costs	-	-	-	(130)	(130)
Debt impairment	-	-	-	(41)	(41)
Repairs and maintenance	(22,072)	3,666	(18,406)	(13,600)	4,806
General Expenses	(155,596)	-	(155,596)	(113,069)	42,527
Total expenditure	(559,389)	3,666	(555,723)	(495,424)	60,299
Operating surplus	(13,585)	17,557	3,972	105,117	101,145
Loss on disposal of assets	-	-	-	(754)	(754)

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

for the year ended 31 March 2014

Surplus before taxation	(13,585)	17,557	3,972	104,363	100,391
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	(13,585)	17,557	3,972	104,363	100,391
Reconciliation					

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

for the year ended 31 March 2014

Budget on Cash Basis

Statement of Financial Position

Assets

Current Assets

Inventories	-	-	-	3,006	3,006
Trade and other receivable	-	-	-	49,562	49,562
Prepayments	-	-	-	51,747	51,747
Cash and cash equivalents	-	-	-	279,698	279,698
	-	-	-	384,013	384,013

Non-Current Assets

Property, plant and equipment	35,346	-	35,346	53,151	17,805
Intangible assets	-	-	-	140,050	140,050
	35,346	-	35,346	193,201	157,855
Total Assets	35,346	-	35,346	577,214	541,868

Liabilities

Current Liabilities

Finance lease obligation	-	-	-	697	697
Trade and other payables	-	-	-	41,422	41,422
Unspent conditional grants	-	-	-	164,000	164,000
	-	-	-	206,119	206,119

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

for the year ended 31 March 2014

Non-Current Liabilities

Finance lease obligation

-	-	-	749	749
---	---	---	-----	-----

Leave provisions

-	-	-	14,525	14,525
---	---	---	--------	--------

-	-	-	15,274	15,274
---	---	---	--------	--------

Total Liabilities

-	-	-	221,393	221,393
---	---	---	---------	---------

Net Assets

35,346	-	35,346	355,821	320,475
--------	---	--------	---------	---------

Net Assets

Net Assets Attributable to Owners of

Controlling Entity

Reserves

Accumulated surplus

35,346	-	35,346	355,821	320,475
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ACCOUNTING POLICIES

for the year ended 31 March 2014

I. Presentation of Annual Financial Statements

The Annual Financial Statements have been prepared in accordance with the South African Standards of Generally Recognised Accounting Practices (GRAP) including any interpretations of public sector reporting requirements as required by Section 91(1) of the Public Finance Management Act, (Act No 1 of 1999).

The annual financial statements have been prepared on the accrual basis of accounting and incorporate the historical cost conventions as the basis of measurement, except where specified otherwise. All amounts have been presented in the currency of the South African Rand (R), which is also the functional currency of the entity. Unless otherwise stated all financial figures have been rounded to the nearest One Thousand Rand (R'000). Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

I.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the entity.

I.2 Going concern assumption

These annual financial statements have been prepared based on the expectation that the entity will continue to operate as a going concern for at least the next 12 months.

I.3 Comparative figures

Where material accounting errors, which relate to prior periods, have been identified in the current year, the correction is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly.

The nature and reasons for the reclassification and restatement are disclosed in note 21 (Prior period error) to the Financial Statements.

I.4 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Trade receivables

The entity assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the surplus makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables is calculated on amounts that are 90 days and more. Assessment for the impairment have been made on individual debtors based on specific probability of recovery. Consideration is also given with regard to payment received from long outstanding debtors after year end, as well as information obtained from any debt collector used by the Trading Entity. The fair value includes the initial recognition of the debts. Interest is levied on dates when debt is due and payable but outstanding.

ACCOUNTING POLICIES

for the year ended 31 March 2014

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 11 - Provisions.

Depreciation and amortisation

Depreciation recognised on property, plant and equipment is determined with reference to the useful lives and residual values of the underlying items. The useful lives and residual values of assets are based on management's estimation of the asset's condition, expected condition at the end of the period of use, its current use, expected future use and the entity's expectations about the availability of finance to replace the asset at the end of its useful life. In evaluating the how the condition and use of the asset informs the useful life and residual value management considers the impact of technology and minimum service requirements of the assets.

Impairment of non-financial assets

In testing for, and determining the value-in-use of non-financial assets, management is required to rely on the use of estimates about the asset's ability to continue to generate cash flows (in the case of cash-generating assets).

1.5 Property, plant and equipment

Property, plant and equipment are tangible non-current assets that are held for use in the supply of goods or services, or for administrative purposes and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits or service potential associated with the item will flow to the entity; and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Subsequent to initial recognition, items of property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Depreciation is calculated on the depreciable amount using the straight -line method over the estimated useful live of the asset. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The depreciable amount is determined after taking into account an asset residual value, where applicable.

The asset residual values, useful live and depreciation methods are reviewed at each financial year-end and adjusted prospectively, if appropriate.

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for the year ended 31 March 2014

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Furniture and fixtures	15 years
Office equipment	5-13 years
IT equipment	5-13 years
Leasehold improvements	5-13 years
Photographic equipment	13 years
State-owned capital works	25 years

Expenditure on improvement on leasehold building has been depreciated over the remaining period of the underlying lease for such period.

Assets under the finance lease agreement have been depreciated over the underlying period of the lease or the useful live of the asset whichever is deemed the shortest.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of financial performance.

1.6 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- the cost or fair value of the asset can be measured reliably.

The entity assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

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for the year ended 31 March 2014

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential.

Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

1.7 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
 - o receive cash or another financial asset from another entity; or
 - o exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

ACCOUNTING POLICIES

for the year ended 31 March 2014

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The entity measures a financial asset and financial liability initially at its fair value [if subsequently measured at fair value].

The entity first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the entity analyses a concessionary loan into its component parts and accounts for each component separately. The entity accounts for that part of a concessionary loan that is:

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Impairment and uncollectibility of financial assets

The entity assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

ACCOUNTING POLICIES

for the year ended 31 March 2014

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has
- transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity :
 - o derecognise the asset; and
 - o recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

ACCOUNTING POLICIES

for the year ended 31 March 2014

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

1.8 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is prime interest rate.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.9 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Inventories consisting of consumable stores are measured at the lower of cost and net realisable value. The basis of determining cost is the weighted-average method.

Differences arising on the valuation of inventory are recognised in the statement of financial performance in the year in which they arose. The amount of any reversal of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction of inventories recognised as an expense in the period in which the reversal occurs.

ACCOUNTING POLICIES

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If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.10 Impairment of cash-generating assets

Cash-generating assets are those assets held by the entity with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortization).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Useful life is either:

(a) the period of time over which an asset is expected to be used by the entity; or

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The entity assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired.

If any such indication exists, the entity estimates the recoverable amount of the asset.

Reversal of impairment loss

The entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

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for the year ended 31 March 2014

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

1.11 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the entity during a reporting period, the entity recognise the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

ACCOUNTING POLICIES

for the year ended 31 March 2014

I.12 Provisions and contingencies

Provisions are recognised when:

- the entity has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

I.13 Revenue from exchange transactions

Revenue consists of fees charged for property registration and for provision of registration data to customers in accordance with the tariffs provided for in the Schedule of Fees prescribed by Regulation 84 of the Deeds Registries Act, 1937 (Act 47 of 1937), and approved by the Minister of Rural Development and Land Reform. Revenue is recognised on execution of the Deeds applications as well as on sale of the data that has been requested.

ACCOUNTING POLICIES

for the year ended 31 March 2014

I.14 Revenue from non-exchange transactions

Services in-kind

Services received in kind from other organs of state have not been recognised in the financial statements. The disclosure of their nature and type has however been disclosed by way of note to the financial statements in line with GRAP 23.

These services may include:

- Administration Services
- Accommodation
- Information Technology
- Staff Training

All other services that are provided on behalf of the entity and are charged to the entity have been classified normally as expenses in terms of the approved Standard Chart of Accounts (SCOA).

I.15 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or; in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

I.16 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

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for the year ended 31 March 2014

1.17 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including:

- (b) this Act; or
- (c) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (d) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.18 Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the entity has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

ACCOUNTING POLICIES

for the year ended 31 March 2014

I.19 Related parties

The entity operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly. All employees level 13 and above (SMS) are regarded as key management as a result of authority and responsibilities assigned as per Deeds Registry Act and SMS hand book.

I.20 Prior period error

Prior period errors are omissions from, and misstatements in, the entity's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that:

- was available when financial statements for those periods were authorised for issue; and
- could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

Such errors may include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretation of facts, and fraud.

Material prior period errors are retrospectively corrected by:

- restating the comparative amounts for the prior period presented in which the error occurred; or
- If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for the earliest prior period presented.

I.21 Contingent liabilities

Contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly in the control of the entity; or

A present obligation that arises from past events that is not recognised because;

- It is not probable that an out flow of resources and embodying economic benefits will be required to settle the obligation; or
- The amount of the obligation cannot measured with sufficient reliability.

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Annual Financial Statements for the year ended 31 March 2014

	2014 R '000	2013 R '000
2. Inventories		
Consumable material on hand	3,006	2,352
None of the entity's inventory was measured at fair value less cost to sell. Accordingly, the balance as presented, represents the cost of inventories at hand. Inventories consist mainly of stationary and consumable material.		
Inventory to the value of R4,407 million (2013: R4,294 million) was recognised as an expense during the year. The inventories are recognised as an expense as and when consumed within the entity and the related expense is included in the printing and stationary expense line item.		
The basis of determining cost is the weighted-average method.		
3. Prepayments		
The prepayment relates to payments to Gijima amounting to R50 112 039 for the scanning of microfilm images at the average price of R0.48 per image, this average price was agreed between the parties. Subsequent to an internal audit by DRDLR during July 2012, Gijima was informed to return to the original cost differentiation for the scanning of paper and microfilm as per the Gijima tender response. As a result of the re-calculation this resulted in a prepayment, Gijima therefore agrees to work back the prepayment. During financial year 2013/14 an amount of R509 038 was worked back related to prepayment. A further amount of R2 144 497 was prepaid to Oracle Corporation for software license (period April 2014 to May 2014).		

Notes to the Annual Financial Statements

Annual Financial Statements for the year ended 31 March 2014

4. Trade and other receivable

Trade receivables

Interest receivables

Other receivables

2014

R '000

2013

R '000

46,415

39,637

968

290

2,179

2,225

49,562

42,152

The carrying value of trade receivables of R46,415 million is stated after a provision for Impairment of trade and other receivables of R5,122 million (2013: R4,454 million) and gross trade receivables value of R51,537 million. The provision for impairment of trade and other receivables is determined from the age analysis of trade receivables that are overdue for 90 days and more. The prospects of recovery are however assessed per individual account.

Trade and other receivables impaired

The impairment of Receivables was R5,122 million as at 31 March 2014 (2013: R4,454 million).

The ageing of these receivables is as follows:

Over 90 days due

5,121,654

4,454,165

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Reconciliation of doubtful debts provision

	2014 R '000	2013 R '000
Opening balance	4,454	4,940
Interest doubtful debt provision	196	528
Bad debts written off in current year	(265)	(408)
Bad debt provided for but recovered in the current year	(625)	(1,307)
Contributions to provisions	1,362	701
	5,122	4,454

Trade Receivables Age Analysis

Current	41,975	34,131
30 days	4,459	4,967
60 days	311	213
90 days	57	76
Over 90 days	4,734	250
Total	51,536	39,637

The current provision for impairment of Trade and Other Receivables has been included in operating expenses in the statement of financial performance, under account "Depreciation, Amortisation and Impairments". Amounts charged to Impairment of Receivables are generally written off when there is no expectation of recovery. The maximum exposure to credit risk at reporting date is the carrying value of each class of receivables recognised above. Deeds Registration does not hold any collateral as security.

Notes to the Annual Financial Statements

Annual Financial Statements for the year ended 31 March 2014

5. Cash and cash equivalents

Cash on hand (Petty Cash)
Bank balance

	2014 R '000	2013 R '000
	19	19
	279,680	95,434
	279,699	95,453

Cash and deposits are held with a registered banking institution which is subjected to insignificant credit risk. The maximum exposure to credit risk at reporting date is R279,699 million (2013: R95,453 million). None of the cash and cash equivalents of the entity are subject to restricted availability as these balances are not encumbered.

Notes to the Annual Financial Statements

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6. Property, plant and equipment

	2014			2013		
	Cost/ Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost/ Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Furniture and fixtures	27,490	(12,773)	14,717	25,090	(11,479)	13,611
Office equipment	3,726	(2,343)	1,383	3,814	(2,209)	1,605
IT equipment	104,671	(72,206)	32,465	103,874	(60,894)	42,980
Leasehold improvements	76,667	(73,705)	2,962	76,667	(71,581)	5,086
Photographic equipment	4,039	(2,415)	1,624	4,056	(2,194)	1,862
Total	216,593	(163,442)	53,151	213,501	(148,357)	65,144

Reconciliation of property, plant and equipment - 2014

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	13,611	2,937	(204)	(1,627)	14,717
Office equipment	1,604	849	(22)	(1,048)	1,383
IT equipment	42,980	2,794	(565)	(12,744)	32,465
Leasehold improvements	5,086	-	-	(2,124)	2,962
Photographic equipment	1,862	14	(11)	(241)	1,624
	65,143	6,594	(802)	(17,784)	53,151

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Annual Financial Statements for the year ended 31 March 2014

Reconciliation of property, plant and equipment - 2013

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	14,576	869	(236)	(1,598)	13,611
Office equipment	2,159	998	-	(1,553)	1,604
IT equipment	57,044	2,688	(1,605)	(15,147)	42,980
Leasehold improvements	13,409	-	(192)	(8,131)	5,086
Photographic equipment	2,141	13	(38)	(254)	1,862
	89,329	4,568	(2,071)	(26,683)	65,143

The Department of Public Works provides accommodation for all the Deeds Registries. The category of Leasehold Improvements represents costs incurred by the Deeds Registration Trading Account to improve the buildings that are owned / leased on behalf of Deeds Registries by the Department of Public Works. The lease improvements are amortised over the lease period or useful life, whichever ever is regarded as shorter period

Notes to the Annual Financial Statements

Annual Financial Statements for the year ended 31 March 2014

7. Intangible assets

	2014			2013		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost/ Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Intangible assets	140,05	-	140,05	89,893	-	89,873
Intangible assets Reconciliation of intangible assets - 2014						
				Opening balance	Additions	Total
Intangible assets				89,873	50,177	140,050
Reconciliation of intangible assets - 2013						
				Opening balance	Additions	Total
Intangible assets				-	89,873	89,873

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2014	2013
R '000	R '000

7. Intangible assets (continued)

The total intangible asset for the period ended 31 March is R140,050. The intangible asset is regarded as having an indefinite useful life as there is no limit to the period over which the asset is expected to generate net cash flows or potential service. This is further broken down into development costs of R50,177 (R23,646: 2012/13) and a restatement of comparatives of (R27,876: 2012/13, R38,351: 2011/12) previously recognised as research costs.

8. Finance lease obligation

Minimum lease payments due

- within one year
- in second to fifth year inclusive

less: future finance charges

Present value of minimum lease payments

Present value of minimum lease payments due

- within one year
- in second to fifth year inclusive

Non-current liabilities

Current liabilities

793	1,097
801	744
1,594	1,841
(148)	(158)
1,446	1,683
697	990
749	693
1,446	1,683
749	693
697	990
1,446	1,683

Notes to the Annual Financial Statements

Annual Financial Statements for the year ended 31 March 2014

2014	2013
R '000	R '000

The average lease term ranges between 2 and 5 years for office equipment, with an average interest rate of 9% applied to the leases. The finance leases are secured by the assets leased in terms of the agreement. Please refer to note 5 where the assets held under the finance leases are disclosed as part of office equipment.

Contingent rent recognised as an expense in the period amounted to R300 376. The contingent rents relates to copy charges per copy machine.

9. Trade and other payables

Trade payables	6,691	6,031
Unallocated cash	159	104
Accrued leave pay	9,577	9,179
Accrued bonus	11,153	9,796
Sundry accruals	4,787	52,628
Provision	7,576	-
Other payables	1,479	1,230
	41,422	78,968

Unallocated cash represents money deposited at the bank but not yet identified and allocated to Trade Receivables at the end of the financial year. Provision was created for an amount of R5,120 million for services rendered by Datacentrix, the services rendered and amount invoiced is under investigated. A further provision was created for the possible impairment of prepaid expenditure amounting to R2,455 million.

Notes to the Annual Financial Statements

Annual Financial Statements for the year ended 31 March 2014

2014	2013
R '000	R '000

10. Unspent conditional grants

Deferred revenue closing balance for 2013/14 refers to an unspent portion of a grant received from Department of Rural Development and Land Reform of R241,741 million in 2013/2014 financial period. The grant was provided for Oracle software required for E-Cadastre project (R64,000 million), increase in salary expenditure (R13,741 million) and E-Cadastre project computer hardware (R164,000 million).

Reconciliation of unspent conditional grants

Balance at the beginning of the year

Amount received from Dept of Rural Development and Land Reform

Amount transferred to Comprehensive Income

Closing balance

-	12,686
241,741	-
(77,741)	(12,686)
164,000	-

These amounts are invested in a ring-fenced investment until utilised.

Notes to the Annual Financial Statements

Annual Financial Statements for the year ended 31 March 2014

2014	2013
R '000	R '000

II. Leave provisions

Reconciliation of leave provisions - 2014

	Opening balance	Provision for the year	Reversed/ Utilised during the year	Carrying Value
Leave provision	14,026	14,525	(14,026)	14,525

Reconciliation of leave provisions - 2013

	Opening Balance	Additions	Total
Leave provision	13,732	294	14,026
Non-Current Liabilities		14,525	14,026

The leave pay provision relates to long term / capped leave that accrued to employees. It is not possible to anticipate the timing of the utilisation or the timing of the cash-out of this balance. Accordingly the uncertainty related to this balance is limited to the timing of the realisation. A review of the utilisation trends has however evidenced that it is unlikely that the full balance will be realised within the short term. Accordingly the balance is classified as non-current.

The value of the provision is determined with reference to the capped leave days that have accrued to employees and the basic salaries of the employees. This represents the weighted average probable economic outflow that may be required to settle the capped leave balance.

Notes to the Annual Financial Statements

Annual Financial Statements for the year ended 31 March 2014

2014	2013
R '000	R '000

12. Financial instruments disclosure

Categories of financial instruments

2014

Financial assets

	Loans and receivables	Total
Trade and other receivables	49,562	49,562
Cash and cash equivalents	279,698	279,698
	329,260	329,260

Financial liabilities

	At amortised cost	Total
Trade and other payable	41,422	41,422
Finance lease liability	1,446	1,446
	42,868	42,868

Notes to the Annual Financial Statements

Annual Financial Statements for the year ended 31 March 2014

	2014 R '000	2013 R '000
2013		
Financial assets		
	Loans and receivables	Total
Trade and other receivables	42,152	42,152
Cash and cash equivalents	95,452	95,452
	137,604	137,604
Financial liabilities		
	Loans and receivables	Total
Trade and other payable	78,968	78,968
Finance lease liability	1,683	1,683
	80,651	80,651

The accounting policies for financial instruments have been applied to the line items above.

Notes to the Annual Financial Statements

Annual Financial Statements for the year ended 31 March 2014

13. Registration of Deeds and sale of information

Major categories of revenue are the following

Sale of information

Registration of title deeds

2014

R '000

2013

R '000

131,007

93,316

384,038

325,364

515,045

418,680

14. Investment revenue

Interest received - bank

Interest received - trade receivables

Interest received - staff debtors

6,260

3,643

297

319

11

25

6,568

3,987

15. Finance costs

Finance leases

130

170

16. Auditors' remuneration

Audit fees

3,190

8,810

During 2013/14 financial year there was no expenditure for internal audit therefore the decrease in audit fees. During 2012/13 financial year internal audit fees was R6,510 million due to additional scope of work related to E-cadastre project. External audit fees amounted to R2,3 million.

Notes to the Annual Financial Statements

Annual Financial Statements for the year ended 31 March 2014

17. Operating lease

The following amounts are due in future financial years due to contractual obligations:

Minimum lease payments due:

Payable within 1 year

Payable within 2nd to fifth year

	2014	2013
	R '000	R '000
	79,747	17,770
	117,264	12,211
	197,011	29,981

Notes to the Annual Financial Statements

Annual Financial Statements for the year ended 31 March 2014

	2014 R '000	2013 R '000
18. Cash generated from operations		
Surplus	104,363	2,008
Adjustments for:		
Depreciation and amortisation	17,783	26,684
Loss/(Gain) on sale of assets	754	2,070
Finance costs - finance leases	130	170
Impairment deficit	1,558	1,228
Movements in provisions	499	294
Prior year - reclassification of asset	-	38,350
Changes in working capital:		
Inventories	(653)	(605)
Trade and other receivable	(8,967)	67,420
Prepayments	(586)	53
Trade and other payables	(37,546)	13,290
Unspent conditional grants	164,000	(12,686)
	241,335	138,276

19. Contingent Liabilities

The Deeds Registration Trading Account provides housing guarantees to financial institutions, in the event of employees unable to honour their commitments to these institutions for the purchase of housing. There is uncertainty around the timing of when the state guarantee will be redeemed.

The trading entity has investigated incorrect registration of deeds. The case was not finalised and possibility of litigation against the entity exists. However, there were no financial losses.

Notes to the Annual Financial Statements

Annual Financial Statements for the year ended 31 March 2014

	2014 R '000	2013 R '000
20. Related parties		
Relationships		
National Department and controlled entities		Department of Rural Development and Land Reform
Related party balances		
Amount included in trade receivable		
Department of Rural Development and Land Reform	102	85
Amounts included in trade payables		
Department of Rural Development and Land Reform	-	1,876
Rendering of services to related parties		
Department of Rural Development and Land Reform	(218,588)	(162,268)
Settlement of liabilities on behalf of related parties		
Department of Rural Development and Land Reform	-	8,518
Grants received from DRDLR		
Procurement of hardware systems	164,000	-
Procurement of software systems	64,000	12,686
Salary inflation funds	13,741	11,129

Notes to the Annual Financial Statements

Annual Financial Statements for the year ended 31 March 2014

Remuneration paid to key management

Levels

	2014 No. of officials	2013 No. of officials	2014 Remuneration	2013 Remuneration
13	25	25	19,028	17,990
14	11	9	9,304	7,850
15	1	1	39	1,077
	37	35	28,371	26,917

21. Prior period errors

In 2013/14 financial year the entity performed an analysis of expenditure on E-cadastre project related to prior financial years. Through the analysis it was identified a portion of expenditure which was expensed in prior years should be capitalised as an Intangible asset. Portion of expenditure allocated to Intangible asset for 2011/12 financial year R38,351 million, 2012/13 financial year R27,876 million and 2013/14 financial year R50,177 million. The effect of each line item of the restatement on the financial statements is summarised below.

The correction of the error results in adjustments as follows:

Statement of financial position

Increase/(Decrease) in Intangible Asset	-	66,227
(Increase)/Decrease in Current Liabilities	-	(25,910)

Statement of Financial Performance

Increase/(Decrease) in Operating expenditure	-	(40,317)
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Notes to the Annual Financial Statements

Annual Financial Statements for the year ended 31 March 2014

22. Risk management

The Trading Account activity exposes it to currency risk, fair value interest rate risk, cash flow interest rate risk, credit risk and liquidity risk.

Liquidity risk

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments.

The table below analyses the Trading Account's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 31 March 2014	Not later than 1 month	More than 1 month but less than 3 months	More than 3 months but less than 1 year	Later than 1 year, but not later than 5 years
Trade and other payables	41,422	-	-	-
Finance lease obligation	58	116	523	749
At 31 March 2013	Not later than 1 month	More than 1 month but less than 3 months	More than 3 months but less than 1 year	Later than 1 year, but not later than 5 years
Trade and other payables	78,968	-	-	-
Finance lease obligation	82	165	742	693

Notes to the Annual Financial Statements

Annual Financial Statements for the year ended 31 March 2014

2014
R '000

2013
R '000

22. Risk management (continued)

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The entity only deposits cash with major banks with high quality credit standing.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis.

Financial assets exposed to credit risk at year end were as follows:

Financial Instrument

Deposit with bank

279,680

95,434

Trade Receivables

46,415

39,637

Interest rate risk

As the entity has no significant interest-bearing assets, the entity's income and operating cash flows are substantially independent of changes in market interest rates.

Deposits attract interest at rates that vary with prime. The Trading Account policy is to manage interest rate risk such that fluctuations in rate do not have a material impact on surplus or deficit. At year end, the financial instruments exposed to interest rate risk were balances with the bank.

Notes to the Annual Financial Statements

Annual Financial Statements for the year ended 31 March 2014

2014	2013
R '000	R '000

23. Events after the reporting date

The Entity received a grant from DRDLR to procure computer hardware for E-cadastre project amounting to R164 million. At financial year end closure the grant was not utilised for the intended purpose. The hardware will be utilised in the E-Cadastre system to deliver required services and functionality as per E-Cadastre system functional and technical design specification.

24. Irregular, Fruitless and wasteful expenditure

Opening balance	38,904	1,987
Add: Fruitless and wasteful expenditure	20	24
Less: Fruitless and wasteful expenditure related to prior year	-	(43)
Add: Irregular expenditure	5,947	4,076
Add: Irregular expenditure - relating to prior year	-	1,050
Add: Irregular expenditure - relating to prior year	-	31,810
Fruitless and wasteful expenditure awaiting write off	44,871	38,904

Analysis of expenditure to be condoned per age classification

Prior year	-	1,987
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Notes to the Annual Financial Statements

Annual Financial Statements for the year ended 31 March 2014

2014
R '000

2013
R '000

25. Irregular, Fruitless and wasteful expenditure (continued)

Details of irregular expenditure

Irregular expenditure for salaries paid to consultants R778 968 for services rendered on Deeds Registration System during 2013/14 financial year without following HR and SCM processes. Included for 2013/14 financial year is an amount for services rendered by Datacentrix without following correct SCM policy and procedures R5 168 025.

Financial year 2012/13 an amount of R31 810 059 paid to Gijima for Enterprise Architecture was considered irregular due to not following SCM processes. During financial year 2013/14 the entity received credit notes of R1 049 598 for irregular expenditure disclosed in financial year 2012/13 related to Regulatory Impact Assessment.

26. Services in kind

Administrative services in kind

Deeds trading Account falls under the administration of the Department of Rural Development and Land Reform. The executive of the department spend some of their time on the affairs of the Trading Account. Furthermore, the department provides the services of information technology and staff training. There is no cost charged by the department in this regard.

Other services in kind

The Department of Public Works provides accommodation for some of the Deeds Registries.

Detailed Income Statement

Annual Financial Statements for the year ended 31 March 2014

	Notes	2014 R '000	2013 Restated R '000
Revenue			
Registration of Deeds and sale of information		515,045	418,680
Other income			
Other income		1,186	5,934
Interest received	14	6,569	3,987
Government grants		77,741	23,815
		85,496	33,736
Operating expenses			
Advertising		(96)	(401)
Auditors remuneration	16	(3,190)	(8,810)
Bad debts		(41)	(89)
Bank charges		(231)	(232)
Cleaning		(5,359)	(4,858)
Consumables		(373)	(328)
Depreciation, amortisation and impairments		(19,341)	(27,912)
Employee costs		(349,243)	(309,624)
Entertainment		(288)	(546)
IT expenses		(38,962)	(28,661)
Lease rentals on operating lease		(3,069)	(3,214)
Legal expenses		(44)	(1,947)

Detailed Income Statement

Annual Financial Statements for the year ended 31 March 2014

		2014	2013
		R '000	Restated R '000
Notes			
	Loss on disposal of assets	(754)	(2,070)
	Other consulting and professional fees	(20,858)	(19,606)
	Other expenses	(6,673)	(4,129)
	Printing and stationery	(4,407)	(4,294)
	Repairs and maintenance	(13,600)	(4,442)
	Security	(6,352)	(7,307)
	Staff welfare	(17)	(24)
	Subscriptions	(1,473)	(952)
	Telephone and fax	(4,006)	(3,439)
	Training	(1,964)	(1,754)
	Transport and freight	(7,680)	(7,016)
	Travel - local	(8,028)	(8,581)
		(496,049)	(450,236)
	Operating surplus	104,492	2,180
	Finance costs	(130)	(170)
	Surplus for the year	104,362	2,010

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**rural development
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Rural Development and Land Reform
REPUBLIC OF SOUTH AFRICA