

# Annual Report

| 2016-2017

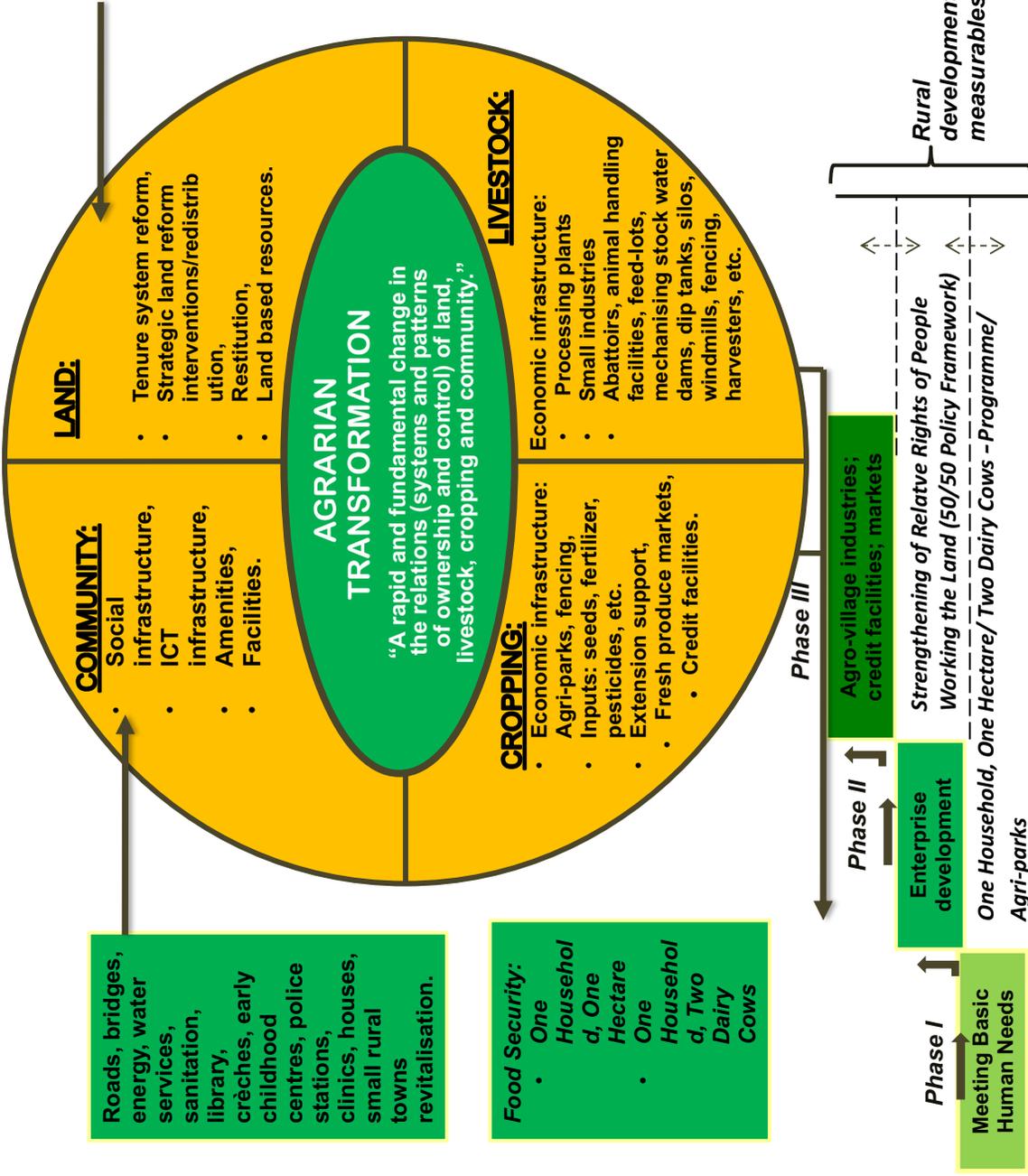


rural development  
& land reform

Department:  
Rural Development and Land Reform  
REPUBLIC OF SOUTH AFRICA



# RURAL ECONOMY TRANSFORMATION: AGRARIAN TRANSFORMATION SYSTEM



VIBRANT, EQUITABLE AND SUSTAINABLE RURAL COMMUNITIES



**rural development  
& land reform**

Department:  
Rural Development and Land Reform  
REPUBLIC OF SOUTH AFRICA



**DEPARTMENT OF RURAL DEVELOPMENT AND  
LAND REFORM ANNUAL REPORT  
2016-2017**

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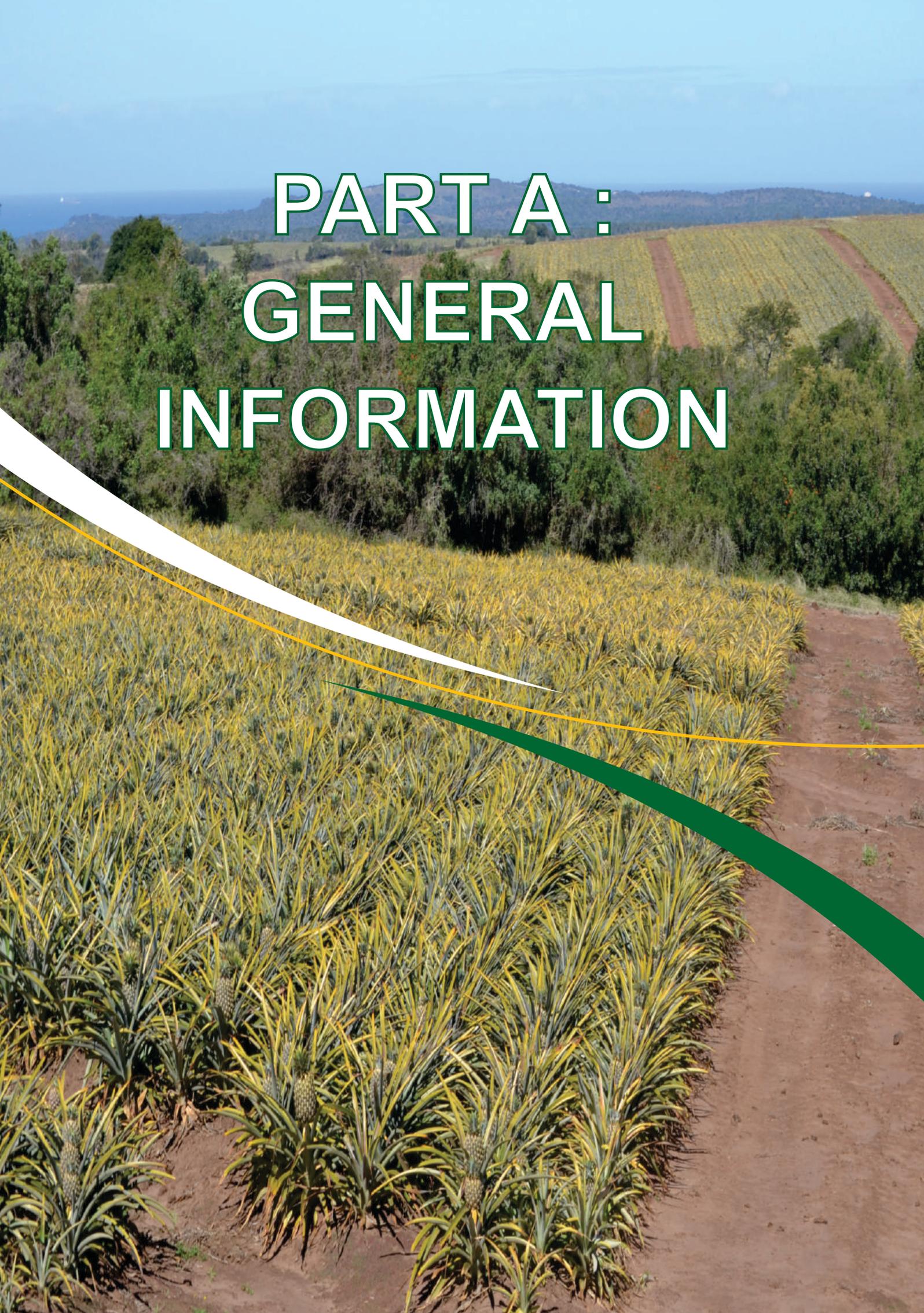
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# PART A : GENERAL INFORMATION

# 1. General Information

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## 2. List of Abbreviations/Acronyms

### List of Abbreviations/Acronyms

AC	Audit Committee
AG	Auditor-General
AFS	Annual Financial Statements
AGSA	Auditor-General of South Africa
AIDS	Acquired Immune Deficiency Syndrome
ALHA	Agricultural Land Holdings Account
ASD	Assistant Director
ASNAP	Agribusiness in Sustainable Natural Plant
APP	Annual Performance Plan
BAS	Basic Accounting System
BRRR	Budget Review and Recommendations Reports
CD	Chief Directorate
CFO	Chief Financial Officer
CEO	Chief Executive Officer
COE	Compensation of Employee
COID	Compensation of Occupational Injuries and Disease
CSI	Corporate Social Investment
CPA	Communal Property Association
CRDP	Comprehensive Rural Development Programme
DD	Deputy Director
DDG	Deputy Director-General
DBSA	Development Bank of South Africa
DG	Director General
DORA	Division of Revenues Act
DPSA	Department of Public Services and Administration
DPME	Department of Planning, Monitoring and Evaluation
DRDLR	Department of Rural Development and Land Reform
DRDP	District Rural Development Plan
DMP	Demand Management Plan
EC	Eastern Cape
EE	Employment Equity
EEA	Employment Equity Act
EAPA	Employee Assistance Programme Association
EHWP	Employee Health and Wellness Programme
ESTA	Extension of Security of Tenure Act
EPMS	Employee Performance Management System
EWP	Employee Wellness Programme
FET	Further Education and Training
FFC	Financial and Fiscal Commission
FS	Free State
GTAC	Government Technical Advisory Centre
GP	Gauteng Province
GRAP	Generally Recognised Accounting Practice
Ha	Hectares
HH	Households
HIV	Human Immuno-deficiency Virus
HO	Head Office
HR	Human Resource
HRD	Human Resource Development
HSRC	Human Science Research Council
IA	Internal Audit
ICT	Information and Communications Technology
IESBA	International Ethics Standards Board for Accountants
IOD	Injury on Duty
IT	Information Technology
ITB	Ingonyama Trust Board
ISA	International Standards on Auditing
JHB	Johannesburg
KZN	KwaZulu-Natal

## 2. List of Abbreviations/Acronyms

LP	Limpopo Province
LRD	Land Redistribution and Development
LTA	Land Tenure and Administration
NARYSEC	National Rural Youth Services Corps
NC	Northern Cape
NDP	National Development Plan
NEDLAC	National Economic Development and Labour Council
NBAC	National Bid Adjudication Committee
NEF	National Empowerment Fund
NGO	Non-Governmental Organisation
NGI	National Geomatics Information
NPO	Nonprofit Organisation
NW	North West
NQF	National Qualification Framework
MP	Member of Parliament
MP	Mpumalanga Province
MPAT	Management Performance Assessment Tool
MTEF	Medium Term Expenditure Framework
MTSF	Medium Term Strategic Framework
MOA	Memorandum of Agreement
MOU	Memorandum of Understanding
OHS	Occupational Health and Safety
OSD	Occupation Specific Dispensation
OVG	Office of the Valuer General
PA	Performance Agreement
PAA	Public Audit Act
PE	Port Elizabeth
PFMA	Public Finance Management Act
PLOF	Policy on Land Ownership by Foreigners
PLAS	Proactive Land Acquisition Strategy
PPP	Public-Private Partnership
PSSC	Provincial Shared Service Centre
PSW	Public Service Week
RADP	Recapitalisation and Development Programme
RET	Radical Socio-Economic Transformation
RID	Rural Infrastructure Development
RDP	Rural Development Programme
RDLR	Rural Development and Land Reform
REID	Rural Enterprise and Industrial Development
RLCC	Regional Land Claims Commissioner
SABC	South African Broadcasting Corporation
SARS	South African Revenue Service
SETA	Sector Education and Training Authority
SEDA	Small Enterprise Development Agency
SCM	Supply Chain Management
SCOA	Standard Chart of Accounts
SCOPA	Standing Committee on Public Accounts
SDIP	Service Delivery Improvement Plan
SDF	Spatial Development Framework
SLA	Service Level Agreement
SMS	Senior Management Service
STI	Sexual Transmitted Infection
SPLUM	Spatial Planning and Land Use Management
SPLUMA	Spatial Planning and Land Use Management Act
SG	Surveyor General
TB	Tuberculosis
TR	Treasury Regulations
TVET	Technical and Vocational Education and Training
UK	United Kingdom
VCT	Voluntary Counselling and Testing
WC	Western Cape

### 3. Foreword by the Minister



**Nkwinti, GE (MP)**

Minister: Rural Development and Land Reform  
Republic of South Africa

Reading the AFTERWORD of Niall Ferguson's book: *The Ascent of Money. A Financial History of the World*, I found the following paragraphs pertinent to the current politico-economic situation South Africa finds itself in right now.

*"Today's financial world is the result of four millennia of economic evolution. Money - the crystallized relationship between debtor and creditor - beg at banks, clearing houses for ever larger aggregations of borrowing and lending. From the thirteenth century onwards, government bonds introduced the securitization of streams of interest payments; while bond markets revealed the benefits of regulated public markets for trading and pricing securities. From the seventeenth century, equity in corporations could be bought and sold in similar ways. From the eighteenth century, insurance funds and then pension funds exploited economies of scale and the laws of averages to provide financial protection against calculable risk. From the nineteenth, futures and options offered more specialized and sophisticated instruments: the first derivatives. And, from the twentieth, households were encouraged, for political reasons, to increase leverage and skew their portfolios in favour of real estate.*

*Economies that combine all these institutional innovations - banks, bond markets, stock markets, insurance and property-owning democracy - performed better over the long run than those that did not, because financial intermediation generally permits a more efficient allocation of resources than, say,*

*feudalism or central planning. For this reason, it is not wholly surprising that the Western financial model tended to spread around the world, first in the guise of imperialism, then in the guise of globalization. From ancient Mesopotamia to present-day China, in short, the ascent of money has been one of the driving forces behind human progress: a complex process of innovation, intermediation and integration that has been as vital as the advance of science or the spread of law in mankind's escape from the drudgery of subsistence agriculture and the misery of the Malthusian trap. In the words of former Federal Governor, Frederic Mishkin, 'the financial system [is] the brain of the economy ... It acts as a co-ordinating mechanism that allocates capital, the lifeblood of economic activity, to its most productive uses by businesses and households. If capital goes to the wrong uses or does not flow at all, the economy will operate inefficiently, and ultimately economic growth will be low'.*

The quote from former Governor Mishkin, in the second paragraph, emphasizes the importance of continuous institutional innovations, the availability of capital to, and its productive use by, businesses and households for the generation of sustained economic activity and growth. But, equally, it stresses the contribution of capital going to "wrong uses or does not flow at all" to economic inefficiencies and low growth; the situation South Africa is in today - low economic growth.

Historically, the majority of households in South Africa, which are black, did not have easy access to capital, constrained by race-based discriminatory laws; and, those who historically did not have such legal constraints, that is, the white minority, continue to control the commanding heights of the economy. However, these big businesses are either investing in non-productive sectors of the economy, or, are embarking on a capital investment strike. This is a deliberate suffocation of the economy.

At the same time, it has become common knowledge that today, in both the public and private sectors, there are inefficiencies, massive fraud and corruption in South Africa's economy. This means that capital, to use former Governor Mishkin's phrases, "goes to the wrong uses", because of fraud and corruption, or, "does not flow at all", because those controlling the commanding heights

of the economy are, deliberately, either investing in non-productive sectors, or, are on a capital investment strike, causing the current inefficiencies and low growth in the economy.

There is, therefore, a dire need to deal with the inefficiencies, particularly in the public sector; fight fraud and corruption across public and private sectors; and, empower households, particularly those that have been historically excluded from easy access to capital resources on the basis of race, class and gender.

It is in this context that the department has, deliberately, targeted rural households for empowerment and development. The following programmes and support systems are pertinent in this regard: Rural Women in Design, Arts and Craft (RWDAC); National Rural Youth Service Corps (NARYSEC); One Household One Hectare (1H1Ha); One Household Two Dairy Cows (1H2DCs); Land Rights Management Committees / Fora (LRMCs/F); Councils of Stakeholders (CoSs); One Rural Ward One Integrated Community Development Centre (1RW1ICDC; Strengthening Relative Rights of People Working The Land (50/50 Programme); One District Municipality One Agri-Park (1D1A-P); and, Each Rural Local Municipality A Comprehensive Rural Development Plan (CRDP) Site, are all targeting the previously excluded households, particularly those from rural areas. The RWDAC Co-operative is soon to launch its Co-operative Bank. The intention is to launch it during this August, as part of celebrating Women's Month.

To ensure that these rural economy transformation programmes are effectively implemented, the department, working with Provincial Members of the Executive Councils (MECs), District Executive Mayors and Mayors from rural local municipalities has developed an inclusive implementation model, with District Mayors as Political Champions of District Agri-Parks; and, Local Mayors as Political Champions of the 1H1Ha; 1H2DCs; LRMC /F; and, 1RW1ICDC. In addition to the cross-cutters, at least two of the 9-Point Plan Imperatives are directly affected here: (a) Revitalisation of Agriculture and Agro-processing Value Chain; and, (b) Unlocking the Potential of SMMEs, Co-operatives, Township and Rural Enterprises.

To ensure effective co-ordination within itself and between itself and provincial and municipal partners, the department has established Provincial Joint Tactical Centres (PJTCs); District Joint Operational Centres (DJOCs); and, the

LRMCs / F and CoSs, as pointed out above. These structures include organs of civil society, in their various forms, relevant to rural development and land reform.

The National Development Plan: Vision 2030, enjoins us to implement the following imperatives, among others, (a) Creating jobs and livelihoods; (b) Expand infrastructure; (c) Transforming urban and rural spaces; (d) Fighting corruption and enhancing accountability; and, (e) Transforming society and uniting the nation. The direct involvement of the three spheres of government in the planning, execution and monitoring and evaluation of the programmes mentioned above is a direct response to these NDP Imperatives.

In short, both the National Development Plan: Vision 2030; and the 9-Point Plan, are on course, as could be seen above; and, in the department's Annual Report, 2016/17.



**Nkwinti, GE (MP)**

Minister: Rural Development and Land Reform  
Republic of South Africa

Date: 28 August 2017

## 4. Deputy Minister's Statement



**Ms KC Mashego-Dlamini (MP)**

Deputy Minister of Rural  
Development and Land Reform

The Department of Rural Development and Land Reform continues to transform the rural landscape in South Africa through the introduction and implementation of a variety of innovative programmes.

Programmes which contribute to the transformation of rural areas include the Rural Enterprises and Industrial Development programme, which facilitates the development of rural enterprises and industries. During the reporting period a total of 192 agricultural enterprises and 51 non-agricultural enterprises were supported through the implementation of the REID programme.

The Rural Infrastructure Development (RID) programme is a key initiative that has ensured transformative improvements in the agricultural sphere through among others its sub-programme the Animal and Veld Management Programme (AVMP). Through the AVMP, animal grazing areas have been fenced off, cattle handling facilities, stock waterdams and silos have been constructed and boreholes have been drilled and equipped.

The River Valley Catalytic Programme revitalises irrigation schemes, benefiting small holder and subsistence farmers. The implementation of Socio-Economic Infrastructure projects seen the expansion of services to communities, these include the provision of sanitation, the construction of abattoirs, feedlots, early childhood development centres and bridges and walkways in underdeveloped rural areas.

The National Rural Youth Services Corps (NARYSEC) remains an important vehicle for the empowerment of the rural youth through skills development training. During the reporting period 2 711 youth were enrolled into the NARYSEC programme the majority of the new recruits were young women.

In addition to this, significant progress has been made in efforts to empower rural women. Through non-agricultural activities in rural areas such as the arts craft and design and tourism women have been given opportunities to advance economically. A total number of 7 993 skills development opportunities were provided during the 2016/17 reporting period.

The Agri-Parks have been identified as a key programme that will bring about economic transformation in rural areas and improve market access for smallholder farmers. Significant progress has been made with the operationalisation of three Agri-Hubs at Ncora in the Eastern Cape, Springbokpan in North West Province and Brandvlei in Gauteng. A total number of 53 Agri-Parks infrastructure projects were facilitated during the period under review. Each of the Agri-Parks, to be established in the 44 district municipality will be further supported by the One Household, One Hectare Programme which is being rolled out to small holder farmers within the vicinity of the Agri-Parks.

A total of 220 sites and minimum of 50 household will participate in each site. The Agri-park programme will in the next ten years play a crucial role in creating market opportunities for rural communities and bring them into the mainstream of the economy. More than 6 169 jobs have been created through this rural development initiative. Revitalisation of rural towns remains a priority of the department. During the reporting period the department has handed over a multipurpose youth hub and ICT centre to the community of Kwa-Mandlenkosi at Beaufort West in the Western Cape.

The department through its infrastructure development programme also re-built the Phaphamani Primary school in the community of Kwa- Ngema village in the Mkhondo local municipality in Mpumalanga province. The classrooms were in- adequate and posed a danger to the children during adverse weather conditions.

In providing access to information technology in rural areas the department assisted 71 communities with computer facilities, and internet access. A total amount of 40 000 learners in 146 school have been supported with information and communication technology (ICT) in the 2016/17 financial year.

It is imperative that the department together with other stakeholders work together in developing our rural communities and also empower women and youth. We remain committed to achieving the priorities of the National Development Plan and I am confident that with the work undertaken by this department the objectives of the NDP will be achieved by 2030.



**Ms KC Mashego-Dlamini (MP)**

Deputy Minister of Rural Development and  
Land Reform  
Date: 28 August 2017

## 5. Deputy Minister's Statement



**Mr M Skwatsha (MP)**

Deputy Minister of Rural  
Development and Land Reform

The department remains committed to radical social-economic transformation to deal with the triple challenges of poverty, inequality and unemployment. According to the StatsSA Poverty Report for 2017 more than half of the population (55.5%) of this country lives in poverty. This is a disturbing fact and requires urgent attention. As part of efforts to reduce poverty in rural areas, the strategic objectives of the Department have been aligned to the National Development Plan.

The Comprehensive Rural Development Plan (CRDP) aims to empower rural communities with access to resources and services such as infrastructure, enterprise development and industrialisation among others.

The Commission for the Restitution of Land Rights is also contributing towards redressing the skewed ownership patterns caused by colonial-apartheid dispossession. The Commission has managed to settle 790 212 of the claims lodged by 31 December 1998, which translates to a total of 3.38million hectares; benefitting 408 231 households. The Commission is currently processing 6 989 outstanding land claims.

The Department of Rural Development and Land Reform (DRDLR) and the Department of Agriculture, Forestry and Fisheries (DAFF) are gradually creating the necessary conditions in order for black commercial farmers to emerge once again and play their role in contributing towards food security in our country. To this end various support programmes have been introduced; amongst these are the one Household, one Hectare and the 50:50

(Strengthening Relative Rights of people working the land) programmes.

In line with the NDP objective of addressing the rural economy through the support of agriculture to ensure that land is productively utilised, the department supported farmers through the Recapitalisation and Development programme (RADP) which assisted in bringing a total of 1 421 846 hectares into production during the period under review.

Farmer support includes technical, production inputs, infrastructure development, financial training and mentorship through strategic partnership. The land reform programme has from 2009/2010 to 2016/2017 financial year resulted in the settlement of 844 000 hectares of agricultural land in favour of labour tenants' applications that were received.

The department continues to make inroads in transforming land ownership through the Land Reform programme and ensures that a class of black commercial farmers are created. We are confident that, the commitments made in the NDP and the Outcome 7 outputs will be achieved.



**Skwatsha, M (MP)**

Deputy Minister: Rural Development and Land  
Reform

Date: 28 August 2017

## 6. Report of the Accounting Officer



**Ms L Archary**  
Acting Director-General  
Department of Rural  
Development and Land Reform

It is my pleasure to present the Department of Rural Development and Land Reform's annual report for the 2016-17 financial year.

In the period under review, I am pleased to indicate that the performance of the department against set targets has increased from 71% in the previous year to 79%. This improvement can be attributed to improved planning and performance monitoring within the organisation. Furthermore, the department has maintained its status of an unqualified audit opinion for the fourth consecutive year whilst both the Agricultural Land Holdings Account (ALHA) and Deeds Trading Account received clean audits. The department remains committed to improving controls and efficiencies and ensuring good governance overall.

The National Development Plan's (NDP) vision for 2030 speaks of inclusivity and integration of the country's rural areas which should be achieved through successful land reform, infrastructure development, job creation and poverty alleviation with one of the driving forces behind this being the expansion of irrigated agriculture.

Government has adopted a strategy of Radical Socio-Economic Transformation (RET) to deal with the triple challenge of poverty, unemployment and inequality by addressing various structural and institutional legacies of apartheid.

At present, South Africa is facing many challenges within the economy and to drive inclusive growth, the nine-point plan was adopted which includes the

initiative of Revitalising Agriculture and the Agro-processing Value Chain. Although significant progress has been made working with the Department of Agriculture, Forestry and Fisheries, district and local municipalities and other sector departments, much still has to be done to address the needs of the poor and marginalised communities.

The department, within resources entrusted to it in the 2016 – 17 financial year, made the following strides in realising the NDP's vision:

### **Land Reform:**

To contribute to the change in land ownership patterns and provide access to land for production, the department has delivered a total of 201 430 hectares which is inclusive of land transferred through tenure programmes, redistribution and through the settlement of restitution claims. Of this, 136 938ha has been allocated to smallholder farmers contributing to the NDP target of 300 000 smallholder farmers by 2030. Although significant challenges exist within Communal Property Associations, the department has made progress in facilitating compliance with legislation through the implementation of a regularisation process which resulted in 209 additional CPAs being regularised to comply with the Act. Much more needs to be done to improve the support and oversight of CPAs and in the year under review, the department has also worked on amendments to the CPA legislation which, when approved, will see the establishment of a Registrar of CPAs.

In pursuit of Radical Socio-Economic Transformation, the department has intensified the processing of the restoration of land rights resulting in the settlement of 804 claims against the 615 planned land claims.

In order to meet the NDP targets set for land reform, it is imperative that we work towards building equity models that allow for business sustainability within the agricultural sector. One such initiative is the Strengthening of Relative Rights of people living and working on farms and in the year under review, we succeeded in approving 20 farms benefitting 1 138 beneficiaries. This model has the potential to assist in transforming the ownership patterns of the commercial agricultural value chain but given the complex nature of transactions, will require additional specialist capacity and partnerships with State entities with the necessary business skills.

### ***Agri-Parks as a catalyst for economic transformation:***

The Agri-Parks programme is considered to be a catalyst for economic transformation and aims to improve access to smallholder farmers to the agricultural value chain. In the year under review, significant progress has been noted with three Agri-Hubs becoming operational; Ncora in the Eastern Cape, Springbokpan in North West and Brandvlei (Westonaria site) in Gauteng. Fifty-three infrastructure projects have also been completed in collaboration with provincial Departments of Agriculture and districts at the level of farmer production support units and on farms, to support smallholder farmers. In the new financial year, it is anticipated that delivery will be scaled up across the country and significant focus will be placed on farmer mobilisation and organisation to enhance farmer participation in the value chain and ownership model of the district Agri-Parks.

### ***Job creation, skills development and poverty alleviation in the rural space:***

The department, in contributing to job creation in the country, facilitated 6 169 jobs from its rural development initiatives and 2 742 jobs from its land reform projects. Youth unemployment remains a challenge in our country and through the NARYSEC Programme, the department continues to build capacity and leadership skills for rural young people. In this financial year, 2 711 youth were enrolled in the NARYSEC programme aligned to the Agri-Parks across the country.

Small, Medium and Micro Enterprises (SMME) and Cooperative development is a priority initiative of the nine point plan and the department has succeeded in supporting 192 Rural Agricultural Enterprises and 51 Rural non-Agricultural Enterprises.

### ***Community participation and integrated governance***

In the 2015/16 financial year, the department had launched the District Land Reform Committees and the District Agri-Park Management Councils and these are now functioning across the country. Although there are some challenges emerging, these structures are beginning to create the platform for participatory development and enhanced service delivery.

To improve corporate governance, the department has focussed on improving the internal controls environment and has acted decisively in dealing with non-compliance, fraud and corruption. In the year under review, the department has been engaged in a rigorous re-engineering process to ensure a streamlined, seamless delivery mechanism that should enhance delivery capacity

at the provincial and district level.

There is still much to be done in the fight against poverty, unemployment and inequality and the department is continuously working on improving our delivery framework through enhanced policies, legislation and systems that make our services more accessible.

I would like to express my sincere appreciation to the Minister and Deputy Ministers of Rural Development and Land Reform, the Executive and Senior Managers, as well as all staff of the department for their continuous hard work, positive contribution towards uplifting rural communities and commitment in pursuing the objectives of the department. I also wish to acknowledge all departments and municipalities that work with us in the implementation of the various programmes across the country. Together, we are fighting poverty and bringing hope to the people of our country.



**Leona Archary**

Acting Director-General:

Department of Rural Development and Land Reform

Date: 22 August 2017

## 6.1 Revenue collected

Department receipts	2016/17			2015/16		
	Estimates	Actual amount collected	(Over)/under collection	Estimates	Actual Amount collected	(Over)/under collection
	R'000	R'000	R'000	R'000	R'000	R'000
Sales of goods and services other than capital assets	22 382	21 652	730	22 375	23 695	(1 320)
Interest, dividends and rent on land	27 689	29 761	(2 072)	2 082	20 947	(18 865)
Sales of capital assets	185	439	(254)		790	(790)
Transactions in financial assets and liabilities	7 859	37 909	(30 050)	50 296	9 211	41 085
<b>Total revenue collected</b>	<b>58 115</b>	<b>89 761</b>	<b>(31 646)</b>	<b>74 753</b>	<b>54 643</b>	<b>20 110</b>

## Departmental revenue

The department's revenue increased from R54,6 million in 2015/16 to R89,8 million in 2016/17. This recorded an actual increase of R35,2 million. The increase is attributable to the following: An increase in the amount collected from Recoverable Revenue which increased from R9,2 million in 15/16 to R37,9 million in 16/17. The revenue collected from the State land lease rentals increased from R5,1 million to R10,4 million in 16/17. The interest earned also increased from R15,7 million to R19,3 million.

## 6.2 Programme expenditure

Programme	2016/17			2015/16		
	Final Appropriation	Actual Expenditure	Variance	Final Appropriation	Actual Expenditure	Variance
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	1 621 877	1 607 482	14 395	1 340 960	1 336 907	4 053
Geospatial and Cadastral Services	676 947	668 582	8 365	701 279	681 843	19 436
Rural Development	1 832 279	1 814 769	17 510	1 931 669	1 921 995	9 674
Restitution	3 335 794	3 331 114	4 680	2 675 984	2 630 239	45 745
Land Reform	2 657 448	2 645 052	12 396	2 547 469	2 547 063	406
<b>Total</b>	<b>10 124 345</b>	<b>10 066 999</b>	<b>57 346</b>	<b>9 197 361</b>	<b>9 118 047</b>	<b>79 315</b>

## 7. Statement of responsibility and confirmation of the accuracy of the Annual Report

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 Treasury Regulations and Chapter 6 of the National Treasury Framework for Managing Programme Performance Information, issued by 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 performance information.

In my opinion, the performance information fairly reflects the performance of the department against objectives set for the financial year ended 31 March 2017.



**Leona Archary**  
Accounting Officer (Acting)  
Date: 31 May 2017

## 8. Strategic Overview

### 8.1 Vision

Vibrant, equitable and sustainable rural communities.

### 8.2 Mission

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

### 8.3 Values



## 9. 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 others the following legislation:

### **Deeds Registries Act, 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, 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.

### **Sectional Titles Act, 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.

### **Land Administration Act, Act No. 2 of 1995**

The Act provides for the delegation of powers and the assignment of the administration of laws regarding land matters to the provinces.

### **Land Titles Adjustment Act, Act No. 111 of 1993**

The Act regulates the allocation or devolution of certain land in respect of which one or more persons claim ownership, but do not have registered title deeds in respect thereof.

### **Spatial Data Infrastructure Act, Act No. 54 of 2003**

The Act provides for the establishment of the South African Spatial Data Infrastructure, the Committee for Spatial Information and an electronic metadata catalogue; for the determination of standards and prescriptions with regard to the facilitation of the sharing of spatial information and for the capture and publishing of metadata.

### **Spatial Planning and Land Use Management Act, Act No. 16 of 2013**

The Act provides for a framework for spatial planning and land use management in the Republic.

### **Transformation of Certain Rural Areas Act, Act No. 94 of 1998**

The Act provides for the transfer of certain land to municipalities and certain other legal entities and for the removal of restrictions on the alienation of land.

### **Property Valuation Act, Act No. 17 of 2014**

The Act provides for the establishment of the Office of the Valuer-General; for 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.

### **Upgrading of Land Tenure Rights Act, 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, 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, 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.

**Land Reform (Labour Tenants) Act, 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, 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, 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, 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, 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.

**Geomatics Profession Act, Act No. 19 of 2013**

The Act makes provision for the establishment of the South African Geomatics Council; for different categories of registered persons and branches in the geomatics profession; for the identification of areas of work to be performed by the different categories of registered persons.

**Distribution and Transfer of Certain State Land Act, Act No. 119 of 1993**

The Act makes provision for the distribution and transfer of certain land belonging to the State and designated by the Minister as land to be dealt with in accordance with the provisions of the Act.

**Interim Protection of Informal Land Rights Act, Act No. 31 of 1996**

The Act makes provision for temporary protection of certain rights to and interests in land which are not otherwise adequately protected by law.

**KwaZulu-Natal Ingonyama Trust Act, Act No. 3 of 1994**

The Act makes provision for establishment of the Ingonyama Trust and for certain land to be held in trust.

## 10. Macro Organisational Structure



**Mr. GE Nkwinti (MP)**  
Minister of Rural Development & Land Reform



**Mr. M Skwatsha (MP)**  
Deputy Minister of Rural Development & Land Reform



**Ms. KC Mashego-Diamini (MP)**  
Deputy Minister of Rural Development & Land Reform



**Ms. L. Archary**  
Acting Director-General



**Mr. E Southgate**  
Deputy Director-General Corporate Support Services



**Ms. R Sadiki**  
Chief Officer Financial Services



**Dr. D Clarke**  
Acting Chief Surveyor-General National Geomatics Management Services



**Dr. N Makgalemele**  
Deputy Director-General Spatial Planning & Land Use Management



**Ms. C Knoesen**  
Chief Registrar of Deeds Deeds Registration



**Dr. M Swartz**  
Deputy Director-General



**Dr. A van Staden**  
Acting Deputy Director-General Rural Enterprise & Industrial Development



**Ms. N Ntoko-Gobodo**  
Chief Land Claims Commissioner Restitution of Land Rights



**Mr. C Heilmann**  
Acting Deputy Director-General Rural Infrastructure Development



**Mr. B Zulu**  
Acting Deputy Director-General Land Redistribution & Development



**Ms. V Nkasana**  
Acting Deputy Director-General Land Tenure & Administration

## 11. Entities Reporting to the Minister

The table below indicates the entities that report 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, 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, 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 Holdings Account	The Agricultural Land Holdings Account was established in terms of the Provision of Land and Assistance Act, Act No. 126 of 1993 Section 10(1) (a) that gives legal effect to the proactive acquisition of land, where the Minister may, from funds 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.





# PART B : PERFORMANCE INFORMATION

## 1. Auditor-General's Report: Predetermined Objectives

The Auditor-General of South Africa (AGSA) currently performs the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. 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 this report on other and regulatory requirements section of the auditor's report.

Refer to page 106 of the report for the report of the Auditor-General, published as Part E: Financial Information.

## 2. Overview of Departmental Performance

### 2.1 Service delivery environment

Since 2009, the Department Rural Development and Land Reform (DRDLR) has initiated various programmes in an attempt to change land ownership patterns in South Africa, emphasising bias towards the previously disadvantaged and the development of rural communities.

The department has committed in the MTSF to establish land administration structures and institutional mechanisms to:

- independently value state-led land acquisitions,
- normalise the land market,
- coordinate implementation of the key functions of land reform, and
- effectively adjudicate land rights disputes.

The department has further refined its internal governance structures and introduced more internal monitoring mechanisms such as, the National Back Office, Provincial Back Office, Provincial Joint Tactical Centers and the District Joint Operation Centres. The establishment of these structures will ensure improved coordination across government in the implementation of rural development.

The department has noted a challenge in the land acquisition process that relates to water rights being allocated to individuals, not to the land. When an individual sells the land, he/she leaves with the water rights. The department is having constant and close engagements with the Department of Water and Sanitation to attempt to resolve this issue so that land acquired with water rights should be transferred with such rights in order for the next occupant to continue with activities on the land acquired. Furthermore, subdivisions and changes of land use are happening at a rapid pace. Investigations need to be conducted in respect of both these issues, because they negatively impact on land reform farms. Although regulated by laws, compliance with and enforcement of such legislation needs to be strengthened.

The department has completed the development of the District Rural Development Plans (DRDPs), aimed at guiding and directing rural development and improving the lives of people living in rural areas. The DRDPs seek to integrate the country's rural areas through the promotion of socio-economic development, agrarian reform, job creation and poverty alleviation.

The District Rural Development Plans have as a primary focus:

- the needs of people that live in extreme poverty and are subjected to underdevelopment in the rural parts of South Africa.

- the impact of intensified government investment by:
  - Reviewing the current development realities;
  - Identifying critical focus areas (functional regions); and
  - Coordinating support and addressing rural development needs.

These plans should guide the enhancement of social and economic infrastructure, skills development and address basic needs such as housing, water, sanitation and electricity. These plans will be presented for adoption by District Municipal Councils in the 2017/18 financial year.

## 2.2 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	Beneficiaries	Current/actual standard of service	Desired Standard of Service	Actual Achievement
<b>Rural Enterprises and Industrial Development:</b> To facilitate the development of rural enterprises and industries	<ul style="list-style-type: none"> <li>- Rural beneficiaries</li> <li>- Government departments and agencies</li> <li>- Business sector</li> <li>- NGOs and NPOs</li> <li>- Universities and FET colleges</li> </ul>	<ul style="list-style-type: none"> <li>- 216 rural enterprises supported in rural development</li> <li>- 9 516 skills development opportunities provided to support rural development initiatives</li> <li>- 6 005 job opportunities created</li> <li>- 3 060 youth recruited through the NARYSEC programme</li> </ul>	<ul style="list-style-type: none"> <li>- 115 new agricultural enterprises supported in the 44 districts aligned to Agri-Parks</li> <li>- 10 000 skills development opportunities provided in rural development initiatives (REID: 3 000; RID: 3 612)</li> <li>- 2 540 job opportunities created</li> <li>- 2 700 youth recruited through the NARYSEC</li> </ul>	<ul style="list-style-type: none"> <li>- 192 agricultural enterprises</li> <li>- 51 non-agricultural enterprises</li> <li>- 7 993 skills development opportunities provided</li> <li>- 6 169 job opportunities created</li> </ul>
<b>Rural Infrastructure Development</b>	<ul style="list-style-type: none"> <li>- Rural communities and emerging farmers</li> </ul>	<ul style="list-style-type: none"> <li>- 589 infrastructure projects facilitated (AVMP, Socio-economic and RVCP)</li> <li>- 29 Agri-Parks infrastructure projects</li> </ul>	<ul style="list-style-type: none"> <li>- 252 infrastructure projects facilitated (AVMP, Socio-economic and RVCP)</li> <li>- 47 Agri-Parks infrastructure projects</li> </ul>	<ul style="list-style-type: none"> <li>- 269 infrastructure projects facilitated (AVMP, Socio-economic and RVCP)</li> <li>- 53 Agri-Parks infrastructure projects</li> </ul>
<b>Land Redistribution and Development:</b> To provide comprehensive farm development support to smallholder farmers and land reform beneficiaries for agrarian transformation	<ul style="list-style-type: none"> <li>- Rural communities and emerging farmers</li> </ul>	<ul style="list-style-type: none"> <li>- 414 farms supported under the Recapitalisation and Development Programme</li> <li>- 7 14 farmers trained through the Recapitalisation and Development Programme</li> </ul>	<ul style="list-style-type: none"> <li>- 351 farms supported under the Recapitalisation and Development Programme</li> <li>- 1 755 farmers trained through the Recapitalisation and Development Programme</li> </ul>	<ul style="list-style-type: none"> <li>- 363 farms supported under the Recapitalisation and Development Programme</li> <li>- 2 198 farmers trained through the Recapitalisation and Development Programme</li> <li>- 2 742 jobs created on land reform farms through the Recapitalisation and Development Programme</li> </ul>
<b>Restitution:</b> To settle restitution claims	<ul style="list-style-type: none"> <li>- Dispossessed communities</li> </ul>	<ul style="list-style-type: none"> <li>- 463 land claims settled</li> </ul>	<ul style="list-style-type: none"> <li>- 454 land claims finalised</li> <li>- 615 land claims settled</li> </ul>	<ul style="list-style-type: none"> <li>- 672 land claims finalised</li> <li>- 804 land claims settled</li> </ul>

## Bathopele arrangement with beneficiaries (Consultation access etc.)

Current/actual Arrangement	Desired arrangements	Actual Achievements
Awareness campaigns on the development of the DRDLR Service Commitment Charter	100% implementation of all campaigns in line with the service charter	<ul style="list-style-type: none"> <li>- Free State, 12</li> <li>- Gauteng, 3</li> <li>- Northern Cape, 5</li> <li>- Western Cape, 15</li> <li>- Eastern Cape, 6</li> <li>- Limpopo, 17</li> <li>- Mpumalanga, 13</li> <li>- North West, 5</li> <li>- KwaZulu-Natal, 22</li> <li>- Coordinated by National Office Communications, 30</li> <li>- CD: National Geo-Spatial Information, 19 Nationally</li> </ul> <p>Total = 147</p>

## Service delivery information tool

Current/actual information	Desired performance	Actual achievements
<p>REID</p> <p>Facilitate 1 District Agri-Park Management Council per district</p> <p>Meet with one CSI (Corporate Social Investments) per annum</p>	<p>44 District Agri-Park Management Councils (DAMCs) facilitated annually</p> <p>Four Corporate Social Investment meetings conducted per annum</p>	<p>To be achieved by 31 March 2018</p> <p>Three Corporate Social Investment meetings conducted</p>
<p>LRD</p> <p>Workshops</p> <p>Meetings</p>	<p>One workshop with beneficiaries per province conducted</p> <p>One meeting with beneficiaries per district conducted</p>	<p>One workshop with beneficiaries per province conducted</p> <p>One meeting with beneficiaries per district conducted</p>
<p>Restitution</p> <p>Meetings/Workshop with claimants</p>	<p>Two meetings/workshops held annually with 90% of claimants</p>	<p>Two meetings/workshops held annually with 60% of claimants</p>
<p>1. Client satisfaction survey</p> <p>One report for DRDLR, Chief Directorate: Human Resources and Organisational Development employees that was conducted in 2016</p>	<p>Each Branch to conduct Client Satisfaction survey for their beneficiaries, make recommendations, ensure the implementation thereof, as well as monitor and evaluate their success</p>	<p>The Service Delivery Improvement Plan (SDIP) Unit conducted the internal client satisfaction survey and made recommendations</p>

Current/actual information	Desired performance	Actual achievements
2. Outreach programmes / Exhibitions	Branches to showcase their services, products, as well as disseminate information to citizens quarterly.	Three Branches/Chief Directorate, namely, Deeds Registration, National Geospatial Information (NGI), NARYSEC conducted an exhibition during the Africa Public Service Day (June 23 <sup>rd</sup> ). This is coordinated by the SDIP Unit. The exhibition was conducted in September 2016 during the Public Service Month.
3. Suggestion boxes	100% of DRDLR offices to have suggestion boxes by 2018	Currently, a small percentage (20%) of the DRDLR offices have suggestion boxes

#### Complaints Mechanism

Current/Actual complaint mechanism	Desired complaint mechanism	Actual achievements
Nr of queries received: Presidential Hotline = 223	36 hours to refer to relevant stakeholders	Addressed = 169 Outstanding = 54
Nr of queries: Call Centre = 6 068	14 working days to resolve complaints received by the Call Centre.	Addressed = 6 062 Outstanding = 6

## 2.3 Organisational Environment

Over the last few years the organisational environment of the department has undergone a number of changes. The department believes that in order to achieve its core mandates it must have a skilled and capable workforce. The department intended to fill a number of vacant posts during the financial year 2016/2017 in order to fulfil its mandate. However, due to cost containment measures implemented by the National Treasury across all departments, internal control measures were put in place in order to ensure control of the Compensation of Employees over the MTEF period.

Furthermore, over the 2015/2016 and 2016/17 financial years, the department undertook to conduct a review of its organisational structure to determine whether the approved organisational structure was aligned with the departmental mandate and service delivery programmes. In addition to this, the department conducted both a skills audit and organisational culture survey with a view to use the results when implementing its revised organisational structure.

During 2016/17 a revised service delivery charter was endorsed by the Minister, clearly defining the roles and responsibilities of the National, Provincial and District level officials, so as to improve organisational performance and service delivery.

BRANCH	SERVICES
<b>RESTITUTION</b>	<ul style="list-style-type: none"> <li>• Purchase and register properties to be restored within 60 months after settlement;</li> <li>• Facilitate payment of financial compensation within eight months of settlement;</li> <li>• To ensure that full access provided to potential claimants to be able to lodge their claims by 31 June 2019, 14 additional lodgement offices and seven mobile lodgement offices will be established by 31 March 2018 through the roving of mobile offices and supported through an extensive communication campaign.</li> </ul>
<b>LAND REDISTRIBUTION AND DEVELOPMENT</b>	<ul style="list-style-type: none"> <li>• A farm will be evaluated within 30 days from date of request;</li> <li>• Strategically located land will acquired within three months; from land valuation to MCM concurrence;</li> <li>• Acquired land will be allocated within 20 days from the date of MCM concurrence;</li> <li>• An application to recapitalise a farm will be acknowledged within seven days from lodgement of said application;</li> <li>• An application to recapitalise a farm from lodgement of said application to MCM concurrence will be processed within three months.</li> </ul>
<b>LAND TENURE AND ADMINISTRATION</b>	<ul style="list-style-type: none"> <li>• State land surveying consents will be issued within 21 working days of application;</li> <li>• Vesting applications will be finalised within 170 working days from the date of lodgement;</li> <li>• Agricultural leases will be concluded within 60 days of land allocation being approved.</li> <li>• Promote and protect farm dweller rights by conducting assessments and appointing legal representatives at the expense of the department, within five working days in matters that cannot be resolved by mediation (one working day for urgent matters);</li> <li>• Settle labour tenant applications by transferring land, within six months from the approval of the settlement;</li> <li>• Acquire land for on-site and off-site development for farm dwellers, occupiers and labour tenants, and transfer the land within six months from the date of approval of the acquisition;</li> <li>• Register, monitor compliance, support, regularise and report to Parliament on Communal Property Association, annually.</li> </ul>

BRANCH	SERVICES
<b>SPATIAL PLANNING AND LAND USE MANAGEMENT</b>	<ul style="list-style-type: none"> <li>• Provinces and municipalities provided with updated tools and systems annually.</li> </ul>
<b>RURAL ENTERPRISE AND INDUSTRIAL DEVELOPMENT</b>	<ul style="list-style-type: none"> <li>• Respond in writing to all requests for finance and support from enterprises and industries within 30 days of receipt;</li> <li>• Arrange meetings with affected stakeholders where clarity/information is sought regarding rural enterprises and industries services within 14 days.</li> </ul>
<b>RURAL INFRASTRUCTURE DEVELOPMENT</b>	<ul style="list-style-type: none"> <li>• Respond in writing to all requests from communities and stakeholders within 30 days;</li> <li>• Professional service providers appointed within 90 days of the tender being approved.</li> </ul>
<b>DEEDS REGISTRATION</b>	<ul style="list-style-type: none"> <li>• Client will not spend more than two hours in the queue before being attended;</li> <li>• Deeds available for registration within seven working days from date of lodgement of the deeds in the Deeds Registry, if those deeds comply and are in accordance to the provisions of relevant legislation;</li> <li>• Registration of Land Reform related deeds within five working days from date of lodgement in the Deeds Registry, if those deeds and documents comply and are in accordance to the provisions of relevant legislation;</li> <li>• Registration of Reconstruction and Development Programme (RDP) related deeds within five working days from date of lodgement in the Deeds Registry, if those deeds and documents comply and are in accordance with the provisions of relevant legislation;</li> <li>• 95% of deeds and documents registered captured and verified within three days from date of registration;</li> <li>• Registration information provided within two days to walk-in clients from date of request;</li> <li>• Court reports provided within seven days from date of request;</li> <li>• Registered deeds archived within ten days from date of registration.</li> </ul>
<b>NATIONAL GEOMATICS MANAGEMENT SERVICES</b>	<ul style="list-style-type: none"> <li>• Client will not spend more than two hours in the queue before being attended;</li> <li>• Examine for approval all surveys of State land, prepared in accordance with the Land Survey Act and all applicable statutory consents within nine days;</li> <li>• Examine for approval all other surveys prepared in accordance with the Land Survey Act and all applicable statutory consents within 14 days;</li> <li>• Update the spatial database through the addition of every approved cadastral land parcel within five days;</li> <li>• Process requests for cadastral information from land surveyors and the general public within one day of request;</li> <li>• Provide cadastral advisory services within one working day of request;</li> <li>• Compile cadastral survey information, generate plans from spatial information and produce research reports within 15 days from date of request;</li> <li>• Train 60 Pupil Geomatics Officers every two years;</li> <li>• Maps and geo-spatial information provided within three working days after receipt of;</li> <li>• Aerial photography and imagery supplied within ten working days after receipt of payment;</li> <li>• Professional advisory on land claim related issues rendered within three days of requests; and</li> <li>• National Control Survey Network data dispatched within one day of request.</li> </ul>

BRANCH	SERVICES
<b>FINANCIAL MANAGEMENT SERVICES</b>	<ul style="list-style-type: none"> <li>Suppliers of goods and services to the department will be paid within 30 working days from date of receipt of a valid invoice.</li> </ul>

The above service delivery charter commitments and organisational repositioning are meant to demonstrate the pledge to take the land reform and rural development mandate of government and align it to government's rapid economic transformation model. Furthermore, the department has embarked on a re-engineering programme to ensure that correct people with rights skills are placed in the correct posts to give effect to the above mandate.

## 2.4 Key policy developments and legislative changes

SUBJECT	CONTENTS	STATUS
<b>Regulation of Agricultural Land Bill</b>	<p>The Bill provides for:</p> <ul style="list-style-type: none"> <li>the establishment of the Land Commission;</li> <li>the establishment and maintenance of a register of public and private agricultural land holdings;</li> <li>prohibition of agricultural land ownership by foreigners;</li> <li>leasing of agricultural land by foreigners;</li> <li>determination of ceilings (size or extent of agricultural land) that may be privately owned; and</li> <li>redistribution of agricultural land.</li> </ul>	<p>The bill will be processed as follows:</p> <p>Resubmit to OCSLA for final certification. DPME for final SEIAS.</p> <p>a. ESEID DG Cluster 13 October 2017; b. Cab Com 25 October 2017; c. Cabinet 1 Nov 2017.</p> <p>It is also being considered by NEDLAC.</p>
<b>Communal Land Tenure Bill</b>	<ul style="list-style-type: none"> <li>the transfer of communal land held by the State to communities;</li> <li>the conversion into ownership of land rights in communal land;</li> <li>transfer of ownership to individuals already occupying communal land; and</li> <li>the right of use by community members of land owned by the State.</li> </ul>	<p>The bill has been published for public comment for a period of 120 days from 7 July 2017 to 4 November 2017.</p> <p>The bill will be finalised in 2018.</p>
<b>Electronic Deeds Registration System Bill</b>	<p>To provide for electronic deeds registration, having regard to legislation regulating electronic communication and transactions.</p>	<p>The bill will be processed as follows:</p> <p>a. ESEID DG Cluster 13 September 2017 ; b. Cab Com 11 October 2017; c. Cabinet 18 October 2017.</p>

SUBJECT	CONTENTS	STATUS
<p><b>Deeds Registries First Amendment Bill</b></p>	<p>The Bill seeks to effect technical amendments to the Deeds Registries Act to address technical problems experienced in administering the Act.</p>	<p>Bill has been published for public comment for a period of 30 days from 15 August 2017 to 13 September 2017.</p> <p>The Bill will be processed further as follows:</p> <ul style="list-style-type: none"> <li>a. ESEID DG Cluster 1 November 2017;</li> <li>b. Cab Com 22 Nov 2017; and</li> <li>c. Cabinet 29 Nov 2017.</li> </ul>
<p><b>Sectional Titles Amendment Bill (Technical)</b></p>	<p>The bill seeks to address technical problems experienced in the administration of the Act.</p>	<p>The bill was published for public comment from 30 June 2017 to 31 July 2017.</p> <p>The Bill will be processed further as follows:</p> <ul style="list-style-type: none"> <li>a.ESEID DG Cluster 1 November 2017;</li> <li>b.Cab Com 22 Nov 2017; and</li> <li>c.Cabinet 29 Nov 2017.</li> </ul>
<p><b>Land Survey Amendment Bill</b></p>	<p>To amend the Land Survey Act, 1997, so as to align certain sections with the structure of the Department of Rural Development and Land Reform, as approved by the Minister; to provide for the appointment of certain members of the Survey Regulations Board; to regulate the survey of land in the Republic of South Africa; and to provide for matters connected therewith.</p>	<p>The Bill will be presented to:</p> <ul style="list-style-type: none"> <li>a.Cab Comm on 23 August 2017; and</li> <li>b.Cabinet on 30 August 2017.</li> </ul> <p>It will be published for a period of 30 days from 8 Sept. to 9 Oct. 2017.</p> <p>The Bill will further be handled as follows post public comments: Revised Bill to :-</p> <ul style="list-style-type: none"> <li>a.ESEID DG Cluster 1 November 2017;</li> <li>b.Cab Com 22 Nov. 2017;</li> <li>c.Cabinet 29 Nov 2017.</li> </ul>

### 3. Strategic Outcome Orientated Goals

Strategic Goal 1	Corporate governance and service excellence
Goal Statement	Foster corporate governance and service excellence through compliance with the legal framework
Strategic Goal 2	Improve land administration for integrated and sustainable growth and development
Goal Statement	Improve land administration and spatial planning for integrated sustainable growth and development with a bias towards rural areas
Strategic Goal 3	Promote equitable access to and sustainable use of land for development
Goal Statement	An inclusive and equitable land dispensation with transformed patterns of land tenure and use
Strategic Goal 4	Promote sustainable rural livelihoods
Goal Statement	Improve rural livelihoods as a result of capabilities, income and job opportunities provided
Strategic Goal 5	Improved access to services
Goal Statement	Improve access to services in rural areas through the coordination of quality infrastructure
Strategic Goal 6	Sustainable rural enterprises and industries
Goal Statement	Promote economically, socially and environmentally viable rural enterprises and industries
Strategic Goal 7	Restoration of land rights
Goal Statement	Restoration of land rights in terms of the Restitution of Land Rights Act, as amended

## 4. Performance information by Programme

### Programme 1: Administration

**Purpose:** Provide strategic leadership, management and support services to the department.

### Sub-programmes

- Ministry
- Office of the Director-General
- Corporate Support Services
- Financial Services
- Provincial Coordination

### Strategic Objectives

- Ensure 100% compliance with government regulations and legal prescripts by 2020.
- Obtain a clean regularity audit opinion on financial and non-financial performance by 2020.

Programme 1: Administration							
Performance indicator	Actual Achievement (2013/14)	Actual Achievement (2014/15)	Actual Achievement (2015/16)	Planned Target (2016/17)	Actual Achievement (2016/17)	Deviation from planned target to Actual Achievement 2016/17	Reasons for variance
% of valid invoices paid within 30 days upon receipt by Supply Chain Management	91%	92%	97%	100%	94%	-6%	The target was partially achieved due to system downtime.
Unqualified audit opinion	Unqualified audit opinion	Unqualified audit opinion	Unqualified audit opinion	Unqualified audit opinion	Unqualified audit opinion	None	None

The department under Programme 1 achieved one of two planned targets. The area of inadequate performance was on percentage of valid invoices paid within 30 days upon receipt by Supply Chain Management. Reasons that led to the inadequate performance are stated in the table above.

## Programme 2: Geospatial and Cadastral Services

**Purpose:** Provide geospatial information, cadastral surveys, deeds registration and spatial planning as well as technical services in support of sustainable land development.

### Sub-programmes

- Registration of Deeds Trading Account
- National Geomatics Management Services
- Spatial Planning and Land Use Management
- South African Council for Planners

### Strategic Objectives

- Facilitate integrated spatial planning and land use management in all provinces through the application of relevant legislation by 2020.
- Ensure an integrated and comprehensive land administration system.

Programme 2: Geospatial and Cadastral Services							
Performance indicator	Actual Achievement (2013/14)	Actual Achievement (2014/15)	Actual Achievement (2015/16)	Planned Target (2016/17)	Actual Achievement (2016/17)	Deviation from planned target to Actual Achievement 2016/17	Reasons for variance
Number of District Rural Development Plans completed	New indicator	New indicator	24	15	15	None	None
Number of deeds and documents registered	569 120	961 518	994 556	982 241	1 001 554	19 313	The target was over-achieved due to more deeds and documents registered than the anticipated target in the larger Deeds Registries, i.e. Cape Town and Pretoria due to an increase in lodgement in these offices.
% of deeds made available within 7 days from lodgement for execution	New indicator	New indicator	84%	95%	86%	-9%	The target was partially achieved due to Deeds Registries experiencing a national system downtime in December and January which affected the overall annual turnaround times. Whilst smaller offices were able to catch up; larger offices due to large volume of lodgements were negatively affected and could not recover in time.

## Programme 2: Geospatial and Cadastral Services

Performance indicator	Actual Achievement (2013/14)	Actual Achievement (2014/15)	Actual Achievement (2015/16)	Planned Target (2016/17)	Actual Achievement (2016/17)	Deviation from planned target to Actual Achievement 2016/17	Reasons for variance
Number of maps of the national map series produced/reviewed	1 790	1 800	273	199	269	+70	The target was over-achieved due to the fact that the time taken to produce a map depends on the amount of detail of the area in question. The lesser the detail, the quicker the production and thus more maps can be produced in a short space of time. The more the detail, the more time is needed to produce maps. In this instance, the target was over-achieved since most maps produced in the financial year were for less densified areas of the Eastern Cape, KwaZulu-Natal and Northern Cape provinces.
Average number of working days taken to process registerable diagrams, sectional plans and general plans	17	14	13	14	13	-1	The target was over-achieved due to well-established and experienced offices having assisted the struggling and less experienced offices when the need arises. This helped in shortening the turn around times at offices where these might have escalated if no help was given to such struggling offices.

The department under Programme 2, achieved four of its five targets. The areas of inadequate performance were on percentage of deeds made available within 7 days from lodgement for execution. The reason that led to the inadequate performance is stated in the table above.

### Programme 3: Rural Development

**Purpose:** Initiate, facilitate, coordinate and act as a catalyst for the implementation of a Comprehensive Rural Development Programme (CRDP) leading to sustainable and vibrant rural communities.

**Programme Structure:**

- Rural Infrastructure Development
- Rural Enterprise and Industrial Development
- National Rural Youth Service Corps

**Strategic Objectives:**

- Provide support to rural communities in prioritised rural districts to enable them to improve their livelihoods by 2020.
- Facilitation of infrastructure development to support rural economic transformation by 2020.
- Facilitate the development of rural enterprises and industries in areas with economic development potential and opportunities by 2020.
- Increase job opportunities and ensure skills development through CRDP and land reform initiatives by 2020.

Programme 3: Rural Development							
Performance indicator	Actual Achievement (2013/14)	Actual Achievement (2014/15)	Actual Achievement (2015/16)	Planned Target (2016/17)	Actual Achievement (2016/17)	from planned target to Actual Achievement 2016/17	Reasons for variance
Number of infrastructure projects facilitated (AVMP, Socio-economic, RVC)	7 865	362	589	252	269	+17	The target was over achieved due to the high demand for infrastructure projects in the agricultural sector as a result of the impact of the drought.
Number of Agri-Parks infrastructure projects facilitated	New indicator	New indicator	29	47	53	+6	The target was over-achieved due to the increased collaboration at district level and the pressure to fast track delivery within the Agri-Parks programme.

**Programme 3: Rural Development**

<b>Performance indicator</b>	<b>Actual Achievement (2013/14)</b>	<b>Actual Achievement (2014/15)</b>	<b>Actual Achievement (2015/16)</b>	<b>Planned Target (2016/17)</b>	<b>Actual Achievement (2016/17)</b>	<b>Deviation from planned target to Actual Achievement 2016/17</b>	<b>Reasons for variance</b>
Number of rural agricultural enterprises supported in the 44 priority districts	433 (inclusive of non-agricultural enterprises)	422 (inclusive of non-agricultural enterprises)	216 (inclusive of non-agricultural enterprises)	115	192	+77	The target was over-achieved due to additional enterprises supported because of drought relief interventions for livestock enterprises. It has been mostly in KwaZulu-Natal where more enterprises were supported in the goats value chain project than initially anticipated.
Number of rural non-agricultural enterprises supported in the 44 priority districts	New indicator	New indicator	New indicator	50	51	+1	The target was over-achieved due to an additional construction enterprise involving NARYSEC youth who were identified, trained and supported.

Programme 3: Rural Development							
Performance indicator	Actual Achievement (2013/14)	Actual Achievement (2014/15)	Actual Achievement (2015/16)	Planned Target (2016/17)	Actual Achievement (2016/17)	Deviation from planned target to Actual Achievement 2016/17	Reasons for variance
Number of skills development opportunities provided to support rural development initiatives	6 302	9 509	9 516	10 000	7 993	-2 007	The target was partially-achieved due to the majority of TVET Colleges that offer NARYSEC training not informing the relevant SETA's of training (which falls within the ambit of a specific SETA) being implemented. This resulted in delays in issuing of certificates. Another major factor in the delayed certification is the SETA internal backlog and poor processes specifically in issuing certificates.
Number of youth recruited through the NARYSEC programme	1 805 enrolled	2 822 Skilled	3 060	2 700	2 711	+11	The target was over-achieved due to additional youth recruited aligned to the Agri-Park Programme.
Number of jobs created in rural development initiatives	5 044	4 916	6 005	6 020	6 169	+149	The target was over achieved due to high demand in providing employment in rural areas.

The department under Programme 3 achieved six targets of the seven planned targets for the year. The areas of inadequate performance was under the Performance Indicator: Skills development opportunities provided. The reasons for variances are captured in the table above.

## Programme 4: Restitution

**Purpose:** Settle and finalise land restitution claims under the Restitution of Land Rights Act, (Act No. 22 of 1994).

### Strategic Objectives:

- Facilitate restoration of land rights or alternative forms of equitable redress by 2020.

### Programme Structure:

- Restitution National Offices
- Restitution Regional Offices
- Restitution Grants

Programme 4: Restitution							
Performance indicator	Actual Achievement (2013/14)	Actual Achievement (2014/15)	Actual Achievement (2015/16)	Planned Target (2016/17)	Actual Achievement (2016/17)	Deviation from planned target to Actual Achievement 2016/17	Reasons for variance
Number of land claims settled	270	428	617	615	804	+189	<p>Due to the delay in performance in Quarter 1 and Quarter 2, the Commission implemented a Recovery Plan in Quarter 3 that yielded the following results:</p> <ul style="list-style-type: none"> <li>The Limpopo office settled the Hendriksplaats Individual claims which contributed 87 claims in Quarter 3.</li> <li>The Western Cape office settled the District Six (245) owners which contributed 245 claims in Quarter 4.</li> </ul>
Number of phased projects approved	New indicator	119	82	76	75	-1	<p>Due to the delay in performance in Quarter 2, the Commission implemented a Recovery Plan in Quarter 3 which resulted in it being able to achieve 99% of the annual target.</p>

Programme 4: Restitution							
Performance indicator	Actual Achievement (2013/14)	Actual Achievement (2014/15)	Actual Achievement (2015/16)	Planned Target (2016/17)	Actual Achievement (2016/17)	Deviation from planned target to Actual Achievement 2016/17	Reasons for variance
Number of claims lodged by 1998 to be researched	New indicator	1 516	2 542	1 530	1 558	+28	The Commission implemented a Research Strategy in Quarter 3 to make up the deficits of Quarter 1 and Quarter 2 which resulted in the over performance in Quarter 3 and Quarter 4. In addition, a Research Summit was held from 25-26 January 2017 which also enhanced the overall performance.

The department under Programme 4 achieved two of three targets planned for the year under review.

## Programme 5: Land Reform

**Purpose:** Initiate sustainable Land Reform Programmes in South Africa.

### Sub-programmes

- Land Reform National Office
- Land Reform Provincial Offices
- Land Reform Grants
- KwaZulu-Natal Ingonyama Trust Board
- Communal Land Rights Programme
- Agricultural Land Holdings Account

### Strategic Objectives

- Promote equitable land redistribution and agricultural development by acquiring strategically located land by 2020.
- Provide comprehensive farm development support to smallholder farmers and land reform beneficiaries for agrarian transformation by 2019.
- Functional systems and institutional arrangements for tenure and land administration to enable agrarian reform in all provinces by 2020.

Programme 5: Land Reform							
Performance indicator	Actual Achievement (2013/14)	Actual Achievement (2014/15)	Actual Achievement (2015/16)	Planned Target (2016/17)	Actual Achievement (2016/17)	Deviation from planned target to Actual Achievement 2016/17	Reasons for variance
Number of hectares acquired	153 586	354 802	242,556ha	83,074ha	201,430h ALHA: 87,153ha HH: 7,124ha RESTITUTION: 107,149ha	+118 356ha	The target was over-achieved due to some unplanned acquisitions resulting from court orders, labour tenants and Restitution claims.
Number of hectares allocated to smallholder farmers	New indicator	New indicator	247,385ha	41,492ha	136,938ha	+95 446ha	The target was over-achieved due to the allocation being two-fold, that is new acquisitions, and farms that have been acquired and put under caretakership arrangement for the purposes of needs based allocation.
Number of hectares allocated to farm dwellers and labour tenants	New indicator	New indicator	3,910ha	8,326ha	18,275ha	+9 949	The targeted was over-achieved due to unplanned allocations resulting from court orders and labour tenants.

Programme 5: Land Reform							
Performance indicator	Actual Achievement (2013/14)	Actual Achievement (2014/15)	Actual Achievement (2015/16)	Planned Target (2016/17)	Actual Achievement (2016/17)	Deviation from planned target to Actual Achievement 2016/17	Reasons for variance
Number of Proactive Land Acquisition Strategy (PLAS) farms identified for the incubation and training of agricultural graduates	New indicator	New indicator	21	9	8	-1	The target was not achieved due to the unavailability of suitable farms to be identified for the incubation and training of the targeted group.
Number of farms on Strengthening of Relative Rights Policy (SRR)	New indicator	New indicator	11	18	10	-8	The partial-achievement was as a result of the implementation of the SRR (50/50) projects that were done by DRDLR through a partnership with National Empowerment Fund (NEF). Finalisation of the projects is dependent on the processes followed by stakeholders which resulted in delays to acquire 50/50 programme proposals (Sun Orange, Gannahoek, Marolien, Mabaleng, Jurgens Boerdery Beperk and Saamstaan).

Programme 5: Land Reform							
Performance indicator	Actual Achievement (2013/14)	Actual Achievement (2014/15)	Actual Achievement (2015/16)	Planned Target (2016/17)	Actual Achievement (2016/17)	Deviation from planned target to Actual Achievement 2016/17	Reasons for variance
Number of farms under the Recapitalisation and Development Programme (RADP)	442	217	414	351	363	+12	The over-achievement was as a result of RADP applications that were ready and were re-prioritised for the implementation in 2016/2017.
Number of farmers trained through the Recapitalisation and Development programme	1 262	440	754	1 755	2 199	+44	The over-achievement was as the result of the partnerships secured with Limpopo Provincial Dept. of Agriculture and Rural Development as well as Tompie Seleka Agricultural College, including in the Northern Cape with SEDA as well as the training that was tailor-made for farmers so that they may understand SARS compliance issues in Free State and grape harvest season and produce handling requirements in Northern Cape.

**Programme 5: Land Reform**

<b>Performance indicator</b>	<b>Actual Achievement (2013/14)</b>	<b>Actual Achievement (2014/15)</b>	<b>Actual Achievement (2015/16)</b>	<b>Planned Target (2016/17)</b>	<b>Actual Achievement (2016/17)</b>	<b>Deviation from planned target to Actual Achievement 2016/17</b>	<b>Reasons for variance</b>
Number of jobs created in land reform projects through the Recapitalisation and Development programme	2 484	1 925	2 271	1 755	2 742	+987	The target was over-achieved due to complexities that arose from the type of projects implemented that required more human capacity than what was estimated.
Number of Communal Property Associations supported to be compliant with legislation	New indicator	0	201	207	209	+2	The target was over-achieved due to strategies put in place by the provinces to ensure improved performance.
Number of labour tenants applications settled	98	0	19	145	467	+322	The target was over-achieved due to a settlement of labour tenants application in KZN through a court order.

Programme 5: Land Reform

Performance indicator	Actual Achievement (2013/14)	Actual Achievement (2014/15)	Actual Achievement (2015/16)	Planned Target (2016/17)	Actual Achievement (2016/17)	Deviation from planned target to Actual Achievement 2016/17	Reasons for variance
Number of State land parcels confirmed as vested	863	1 646	1 247	773	719	-54	<p>The target was partially-achieved due to the following:</p> <p><b>Registered properties with provincial SDFs</b> There are registered properties which have provincial SDFs on which have not yet been surveyed, therefore vesting cannot be done yet.</p> <p><b>Surveyed unregistered properties</b> Diagrams were approved by Surveyor-General (SG) and surveying was done in terms of the administrative boundaries of Traditional Authority jurisdictions. Simultaneously the provincial SDFs were surveyed as subdivisions and not farms / entities on their own. SG Offices to reframe these diagrams so that Property Management could vest the DRDLR portions.</p>

Programme 5: Land Reform							
Performance indicator	Actual Achievement (2013/14)	Actual Achievement (2014/15)	Actual Achievement (2015/16)	Planned Target (2016/17)	Actual Achievement (2016/17)	Deviation from planned target to Actual Achievement 2016/17	Reasons for variance
% Complete Immovable Register	New indicator	100%	100%	100%	100%	None	None

The department under Programme 5 achieved nine out of the planned 12 targets for the year. The areas of inadequate performances were recorded under; PLAS farms identified for the incubation and training of youth, agricultural graduates and NARYSEC participants; farms on the Strengthening of Relative Rights policy; and State land parcels confirmed as vested. The reasons for inadequate performance are stated in the table above.

### Changes to planned targets

There were no changes on planned targets in the period under review i.e. April 2016 to 31 March 2017.

### Linking performance with budgets

#### Programme expenditure

Programme	2016/17			2015/16		
	Final Appropriation	Actual Expenditure	(Over)/Under	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	1 621 877	1 607 482	14 395	1 340 960	1 336 907	4 053
Geospatial and Cadastral Services	676 947	668 582	8 365	701 279	681 843	19 436
Rural Development	1 832 279	1 814 769	17 510	1 931 669	1 921 995	9 674
Restitution	3 335 794	3 331 114	4 680	2 675 984	2 630 239	45 745
Land Reform	2 657 448	2 645 052	12 396	2 547 469	2 547 063	406
<b>Total</b>	<b>10 124 345</b>	<b>10 066 999</b>	<b>57 346</b>	<b>9 197 361</b>	<b>9 118 047</b>	<b>79 315</b>

## 5. Transfer payments

### Transfer payments to public entities

The table below reflects the transfer payments made for the period 1 April 2016 to 31 March 2017.

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
Government Technical Advisory Centre (GTAC)	Advisory services on the implementation of PPP project for construction of consolidated office accommodation for PPP	88 201	-	Approval of TAlll as per the PPP Manual.
Agricultural Research Council (ARC)	Providing expert agricultural research, skills development and technology support in terms of rural development, with specific reference to livelihood vegetable producers, skills development of agri-paraprofessionals and enterprise support and development with regard to the poultry, dairy, cotton and horticulture value chains.  CATs Phase 2 in Mvezo in the Eastern Cape.	-	62 889	Support was provided to farmers and enterprises in the cotton, dairy value chain, poultry value chain and horticulture value chain in terms of <i>inter alia</i> : mentoring, purchasing and delivering of production inputs, equipment, tractors, and implements, provision of training, and research packaging and training module finalisation.
National Agricultural Marketing Council (NAMC)	Red Meat Improvement and Biomass programmes: Assisting rural communities and smallholder livestock farmers to participate in the National Red Meat Development Programme to improve food security and quality	-	39 544	Inputs supplied for the Biomass planting programme, including fertilizer, chemicals, seeds, and support in terms of the Red Meat Improvement programme in terms of

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
	of animals at point of sale in EC, KZN, Limpopo, North West.			equipment and facilities, including feedlots and kraals as well as delivering of feed and training and practical assistance to beneficiaries including assistance in auctions
	Operationalising the Yabantu Abattoir	6 000 000		R6 m was transferred upfront to NAMC towards operationalising the Yabantu Abattoir and ongoing reports are submitted by NAMC in terms of expenditure.
National Wool Growers Association of SA	<p>Improving the profitability of wool sheep farming in the Eastern Cape, resulting in the drastic reduction of poverty within communities, improved income and job creation.</p> <p>Transfer of funds towards provisioning of animal and veld management</p>	-	11 254	Removal of 3 000 inferior rams in 308 communities and introduction of 3 000 quality rams and ongoing training and mentoring.

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
Council for Scientific and Industrial Research (CSIR)	Facilitating skills development, mentoring, technology transfer, technology support, productivity enhancement and rural industries development so as to realise jobs and wealth creation for rural people.  9 DD & ICT Centre ICT support and maintenance. Delivery of Ipads	-	39 817	Development support was provided to Donkerhoek, Temothuo, Dutywa, Diyatalawa, Kei livestock, Isivuno Industries in terms of <i>inter alia</i> delivery of agro-processing material and inputs, delivery vehicle, industry equipment such as water filters, architectural services; drawings and BOQ, development of business plans and due diligence.

#### Transfer payments to all organisations other than public entities (excluding public entities)

The table below reflects the transfer payments made for the period 1 April 2016 to 31 March 2017.

Name of transferee	Type of organisation	Purpose for which the funds were used	Did the dept. comply with s 38 (1) (j) of the PFMA	Amount transferred (R'000)	Amount spent by the entity	Reasons for the funds unspent by the entity
Department of Defence	Government department	Training of youth including provision of accommodation and meals	Y	57 381	57 381	
Co-operative Bank Development Agency	Training	Development and support of an Arts & Craft Co-operative Financial Institution (CFI)	Y	10 000	10 000	
Omnia	Financing	Support land reform beneficiaries through	Y	18 696	18 696	

Name of transferee	Type of organisation	Purpose for which the funds were used	Did the dept. comply with s 38 (1) (j) of the PFMA	Amount transferred (R'000)	Amount spent by the entity	Reasons for the funds unspent by the entity
		recapitalisation and loan funding and provide mentoring and technical support and on-site training and promote and purchase agricultural production inputs to ensure development of rural farmers through REID				
University of Zululand	Training	Cooperatives graduates programme for students doing Diploma in Management of Cooperatives	Y	2 332	2 332	
Human Sciences Research Council	Consultancy and business advisory	Post Settlement and Development Support Project (PSDSP)	Y	666	666	
Grain SA	Training, technical support and mentoring	Skills development, mentoring and technical support to rural people in the grain sector and grain value chain and support in mechanisation systems	Y	4 434	4 434	

Name of transferee	Type of organisation	Purpose for which the funds were used	Did the dept. comply with s 38 (1) (j) of the PFMA	Amount transferred (R'000)	Amount spent by the entity	Reasons for the funds unspent by the entity
United Nations Development Programme	Consultancy and business advisory	Conduct socio-economic impact assessment of Communal Land Tenure Bill and Communal Property Association Amendment Bill.	Y	1 425	1 425	
Stellenbosch University	Training	Training and development of employees	Y	38	38	

The table below reflects the transfer payments which were budgeted for in the period 1 April 2016 to 31 March 2017, but no transfer payments were made.

Name of transferee	Type of organisation	Purpose for which the funds were to be used	Amount budgeted for (R'000)	Amount transferred (R'000)	Reasons why funds were not transferred
Khula Enterprises Finance LTD	Khula Enterprises Finance LTD		1	-	

## 6. Conditional grants and earmarked funds paid

The table below details the conditional grants and earmarked funds paid during for the period 1 April 2016 to 31 March 2017.

Department/ Municipality to whom the grant has been transferred	None
Purpose of the grant	None
Expected outputs of the grant	None
Actual outputs achieved	None
Amount per amended DORA	None
Amount transferred (R'000)	None
Reasons if amount as per DORA not transferred	None
Amount spent by the department/ municipality (R'000)	None
Reasons for the funds unspent by the entity	None
Monitoring mechanism by the transferring department	None

## Conditional grants and earmarked funds received

The table below details the conditional grants and earmarked funds received during for the period 1 April 2016 to 31 March 2017.

Department which transferred the grant	None
Purpose of the grant	None
Expected outputs of the grant	None
Actual outputs achieved	None
Amount per amended DORA	None
Amount transferred (R'000)	None
Reasons if amount as per DORA not transferred	None
Amount spent by the department/ municipality (R'000)	None
Reasons for the funds unspent by the entity	None
Reasons for deviations on performance	None
Measures taken to improve performance	None
Monitoring mechanism by the transferring department	None

## 7. Donor Funds

### Donor funds received

Name of donor	Participatory Settlement and Development Support (PSDS) to land reform beneficiaries and rural citizens
Full amount of the funding	ZAR 60,500,000 (EUR 6,050,000)
Period of the commitment	01 September 2011 to 31 December 2016
Purpose of the funding	<p>Improving the quality of the service delivered to beneficiaries. This requires a better range and fit of resources and more stakeholders contributing to the process (different government institutions and spheres of government, the private sector and civil society).</p> <ul style="list-style-type: none"> <li>Improving co-ordination and integration across all levels. This will speed up delivery, include more stakeholders and resources, and improve quality.</li> <li>Improving information, learning and knowledge management. The process of improving feedback and learning – in terms of policy, procedures and products – needs to be strengthened.</li> </ul> <p>The PSDS's Joint Steering Committee of 29 October 2014 agreed that the further focus of PSDS should be in support of DRDLR's strategies towards Rural Economic Transformation, and that it will require a longer implementation window than originally foreseen.</p>
Expected outputs	<p>The support provided via the PSDS was designed to contribute to three specific result areas:</p> <ul style="list-style-type: none"> <li>Analysis of integrated rural development interventions in pilot municipalities;</li> <li>Integrated rural development interventions are better coordinated and integrated in pilot municipalities;</li> <li>Stakeholder capacities for coordinated integrated rural development interventions are improved.</li> </ul>

Actual outputs achieved	The final evaluation team found that the PSDS project was set up as an intervention that was fully aligned with the DRDLR and Outcome 7 of the Medium Term Strategic Framework (MTSF) of the South African Government.
Amount received in current period (R'000)	ZAR 26 979
Amount spent by the department (R'000)	ZAR 23 877
Reasons for the funds unspent	<ol style="list-style-type: none"> <li>1. Slow payment of invoices;</li> <li>2. High number of BAS misallocations which are only corrected in March or April;</li> <li>3. Unauthorised use of funding in KZN PSSC and duplicate payments of invoices.</li> </ol>
Monitoring mechanism by the donor	<ol style="list-style-type: none"> <li>1. Expenditure monitored by PSDS Belgium Senior Program Manager and Project Officer through means of BAS Expenditure Reports supplied by DRDLR Financial Division;</li> <li>2. Internal audit in 2013 by BTC Brussels;</li> <li>3. External audit in 2014 by Moore Stephens UK – framework agreement between BTC Brussels and Moore Stephens UK;</li> <li>4. Final evaluation in 2017 by Thomas Pijnenburg, external consultant appointed by BTC Brussels;</li> <li>5. External audit in 2017 by Moore Stephens UK – framework agreement between BTC Brussels and Moore Stephens UK.</li> </ol>

## 8. Capital investment

Capital investment, maintenance and asset management plan

Infrastructure projects	2016/2017			2015/2016		
	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	724	724	-	4 220	4 220	-
- Rehabilitation, renovations and refurbishments	1 173	1 173	-	5 217	5 199	18
- Maintenance and repairs	-	-	-	4 078	4 078	-
Infrastructure transfer						
Current	-	-	-	-	-	-
Capital	-	-	-	-	-	-
<b>Total</b>	<b>1 897</b>	<b>1 897</b>	<b>-</b>	<b>13 515</b>	<b>13 497</b>	<b>18</b>



# PART C: GOVERNANCE

## 1. Introduction

The department continued with the institutionalisation of 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 information, communication, technology and other mechanisms required to entrench good governance.

## 2. Risk Management

The department acknowledges that it does not operate in a risk free environment; therefore it is imperative for management to ensure that effective internal controls are put in place to mitigate the risks. The Risk Management function resides with the Office of the Director-General to ensure that it is properly positioned to influence the leadership and decision-making at the highest level; advise management on the materialisation of the high risks as well as to optimise opportunities presented by identified risks.

The department continued to implement Risk Management processes as per the approved Risk Management Policy and Strategy. A comprehensive risk assessment was conducted. The assessment focused on risks at strategic; operational; process and project level. The risk profile also includes corruption, business continuity, information technology 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 thus transmitted into improvement in the department's performance.

The department has established governance committees to assist the Accounting Officer in discharging the duties and responsibilities for the effective administration of the department. 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, Compliance Management Framework and the Business Continuity Policy and Framework. The committee continued to oversee the management of key enterprise-wide and compliance risks.

The Business Continuity Plans were reviewed to ensure its completeness and it should be able to guide the organisation in recovery from a significant loss or event in case of disaster.

The Audit Committee and Internal Audit respectively operated in accordance with the approved Audit Committee Charter and Internal Audit Charter. The Risk and Compliance Committee chairperson is also a member of Audit Committee. The chairperson presents the Risk Management report to the Audit Committee to appraise them on Risk Management activities and also to afford them an opportunity to advise where necessary. The activities of the Audit Committee are reported separately in the Annual Report.

## 3. Fraud and Corruption

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

The department also receives and administers formal, informal and anonymous matters from various communication mediums.

As part of implementing the Fraud Prevention Policy the department also implemented the ethics governance training programme for newly appointed officials including interns. This programme included personal and organisational values, ethical decision-making, as well as codes and policies of the department.

## 4. Minimising Conflict of Interest

The objective of Chapter 2 of the Public Service Regulations, 2016 is to identify any conflict of interests in order to promote just and fair administrative actions of officials in senior positions and to protect the public service from actions that may be detrimental to its functioning and that may constitute unlawful administrative actions as a result of 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 in section 195(1) of the Constitution.

Senior Management Service (SMS) members are obliged to disclose their financial interests, and thereby placing a responsibility on the employer (i.e. executing authority) to determine whether the employees' financial interests will not negatively impact on the execution of their duties. This was conducted through an on-line process. Of the 287 SMS's, financial disclosures targeted for submission to the Public Service Commission, 281 were submitted during the year under review of which 38 were submitted late. Six SMS members did not submit and appropriate action has been taken in this regard thus giving an overall indicative of 97.90 % compliance.

## **5. Code of Conduct**

The Code of Conduct for the Public Service is a set of rules regulating standards of conduct. It outlines what is expected of employees, 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 is important within the department, as it enhances professionalism by promoting exemplary conduct, which instils confidence in the department and contributes to efficient and effective service delivery. A training initiative on the Code of Conduct was identified as a measure of promoting and improving ethical and professional conduct and minimising non-compliance with the Code of Conduct.

## **6. Health, Safety and Environmental Issues**

The following activities were achieved during the 2016/17 financial year:

The following Occupational Health and Safety (OHS) audits and inspections were conducted in the offices of the department to determine the level of compliance. Recommendations outlining all corrective measures were forwarded to the heads of offices and Facility Management to be implemented and ensure compliance with the Occupational Health and Safety Act, Act No. 85 of 1993 and its Regulations.

PROVINCE	OFFICE/BUILDING	DATE CONDUCTED
<b>Gauteng</b>	National Office (Old Building - 4 <sup>th</sup> floor & basement)	07 April 2016
	National Office (South Block)	07 April 2016
	Pretoria Deeds (fire incident)	28 April 2016
	Capitol Towers	10 May 2016
	ICD Building	26 May 2016
	National Office (Old Building-room 432C)	22 June 2016
<b>North West</b>	Megacity Offices	14 April 2016
<b>Mpumalanga</b>	Deeds Office	7 April 2016
<b>Free State</b>	Lejweleputswa DLD Office	08 April 2016
	PSSC	30 March 2017 09 May 2016 4 August 2016
	SG Office	30 March 2016 31 June 2016 25 August 2016
	SPLUM Office	25 August 2016
	Thabo Mofutsanyane District Office	08 December 2016 30 June 2016 29 March 2017
	RLCC Office	26 May 2016 24 August 2016 31 March 2017
	Deeds Office	31 March 2017
	Fezile Dabi District Office	27 March 2017 29 June 2016
	<b>KwaZulu -Natal</b>	Ladysmith DLD Office
<b>Limpopo</b>	Sekhukhune DLD Office	12 April 2016 07 December 2016
	SPLUM Office	23 May 2016 21 November 2016 13 March 2017
	SG Office	12 July 2016 6 September 2016 14 March 2017
	PSSC Office	12 August 2016 09 February 2017 14 March 2017
	RLCC Schoeman	24 January 2017 15 March 2017
	RLCC Biccard	16 March 2017 02 October 2016
	<b>Eastern Cape</b>	King William's Town Deeds Office
Mthatha Deeds Office	24 May 2016	
SG Office	07 July 2016	
RLCC Office	29 August 2016	
Mthatha PSSC Office	23 September 2016	
PE Office	17 October 2016	
RLCC Office	03 November 2016	

PROVINCE	OFFICE/BUILDING	DATE CONDUCTED
Northern Cape	RLCC NC Office	06 April 2016
	Compound Building	18 May 2016
Western Cape	NGI (Mowbray) Office	03 June 2016
	Worcester	19 May 2016
	Beaufort West	30 June 2016
	Clanwilliam	08 September 2016
	RLCC Lodgement Centre, Mowbray	17 August 2016

Compliance audits were also conducted at these venues prior to the event:

- Gugulethu event centre on 14 October 2016
- CTICC event centre, Khoisan meeting on 30 November 2016
- Solms Delta event venue on 07 December 2016
- African Pride Agri-Park meeting in November 2016
- Phillipi event venue (Vuyiseka Sport Complex in Phillipi)

The NARYSEC facility has been assessed /monitored to determine the level of compliance where the recommendations outlining the corrective measures were forwarded to the NARYSEC coordinators to facilitate implementation.

PROVINCE	OFFICE/BUILDING	DATE CONDUCTED
Free State	Thaba Nchu College	31 May 2016

#### OHS induction for NARYSEC participants

An OHS Career Expo was conducted to the NARYSEC participants in Mpumalanga, Nkangala FET College on 28 September 2016 whereas an OHS induction was on 29 September 2016.

An OHS Career Expo was conducted at KwaZulu-Natal (Ladysmith) on 02 and 03 November 2016.

Seven RID projects were monitored to ensure compliance with the Construction Regulations 2014 and technical advice was provided to the provincial directors of Rural Infrastructure Development (RID) on the areas that must be complied with in terms of OHS Act and its Regulations.

PROVINCE	OFFICE/BUILDING	DATE CONDUCTED
KwaZulu-Natal	Windmill RID project at Melmoth	14 April 2016
Limpopo	Irrigation RID project at Vhembe District (Thohoyandou)	28 April 2016
	Bapedi and Association Construction Company	25 May 2016
Eastern Cape	No RID projects done	No RID projects done
Free State	Boshof RID project	12 June 2016
	Parys fencing project	13 June 2016
	Zanglaagte RID project	14 June 2016
North West & Northern Cape	No OHS practitioner	No OHS practitioner
Mpumalanga	No RID projects done	No RID projects done
Gauteng	No RID projects done	No RID projects done
Western Cape	Prince Albert site inspection	07 April 2016
		16 May 2016 (site meeting)
		06 June 2016 (site meeting)
	Slangrivier site meeting	25 April 2016

Thirty five health and safety assessments were conducted during the Ministerial events to ensure that health and safety standards are adhered to.

The following emergency evacuation drills were conducted (at both national and provincial level) in the following offices to ensure that employees know the procedure to follow during an emergency situation:

<b>PROVINCE</b>	<b>OFFICE/BUILDING</b>	
<b>KwaZulu-Natal</b>	Ladysmith DLDOffice	13 April 2016
	Ladysmith DLD Office	14 April 2016
	Richards Bay DLD Office	28 July 2016
	Newcastle DLD	23 March 2017
<b>Gauteng</b>	National Office; South Block	20 April 2016
	PSSC	29 June 2016
	RLCC; Bailey Street	30 November 2016
	National Office; Old Building	10 December 2016
<b>Limpopo</b>	SPLUM	18 August 2016
	SG Office	02 September 2016
	RLCC Schoeman Office	25 November 2016
	RLCC Biccard Office	16 February 2017
	PSSC Office	14 February 2017
<b>North West</b>	Rustenburg DLD Office	31 May 2016
<b>Eastern Cape</b>	Queenstown DLD Office	10 June 2016
	Mthatha District Office	26 September 2016
	King William's Town Deeds Office	14 December 2016
<b>Western Cape</b>	Stellenbosch Office	26 April 2016
	Beaufort West DLD	30 June 2016
	NGI Office (dry run exercise)	18 August 2016 28 October 2016
	PSSC Office (dry run exercise)	14 September 2016 06 October 2016
	90 Plein Street (Emergency dry run exercise)	24 February 2017
<b>Mpumalanga</b>	Ermelo DLD	16 August 2016
	Deeds Office	23 August 2016
	Piet Retief DLD Office	16 September 2016 08 December 2016
<b>Free State</b>	No drills conducted in FS	No drills conducted in FS
<b>Northern Cape</b>	No OHS Practitioner	No OHS practitioner

NOTE: There was an emergency fire drill planned at Deeds and SG in Western Cape for March 2017 but, was cancelled due to non-compliance on emergency exit doors in the building. There was a delay from Parliament Facility Office to repair the exit doors to enable DRDLR offices to proceed with the planned fire drills.

## Incidents and Injury on Duty (IOD)

PROVINCE	OFFICE/BUILDING	NATURE INCIDENT	DATE OCCURRED/
<b>Gauteng</b>	Pretoria Deeds	Lift incident – affected officials were given counselling through EHW	03 April 2016
	Old Building, South Block	Power failure – officials had to be evacuated	14 June 2016
	Johannesburg Deeds	Lift incident – Two officials sustained injuries after the ceiling boards (inside the lift) fell on them	10 May 2016
<b>Eastern Cape</b>	RLCC Office	The official slipped from a chair while seated	08 June 2016
<b>Free State (Thaba Nchu)</b>	Goldfields FET College	One person slipped and fell also sustained injury	11 October 2016
	Thaba Nchu College	Ceiling boards fell on top of computers, no one sustained injuries	January 2016

Officials that are physically challenged were evacuated through the stairs using an evac-chair.

Training of appointed first aiders and SHE representatives

LexisNexis was appointed to offer such training and the Sub-Directorate: OHS coordinated the training of 80 statutory appointees (first aiders and SHE representatives) at both National and Provincial offices.

Challenges experienced: The Sub-Directorate: OHS had to fund the venue in Limpopo and North West due to limited required number of delegates.

The following OHS Committee meetings were held (at both National and Provincial offices). Such committee meetings are platforms to discuss and make recommendations to management on occupational health and safety related matters affecting employees of the Department of Rural Development and Land Reform.

PROVINCE	OFFICE	DATE OF THE MEETING
<b>Eastern Cape</b>	Mthatha Deeds	24 May 2016
	RLCC	10 May 2016 03 November 2016
	Queenstown	02 June 2016
	King William's Town Deeds	13 April 2016
	SG	17 July 2016
	PE	17 October 2016
<b>Gauteng</b>	PSSC	15 April 2016
	ICD Building (Thabo Sehume)	05 April 2016
	Pretoria Deeds	30 May 2016
<b>Mpumalanga</b>	RLCC (Nelspruit)	04 April 2016
	SG	13 April 2016
	Deeds	20 April 2016 11 May 2016
	Witbank Offices (RLCC & Nkangala DLD)	26 April 2016
	Ehlanzeni DLD	10 May 2016
	PSSC	11 May 2016
<b>Western Cape</b>	NGI George	01 April 2016 18 April 2016 13 September 2016 12 October 2016 28 October 2016 (Team) 22 March 2017
	RLCC Office	10 April 2016
	George DLD	10 April 2016
	SG	14 April 2016 21 April 2016 18 August 2016 23 March 2017
	Worcester DLD	19 May 2016 09 September 2016 26 January 2017
	Deeds	17 May 2016 01 November 2016 23 March 2017
	Bredasdorp	15 June 2016
	Beaufort West	30 June 2016 16 February 2017
	Clanwilliam	08 September 2016
	PSSC	19 August 2016 28 September 2016 04 November 2016 02 December 2016
	Stellenbosch	27 January 2017
	George RLCC	17 February 2017
	<b>Free State</b>	Lejweleputswa DLD
PSSC		29 April 2016
SG		26 May 2016
Deeds		18 September 2016 19 September 2016 17 March 2017
SPLUM		27 July 2016 25 August 2016
Thabo Mofutsanyane		30 June 2016 29 March 2017

## OHS risk assessments conducted during the ministerial events

PROVINCE	NAME OF EVENT & VENUE	DATE CONDUCTED
<b>KwaZulu-Natal</b>	One Household, One Hectare Dairy Cow launch, Mooi River UMgungundlovu district	29 July 2016
<b>Northern Cape</b>	Land handover celebration of Vreede, Kurrees & Kranzkop families (Upington)	23 September 2016
<b>Gauteng</b>	Regulation of Agricultural Land Holdings Bill/Policy event held at Birchwood hotel in Boksburg	– 04 November 2016
	Agri-Park Implementation Strategy held at Birchwood hotel in Boksburg	– 19 November 2016
	Agri-Park workshop held at Emperors Palace	13 December 2016
	National Consultative Workshop held at Midrand Conference Centre	– 14 January 2017
	MINMEC workshop held at St. George hotel	22 February 2017
<b>Limpopo</b>	Selobatsana	21 March 2017
	Nkwa manyena	04 March 2017
<b>Eastern Cape</b>	Deputy Minister Imbizo at Mzomhle SSS, Mqanduli	April 2016
	Minister launching Mantusini Dairy Trust, Port St. Johns	22 July 2016
	Minister launching Ncorah Irrigation Hub Agri-Park Cofimvaba	02 August 2016
	Minister's event on One Household, One Hectare in Cookhouse	08 August 2016
	Deputy Minister's Imbizo at Kwamhlanga Vezukuhle Community Hall	12 November 2016
	Inkciyo launch and commemoration of World Aids Day	05 December 2016
	Minister's event on Land Claim in Fort Beaufort	16 December 2016
	<b>Mpumalanga</b>	Financial compensation handover event at Kruger National Park
<b>Free State</b>	Graduation of NARYSEC participants at Thaba Nchu College	19 June 2016
<b>Western Cape</b>	Youth Hub handover at Beaufort West	– 10 May 2016
	Bonthevil event	18 July 2016
	Phillipi event	18 July 2016
	Gugulethu Event Centre	14 October 2016
	CTICC Event Centre, Khoisan Meeting	30 November 2016 28 January 2017 (event)
	Solms Delta Event Centre	07 December 2016
	African Pride Agri-Park meeting	November 2016
	Deputy Minister's site visit in Gugulethu	20 January 2017
	Phillipi Human Rights Day	30 March 2017
	Women in Dialogue event	31 March 2017

## OHS Awareness

OHS awareness was conducted to the newly appointed security company personnel (Linda Security) at:

PROVINCE	OFFICE/BUILDING	DATE CONDCUTED
Gauteng	National Office; Old building	03 September 2016
	National Office; South Block	04 September 2016
North West	Klerksdorp Offices	10 September 2016
	Rustenburg Offices	10 September 2016
Eastern Cape	Khuselani Securities	09 September 2016

OHS awareness was also conducted to Kgolaganyo Cleaning personnel at National Office; Old Building and to the newly appointed cleaning company at Pretoria Deeds office.

Department of Labour conducted awareness on Compensation of Occupational Injuries and Disease (COID) to HR personnel responsible for administering IOD claims at both National and Limpopo offices.

A newsletter on injury on duty (IOD) was developed and published through ICM on 06 September 2016. This was done with the purpose of raising awareness and also outline procedures to be followed in a case of an IOD.

### The impact

- Protected the image of the department and prevented the NARYSEC participants from being exposed to unsafe conditions.
- Proactively prevented incidents such as food poisoning, fire incidents or collapsing of temporary structures during departmental events.
- Increase the cooperation of working together to fulfil the mandate of the department and promote good governance provide technical advice to the NARYSEC unit.
- Raised awareness and outlined the role of OHS in the RID projects to RID Branch through the development of draft OHS specification for RID projects.
- Enforced change management through 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 procedures that must be followed in case of emergency situation(s).
- Raised awareness through OHS inductions on the Animal and Veld Management Projects (AVMP).

## 7. Portfolio Committees

Ref No.	Date of Meeting	Committee	Agenda and responsible Branch	Information requested	Responsible Person	Status
38	29/03/2017	PortCom	Communal Property Associations Bill: LTA	None for DRDLR	N/A	N/A
37	28/03/2017	PortCom RDLR	Q 2 and 3 Performance Reports DRDLR/CLCC/ITB	Detailed report on the and Rights anagement acility(LRMF). [What LRMF is accounting for in the budget of the department.] Detailed report on PLAS farms identified for the incubation and training of youth	LTA LRD	<b>Outstanding</b>  Draft received 03/04/17. To be processed A-DG
32	01/03/2017	PortCom on Water and Sanitation	Briefing on drought interventions and strategies as well as the dispersal of drought relief to farmers	Breakdown of beneficiaries per province assisted by the DRDLR iro drought interventions; and report on drought funding on actual spending per department.	RID	Re-submitted to DG's office on 5 August 2017
31	22/02/2017	Portcom RDLR	Further deliberations ESTA	DRDLR legislative drafters, State Law Advisors and Parliamentary advisors to carry out further research on identified issues to circulate report before the meeting	CD: Legal Services	Done
21	26/10/2016	PortCom RDLR	Rural Development and Land Reform Budget Review and Recommendations Report; Proposed study tour	See tabled report and recommendations	CFO	Completed
20	19/10/2016	PortCom RDLR	Department of Rural Development and Land Reform on its 2015/16 Annual Report with FFC input; Committee BRRR	Detailed report on NARYSEC project;  Detailed report RADP and the list of farms that are at exit phase of the programme.  How the accruals impacted on the current budget and the information on over achieved targets should also be provided to the Committee	RID  LRD  CFO	Submitted to the Committee

Ref. No.	Date of Meeting	Committee	Agenda and responsible Branch	Information requested	Responsible Person	Status
19	13/10/2016	PortCom RDLR	Ingonyama Trust Board on 2015/16 Annual Report	None for DRDLR	ITB: CEO	Submitted to Committee
18	12/10/2016	PortCom RDLR	Department of Rural Development and Land Reform & Commission on Restitution of Land Rights on their 2015/16 Annual Reports with Auditor General input	Roadmap on the Autonomy of the Commission (costing and timelines).	CLCC	Submitted to the Committee
17	14-22 Sept 2016	PortCom RDLR	Public Hearings on the Extension of Security of Tenure Bill in KwaZulu Natal, Limpopo, North West and Gauteng	The DRDLR must within 30 days provide a detailed report to the Portfolio Committee outlining its intervention in all matters raised.	LTA	Submitted to the Committee
16	07/09/2016	PortCom RDLR	Communal Property Associations performance; Constitutional Court judgement: implications for Commission on Restitution of Land Rights; with Deputy Minister.	DG to nominate Senior Management officials at the level of DDGs and CDs to accompany the Committee during the ESTA provincial public hearings so that they can answer questions and clarify some of the issues raised on the spot.  Detailed written report of CPAs that do not own land and detailed report of untraceable CPAs per province [A-DDG: LTA]  Written report on figures; old order claims and monetary value of the resources to be shifted [CLCC]	DG  A-DDG LTA  CLCC	Done  Submitted to the Committee  Submitted to the Committee

Ref. No.	Date of Meeting	Committee	Agenda and responsible Branch	Information requested	Responsible Person	Status
15	31/08/2016	PortCom RDLR	Restitution of Land Rights Amendment Act: Constitutional Court judgement; Ingonyama Trust Board on 4 Quarter 2015/16 performance, with both Deputy Ministers	Entities Quarter 4 Performance Reports and Restitution of Land Rights Amendment Act	CLCC	Presented to the Committee
14	24/08/2016	PortCom DRDLR	Department Rural Development and Land Reform on its 4 Quarter 2015/16 performance, with Minister	ITB to submit the outstanding policy documents on education awards, training of traditional councils and detailed audit report on state land or land administered by ITB, asset register, organogram, a breakdown of agricultural expenses and payment to beneficiaries; and the filling of strategic vacancies should be prioritised by the ITB	ITB CEO	Submitted to the Committee
11	07/04/2016	PortCom RDLR	Department of Rural Development and Land Reform on 2016/17	DRDLR to submit SRR and 1HH1H and 1H2 DC. Report on the work of the Office of the Valuer- General Progress report on the Exceptional Policy	LRD  Valuer-General	Frameworks submitted to the Committee
10	06/04/2016	PortCom RDLR	Ingonyama Trust Board & CRLR on their 2016 Strategic Plans; Analysis of department's performance: briefing by DPME & AGSA, with Deputy Speaker & Deputy Minister	Costed Operational/ Implementation plan of the Commission	CLCC	Submitted to the Committee
	05/04/2016	PortCom RDLR	HSRC and Treasury inputs on DRDLR's expenditure outcomes for 2009/10-2014/15	None for DRDLR	Not applicable	Not applicable

## 8.Scopa Resolutions

The department did not appear to the SCOPA during the financial year 2016 and 2017.

## 9. Prior modification to audit reports

Nature of qualification, disclaimer, adverse opinion and matters of non-compliance	Financial year in which it first arose	Progress made in clearing/resolving the matters
Compliance: Irregular, Fruitless and Wasteful expenditure incurred in the current financial year	2014/2015	Cases are reported to FCC and will be investigated.
Payment made after 30 days of receipt of invoice.	2016/2017	Management will strengthen controls in order to prevent such non-compliance.
Non Compliance with the Public Service Act and Public Service Regulations, Personnel continue services after retirement age (Irregular expenditure incurred).	2016/2017	The transaction was included in the Irregular expenditure schedule.
Non-compliance with Modified Cash Standard – Contingent Liabilities	2015/2016	The disclosure in the AFS was amended accordingly.

## 10. Internal control unit

Internal controls refer to the policies, practices and systems that the department has put in place to provide reasonable assurance that the organisation will achieve its objectives, prevent fraud and corruption from occurring, protect resources from waste, loss, theft or misuse, and to ensure that resources are used efficiently and effectively.

Internal controls were implemented in specific operational areas within the department such as Supply Chain Management and Financial Management.

The Internal Control sub-directorate of the department is responsible to ensure the design, implementation and monitoring of the system of internal controls.

Such controls include:

- Preventative controls to reduce the probability that something will go wrong and reduce its impact should the risk materialise;
- Corrective controls to correct errors when they occur, and
- Detective controls to find errors after they have occurred.

The effective functioning of the system of internal controls in the department is determined by its architecture, which amongst others includes:

- Management controls to ensure that the department's structure and systems support its policies and plans, and that the department operates within the statutory and regulatory environment;
- Administrative controls to ensure that policies and objectives are implemented in an efficient and effective manner;
- Analysis of financial management environment to identify potential risk areas and deviations from financial controls;
- Accounting controls to ensure that resources are properly accounted for; and
- Review of samples of financial transactions processed for accuracy and completeness, and the accurate interpretation of policy directives.

In 2016/17 the activities of the Internal Control sub-directorates were as follows:

- Verification of payments before and after processing in order to ensure the validity and accuracy thereof.
- Internal control awareness campaigns in all the provinces.
- Identification of internal control weaknesses and provision of recommendations to improve those recommendations through pre-checking of all BAS payments.
- Monitoring of the implementation of internal

and external audit recommendations as well as those of the MPAT.

- Roll-out of all approved financial management policies.
- Issued Internal Control Plan for the department.

## 11. Internal Audit and Audit Committees

The audit committee plays an important role in ensuring that an entity functions according to good governance, accounting and audit standards. It also monitors the adoption of appropriate risks management arrangements.

### Internal Audit

The primary objective of the Chief Directorate: Internal Audit (CD: IA) is to provide an independent, objective assurance and consulting service in terms of an integrated audit approach and to provide advice and information to management and the Audit Committee (AC) in a cost-effective manner. The CD: IA will help the DRDLR accomplish its objectives by providing a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. Internal Audit assignments are conducted so as to promote and independently examine and evaluate the adequacy and effectiveness of the internal control systems to ensure:

- That the actions of staff members of the DRDLR are in compliance with the DRDLR's policies, standards, plans and procedures and all relevant legislation;
- The safeguarding and control of assets and resources of the DRDLR;
- The economical use of resources and the effective and efficient performance of the functions of the DRDLR;
- Reliable and timely data and information;
- That the DRDLR's plans, programs, goals and objectives are achieved; and
- That quality business processes and continuous improvement are fostered in the DRDLR's control processes.

During the period, 20 audits were conducted on the financial processes relating to the department, Deeds Trading Account and the Agricultural Land Holdings Account; as well as business processes relating to Rural Development, Land Reform, Performance Information, Corporate Governance, Risk Management; Information and Communication Technology, Supply Chain Management and Organisational Development in the department's National Office and Provinces. The CD: IA conducted these audits through the different audit types and combinations thereof,

these being:

- Financial audits;
- Performance audits;
- Operations and compliance audits; and
- Information technology audits.

### The Audit Committee (AC)

The primary function of the AC is to assist senior management in fulfilling its fiduciary duties relating to the safeguarding of assets, the operation of adequate internal control systems and processes, and the preparation of accurate financial reporting and statements, by reviewing:

- The DRDLR's systems of internal controls regarding finance, accounting, legal compliance, ethics and reporting against predetermined objectives that senior management has established;
- The financial reports, and other financial information, in compliance with all applicable legal requirements and accounting standards;
- The reporting against predetermined objectives, in compliance with National Treasury prescripts;
- The DRDLR's auditing (internal audit function and external audit function performed by the AGSA), accounting and financial reporting processes generally; and
- The DRDLR's risk management, combined assurance and information technology processes.

### Attendance of Audit Committee Meetings by Audit Committee member

Name	Qualifications	Internal or External Member	If Internal, Position in the department	Date Appointed	Date Resigned	Number of Meetings Attended
Nomusa Zethu Qunta	Doctor of Philosophy (PhD), Master of Business Administration (MBA), Master of Commerce Degree	External	N/A	1 February 2015	N/A	6
Hangalakani Gerson Hlomane	Masters in IT, BSc degree in Mathematical Sciences, Diploma in Project Management, Diploma in Business Management	External	N/A	1 February 2015	N/A	6
Nala Anthony Mhlongo	Chartered Accountant (CA), Chartered Global Management Accountant (CGMA), Chartered Management Accountant (CMA), B.Com Honours	External	N/A	1 February 2015	N/A	4

## 12. Audit Committee Report

The Department of Rural Development and Land Reform (DRDLR) Audit Committee is pleased to present its report for the financial year ended 31 March 2017. This report includes the Deeds Registration Trading Account and the Agricultural Land Holdings Account.

This report is presented in accordance with the requirements of the Public Finance Management Act, Act No. 1 of 1999 (PFMA), as amended. The recommendations of the King Report on Governance (King III) have also been taken into consideration.

### Audit Committee members and attendance

During the year under review the Audit Committee consisted of three members and had six meetings as indicated in the table hereunder. The Audit Committee is considered to possess the correct mix of experience, qualifications and skills to carry out its responsibilities.

Name of member	Number of meetings attended
Dr N Z Qunta (Chairperson)	6
Mr A N Mhlongo (Member)	4
Mr H G Hlomane (Member)	6

The Audit Committee reports that it complied with its responsibilities arising from section 38 (1) (a) of the Public Finance Management Act, Act No.1 of 1999, as amended and Treasury Regulation 3.1. The Audit Committee also reports that it had adopted an appropriate formal terms of reference as contained in its Charter, conducted its affairs in compliance with the Charter and has discharged its responsibilities as contained therein.

### Duties and responsibilities

The Audit Committee was responsible for the following duties:

- The efficiency and effectiveness of the system of internal control applied by the DRDLR;
- Risk Management and its effectiveness, efficiency and transparency and King III;
- The effectiveness of the Internal Audit function;
- The adequacy, reliability and accuracy of the financial information provided by management to various stakeholders;
- The DRDLR compliance with legal and regulatory provisions;
- Any accounting and audit concerns identified as a result of Internal and External Audits performed;
- The activities of the Internal Audit function, including its annual work program, coordination with the Auditor-General (AGSA), the reports of significant recommendations and the response of management to those recommendations;
- The scope and results of the External Audit function, its cost effectiveness as well as the independence and objectivity of the AGSA;
- Reporting to the Executive Authority and the

AGSA where a report implicates the Accounting Officer in fraud, corruption or gross negligence;

- Communicating any concerns it deemed necessary to the Executive Authority, AGSA and Internal Audit function;
- Approving the Audit Committee Charter, Internal Audit Charter, Policy and Plan; and
- Reviewing the Annual Financial Statements prior to and after the annual audit.

### The effectiveness of internal control

In line with the PFMA requirements and the Audit Committee mandate to provide oversight on the department, the efficiency and effectiveness of the systems of Internal Control and Risk Management was considered.

The Audit Committee is satisfied that the Internal Audit function is operating effectively, and that it has taken into consideration the risks pertinent to the DRDLR in its audits. Internal Audit has made significant progress with audits conducted in terms of its strategic three-year rolling internal audit plan.

The system of internal control was not entirely effective for the year under review. Deficiencies were detected and reported through internal audits performed on the system of internal control. Management continued to address control weaknesses reported by the Internal Audit function.

The following were areas of concern during

the financial year:

- Shortcomings in certain areas of governance;
- Information technology access, application system controls, security, back-up and disaster recovery processes and information technology projects were not always managed effectively;
- Records management practices to ensure the preservation of all the records and databases of the DRDLR and its institutional memory were not always effective;
- Inadequate policies and procedures, project management as well as quality assurance functions pertinent to some of the DRDLR's service delivery mandates and programmes to ensure statutory alignment, compliance and achievement of targets;
- Internal controls in terms of the accounting and reporting processes were not always effective;
- The controls to ensure timely collection of outstanding receivables were not always effective;
- The controls to ensure the effective management of assets and facilities were always effective;
- The controls to manage contractual service provider delivery and ensure quality products prior to payment of invoices were not always effective;
- Absence of an enterprise architecture function and framework;
- The Human Resource Management controls to ensure effective and compliant performance, business process and organisational design and establishment management were inadequate and ineffective in some instances; and
- The controls to prevent or detect fraud were inadequate and ineffective in some instances.

### **In-Year Management and Monthly/Quarterly Report**

The Audit Committee notes the progress made in respect of the achievement of planned targets and the significant improvement in the integrity of performance information reported.

### **Evaluation of Financial Statements**

The Audit Committee has:

- Reviewed and discussed the Annual Financial Statements and Annual Performance Report to be included in the annual report, with the AGSA, the Accounting Officer and management;
- Reviewed the AGSA's interim and final management reports, audit reports and management's response thereto;
- Reviewed possible changes in accounting policies and practices; and
- Reviewed significant adjustments resulting

from the audit.

The Audit Committee expresses its concern in respect of the following areas of deficiency as reflected in the AGSA audit reports:

- Department of Rural Development and Land Reform
- Material corrections to the Annual Financial Statements.
- Money owed by the department was not settled within 30 days.
- Effective steps were not taken to prevent irregular expenditure.

The Audit Committee notes the clean audit outcomes in respect of the Agricultural Land Holdings Account and Deeds Registration Trading Account.

The Audit Committee concurs with and accepts the AGSA's audit reports for the Department of Rural Development and Land Reform, the Deeds Registration Trading Account and the Agricultural Land Holdings 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.



Dr. N.Z. Qunta  
Chairperson of the Audit Committee  
Department of Rural Development and Land Reform, Deeds Registration Trading Account and Agricultural Land Holdings Account  
Date: 31 July 2017

A large, yellow and green pineapple-shaped building is the central focus. It has a textured surface with diamond-shaped patterns. In the foreground, there is a white wooden fence and a dirt path. A tree with bare branches and some red flowers is visible in the upper part of the image. The sky is clear and blue. The text 'PART D: HUMAN RESOURCE MANAGEMENT' is overlaid in the center in a green, outlined font.

# PART D: HUMAN RESOURCE MANAGEMENT

# Human Resource (HR) Management

## Legislation that govern HR Management

The department has to adhere and uphold all statutory legislation that governs human resource management. Since 1994, the employment laws are underpinned by the principles of a non-sexist, non-racial and equality based democratic society. The information provided in this part is prescribed by the Public Service Regulations (Chapter 3, Regulation 31).

## Introduction

Human Resource Management is a function in the department implemented to maximise employee performance in service of the department's strategic objectives. The Chief Directorate: Human Resources and Organisational Development's primary concern is the management of employees in the department and focuses on policies and systems to do so. 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 achievements, challenges and future human resource strategies.

### (a) Overview of HR 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;
- Managed employee performance management system;
- 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;
- Facilitated code of conduct, labour relations' guidelines and practices;
- Facilitated labour relations services;
- Managed employee grievances;
- Managed labour disputes;
- Managed collective bargaining;
- Managed the implementation of the Skills Development Act and internship/

- learnerships programmes;
- Coordinated and facilitated the training and development of employees;
- Managed bursaries; and
- Provided organisational development services.

### (b) Set HR 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 HR challenges experienced in the previous financial years.

### (c) 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 HR Plan of the department is in place and updated annually and implemented to address the current and future human resource needs of the department. The plan also guides HR Strategies in the areas of recruitment, performance management, training and development and employee wellness. The successful implementation of the HR Plan will contribute towards servicing the gap between current and future HR needs of the department and will also address the HR requirements for the execution of the diverse functions of the department.

### (d) Employee performance management framework

The Employee Performance Management System for salary levels 1 – 12 and Performance Management and Development System for Members of the Senior Management Service (SMS) provide a standardised framework for managing employee performance in the department. Managing employee performance and aligning their objectives facilitates the effective delivery of strategic and operational goals of the department. Performance management is determined by three main levels of performance management namely at:

- Organisational level, top management determines the strategic priorities and overall key result areas of the department,

while objectives are identified for the priorities and assigned to components within the department;

- Component level, components undertake the execution of projects and activities that lead to the achievement of the integrated business plans;
- Employee level, each employee develops a performance agreement jointly with his/her supervisor.

#### **(e) Employee wellness programmes**

Employee Health and Wellness is based on the premise that "People who are well, work well". In this context, Employee Health and Wellness entails the strategies, action plans and methods used to promote physical, emotional and mental health of employees. The common focus of these functional disciplines is embedded in the mitigation of business, human and social risks that can and may influence the employee and departmental performance. The activities of the employee wellness programmes provide for the following:

#### **Psychosocial counseling services**

Psychosocial support addresses the ongoing psychological and social problems of individuals, their partners, families and caregivers;

- Direct and confidential access to a 24-hour personal support service;
- Individual and/ group face-to-face counseling sessions shall be 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 policies and PILIR.

#### **Life Skills, Health and Wellness Promotion**

The department provides content and learning experiences in nutrition, disease prevention, human growth and development, healthy life skills, personal health and safety, community health and promotion, decision-making skills, interpersonal communication skills, and information regarding the use and abuse of medications, alcohol, tobacco, and other drugs. Life skills, health and wellness programmes and interventions are provided to employees as and when a need arise.

#### **(f) Policy development**

Human Resource policies and procedures are essential management support tools for the successful functioning and management of human resources in this department and serve several

important functions:

- Communicate values and expectations for how things are done in the department;
- Keep the department in compliance with legislation;
- Document and implement best practices appropriate to the department;
- Support consistent treatment of employees, fairness and transparency;
- Help management to make decisions that are consistent, uniform and predictable.

The department implemented the HR Policies approved by the Director General. It continues reviewing these policies to ensure alignment with the developments in the legislative framework.

#### **(g) Highlight of achievements**

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

- Successfully implemented the e-Recruitment System, an effective end to end online HR recruitment solution that facilitates the management of information and the recruitment process. The system facilitates all functions that are provided by components and also promote transparency within the Business Unit from the start of the process to the end.
- Delegations for the Public Service Act, 1994 and the new Public Service Regulations, 2016 issued during August 2016, were signed and implemented during October 2016.
- 2% legislative set target for people with disabilities (PWD) achieved. The department is currently at 2.13%.
- Assessment on reasonable accommodation for PWD successfully conducted for the purpose of purchasing assistive devices for them.
- A compliance percentage of 97% (Levels 1-12) and 92% (SMS members) were reached for the signing of performance agreements.
- 155 Directors and 73 Chief Directors backlog of annual performance assessments for the 2014/2015 and 2015/2016 finalised.
- The Minister endorsed the macro structure clearly defining the roles and responsibilities at strategic level, tactical level and operational level of the organisation that will avoid confusion and duplication and therefore improve service delivery.
- This has led the department to undertake the project for the development of the proposed micro level structure in the last part of 2016/2017 financial year. This project will clearly define the micro structure with regard to the functional responsibilities; the jobs required with the development of the job

descriptions and the job evaluation of the jobs and the matching of skills and placement of the employees.

- A successful awareness campaign on the approval of the DRDLR Service Charter was conducted in seven provinces (including district offices).
- The Service Delivery Improvement Plan 2015-2018 was reviewed against the Annual Performance Plan 2016-2017.
- The Service Delivery Forum was resuscitated – the workshop was conducted for the DRDLR Provincial Coordinators.
- Public Service Month celebrations – National Office, (Deeds Registration, Surveyor General, NGI, NARYSEC) in partnership with Communication Services conducted an exhibition, outside the DRDLR buildings. The aim was to showcase the services that are rendered by the department.

#### (h) Challenges faced by the department

Efforts to align the strategies for the implementation of the mandate of the department necessitated the review of the organisational structure. This impacted on the management of the vacancy rate. It also delayed the implementation of service delivery programmes.

#### (i) Future HR plans/goals

These HR plans/goals have been identified and addressed in the HR Plan. The following are the key recommendations emanating from the Action Plan:

- **Manage and review structure** – The structure will be reviewed to create the necessary capacity for delivery. Further amendments and changes to the structure of branches will form part of this.
- **Maintenance of job descriptions** - The Directorate: OD will develop a job description for each job and should continue to maintain them.
- **Determine priority posts to be filled** – Following approval of the amended structure, priority posts should be identified, funded and filled. Costing for these posts also needs to be in place.
- **Reduce vacancy rate** - Develop and implement recruitment plans by Line Managers for each branch including headhunting and retention of People with Disabilities.
- **Monitor the compliance & adherence to the EE Plan** – Develop a diversity management programme and monitor compliance of all components with the EE targets. Recruit

people with disabilities in all components.

- **Develop critical skills** - The department has developed an HRD Strategy that is in line with NSDS III and scarce skills appointed and managed and relevant, appropriate and priority skills and competencies. The department must develop a Framework for skills development for the SMS members and it should be implemented and managed as approved.
- **Signing/submission of performance agreements & assessments** – Plan to be implemented to adhere to the timeframes regarding the signing/submission of PA's and assessments.
- **Alignment of HR Policies** – Develop, align and implement HR Policies.
- **Employee Health & Wellness** – Ensure effective implementation of EHWP services and senior/middle managers trained in EHWP services.
- **Improvement of labour relations management in the department** – Ensure effective management of discipline by senior/middle managers in the workplace.

### 3. Human Resources Oversight Statistics

#### 3.1 Personnel related expenditure

The following tables summarise the final audited personnel related 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.

**Table 3.1.1 – Personnel Expenditure by Programme**

Programme	Total Expenditure (R'000)	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Professional and Special Services (R'000)	Personnel Expenditure as a % of Total Expenditure	Average Personnel Cost per Employee (R'000)
Administration	86 590 078	72 343	12 411	1 836	0.08	46.167
Geospatial and Cadastral Services	351 025	351 025	0	0	0.40	332.096
Rural Development	195 095	195 095	0	0	0.22	514.763
Restitution	272 666	272 666	0	0	0.31	370.974
Land Reform	240 630	240 630	0	0	0.27	390.000
Deeds Registration	711 644	453 191	1 929	22 804	0.51	387.012
<b>Total</b>	<b>88 361 138</b>	<b>1 584 950</b>	<b>14 340</b>	<b>24 640</b>	<b>1.79</b>	<b>286.817</b>

**Table 3.1.2 - Personnel Costs by Salary Band**

Salary bands	Personnel Expenditure (R'000)	% of total Personnel Cost	Number of Employees	Average Personnel Cost per Employee (R'000)
Lower skilled (Levels 1-2)	0	-	0	0
Skilled (Levels 3-5)	108 882	6.87	833	130.711
Highly skilled production (Levels 6-8)	612 469	38.64	2 581	237.299
Highly skilled supervision (Levels 9-12)	743 477	46.91	1 826	407.162
SMS (Levels 13-16)	120 122	7.58	286	420.007
<b>Total</b>	<b>1 584 950</b>	<b>100.00</b>	<b>5 526</b>	<b>286.817</b>

**Table 3.1.3 - Salaries, Overtime, Housing Allowance and Medical Assistance by Programme**

Programme	Salaries		Overtime		Housing Allowance		Medical Assistance	
	Amount (R'000)	%	Amount (R'000)	%	Amount (R'000)	%	Amount (R'000)	%
Administration	569 779	89.39	19 233	3.02	18 894	2.96	29 494	4.63
Geospatial and Cadastral Services	369 888	93.17	89	0.02	11 219	2.83	15 800	3.98
Rural Development	203 667	94.58	828	0.38	4 368	2.03	6 473	3.01
Restitution	245 776	90.97	972	0.36	9 137	3.38	14 279	5.29
Land Reform	233 172	91.89	613	0.24	7 345	2.89	12 628	4.98
Deeds Registration	336 952	89.17	2 195	0.58	16 435	4.35	22 313	5.90
<b>Total</b>	<b>1 959 234</b>	<b>91.06</b>	<b>23 930</b>	<b>1.11</b>	<b>67 398</b>	<b>3.13</b>	<b>100 987</b>	<b>4.69</b>

**Table 3.1.4 - Salaries, Overtime, Housing Allowance and Medical Assistance by Salary Bands**

Salary Bands	Salaries		Overtime		Housing Allowance		Medical Assistance	
	Amount (R'000)	%	Amount (R'000)	%	Amount (R'000)	%	Amount (R'000)	%
Lower skilled (Levels 1-2)	0	0.00	0	0.00	0	0.00	0	0.00
Skilled (Levels 3-5)	96 484	4.92	2 369	9.90	5 788	8.59	8 332	8.25
Highly skilled production (Levels 6-8)	709 587	36.22	14 936	62.42	37 537	55.69	60 208	59.62
Highly skilled supervision (Levels 9-12)	844 841	43.12	6 625	27.68	19 119	28.37	29 184	28.90
SMS (Levels 13-16)	308 322	15.74	0	0.00	4 954	7.35	3 263	3.23
<b>Total</b>	<b>1 959 234</b>	<b>100.00</b>	<b>23 930</b>	<b>100.00</b>	<b>67 398</b>	<b>100.00</b>	<b>100 987</b>	<b>100.00</b>

### 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 additional to the establishment. This information is presented in terms of three key variables: - Programme (Table 3.2.1) and Salary Band (Table 3.2.2). Table 3.2.3 provides establishment and vacancy information for the key critical occupations of the department.

**Table 3.2.1- Employment and Vacancies by Programme**

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administration	1 597	1 567	1.88	45
Geospatial and Cadastral Services	1 068	1 057	1.03	286
Rural Development	390	379	2.82	18
Restitution	743	735	1.08	6
Land Reform	632	617	2.37	8
Deeds Registration	1 309	1 171	10.54	9
<b>Total</b>	<b>5 739</b>	<b>5 526</b>	<b>3.71</b>	<b>372</b>

**Table 3.2.2 - Employment and Vacancies by Salary Band**

Salary Band	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Lower skilled (Levels 1-2)	0	0	0.00	0
Skilled (Levels 3-5)	856	833	2.69	89
Highly skilled production (Levels 6-8)	2 658	2 581	2.90	188
Highly skilled supervision (Levels 9-12)	1 896	1 826	3.69	90
SMS (Levels 13-16)	329	286	13.07	5
<b>Total</b>	<b>5 739</b>	<b>5 526</b>	<b>3.71</b>	<b>372</b>

**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 employees additional to the establishment
Agriculture Related	8	8	0.00	0
Architects, Town and Regional Planners	34	34	0.00	2
Cartographers and Surveyors	392	392	0.00	173
Cartographic Surveying and Related Technicians	77	77	0.00	5
Community Development Workers	124	124	0.00	4
Engineers and related Professionals	11	11	0.00	7
Other	5 093	4 880	4.18	181
<b>Total</b>	<b>5 739</b>	<b>5 526</b>	<b>3.71</b>	<b>372</b>

### 3.3 Filling of SMS Posts

The tables in this section provide information on employment and vacancies as it relates to members of the Senior Management Service (SMS) by salary level. It also provides information on advertising and filling of SMS posts, reasons for not complying with prescribed time frames and disciplinary steps taken.

**Table 3.3.1 – SMS post information as on 31 March 2017**

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director General/ Head of department	1	1	100.00	0	0.00
Salary Level 16	1	1	100.00	0	0.00
Salary Level 15	11	9	81.82	2	18.18
Salary Level 14	88	77	87.50	11	12.50
Salary Level 13	228	198	86.84	30	13.16
<b>Total</b>	<b>329</b>	<b>286</b>	<b>86.93</b>	<b>43</b>	<b>13.07</b>

**Table 3.3.2 – SMS post information as on 30 September 2016**

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director General/ Head of department	1	1	100.00	0	0.00
Salary Level 16	1	1	100.00	0	0.00
Salary Level 15	11	9	81.82	2	18.18
Salary Level 14	88	75	87.50	13	12.50
Salary Level 13	228	193	86.84	35	13.16
<b>Total</b>	<b>329</b>	<b>279</b>	<b>84.80</b>	<b>50</b>	<b>15.20</b>

**Table 3.3.3 – Advertising and filling of SMS posts**

SMS Level	Advertising	Filling of posts	
	Number of vacancies per level advertised in 6 months of becoming vacant	Number of vacancies per level filling in 6 months of becoming vacant	Number of vacancies per level not filled in 6 months but filled in 12 months
Director General/Head of department	0	0	0
Salary Level 16	0	0	0
Salary Level 15	2	0	0
Salary Level 14	9	0	1
Salary Level 13	27	1	4
<b>Total</b>	<b>38</b>	<b>1</b>	<b>5</b>

**Table 3.3.4 – Reasons for not having complied with the filling of funded vacant SMS – Advertised within 6 months and filled within 12 months after coming vacant**

Reasons for vacancies not advertised within six months
Vacancies not advertised within 6 months were not funded.

Reasons for vacancies not filled within twelve months
Change in job requirements
Unavailability of some of the panel members
Re-advertisement of positions due to not finding suitable candidates

**Table 3.3.5 – Disciplinary steps taken for not complying with the prescribed timeframes for filling SMS posts within 12 months**

In terms of the Public Service Regulations (2016), the department must indicate good cause or reason for not having complied with the filling of SMS posts within the prescribed timeframes. In event of non-compliance, the relevant Executive Authority or head of the department take appropriate disciplinary steps in terms of Section 16A(1) or (2) of the Public Service Act.

#### Reasons for vacancies not advertised within six months

No disciplinary steps were taken.

#### Reasons for vacancies not filled within twelve months

No disciplinary steps were taken.

### 3.4 Job Evaluation

Within a nationally determined framework, the Executing Authority may evaluate or re-evaluate any job in his/her department. In terms of the Regulation all vacancies on salary level 9 and higher must be evaluated before they are filled. The Table 3.4.1 summarises the number of jobs that were evaluated during the year under review and statistics on the number of posts that were upgraded

or downgraded. Table 3.4.2 provides a summary of the number of employees whose salary positions were upgraded due to their posts being upgraded. Table 3.4.3 summarises the number of all the cases as on 31 March 2017, where remuneration levels exceeded the grade determined by job evaluation. The job evaluation was not necessarily implemented in the year under review. Table 3.4.4 summarises the beneficiaries of the above in terms of race, gender, and disability.

**Table 3.4.1 - Job Evaluation by Salary Band**

Salary band	Number of posts on approved establishment	Number of Posts 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)	856	7	0.82	0	0.00	0	0.00
Highly skilled production (Levels 6 - 8)	2 658	16	0.60	16	100.00	0	0.00
Highly skilled supervision (Levels 9 - 12)	1 896	207	10.92	154	74.40	0	0.00
SMS Band A	228	9	3.95	0	0.00	0	0.00
SMS Band B	88	0	0.00	0	0.00	0	0.00
SMS Band C	11	0	0.00	0	0.00	0	0.00
SMS Band D	2	0	0.00	0	0.00	0	0.00
<b>Total</b>	<b>5 739</b>	<b>239</b>	<b>4.16</b>	<b>170</b>	<b>71.13</b>	<b>0</b>	<b>0.00</b>

**Table 3.4.2 - Profile of Employees whose positions were upgraded due to their posts being upgraded**

Beneficiaries	African	Asian	Coloured	White	Total
Female	3	0	0	1	4
Male	4	0	0	0	4
<b>Total</b>	<b>7</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>8</b>
<b>Employees with a disability</b>					<b>0</b>

**Table 3.4.3 - 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
Administrative Related	1	8	10	Recruitment/Retention
Auxiliary and Related Workers	1	5	6	Recruitment/Retention
Auxiliary and Related Workers	1	6	7	Recruitment/Retention
Auxiliary and Related Workers	1	6	8	Recruitment/Retention
Cartographers and Surveyors	1	6	7	Recruitment/Retention
Cartographers and Surveyors	3	6	8	Recruitment/Retention
Community Development Workers	1	8	9	Recruitment/Retention
Financial and Related Professionals	2	5	8	Recruitment/Retention
Financial and Related Professionals	2	8	9	Recruitment/Retention
General Legal Administration and Related Professionals	1	3	6	Recruitment/Retention
General Legal Administration and Related Professionals	1	10	12	Recruitment/Retention
Human Resources and Organisational Development	1	10	11	Recruitment/Retention
Legal Related	1	12	13	Recruitment/Retention
Messengers, Porters and Deliverers	1	3	4	Recruitment/Retention
Natural Sciences Related	1	10	12	Recruitment/Retention
Natural Sciences Related	1	12	13	Recruitment/Retention
Other Administration and Related Clerks	1	6	7	Recruitment/Retention
Other Administration and Related Clerks	1	5	8	Recruitment/Retention
Other Administration and Related Clerks	1	8	9	Recruitment/Retention
Other Information Technology Personnel	1	6	9	Recruitment/Retention
Secretaries and other Keyboard Operating Clerks	1	6	7	Recruitment/Retention
Secretaries and other Keyboard Operating Clerks	1	6	8	Recruitment/Retention
Senior Managers	1	12	13	Recruitment/Retention
Senior Managers	2	13	14	Recruitment/Retention
Senior Managers	2	14	15	Recruitment/Retention
<b>Total Number of employees whose salaries exceeded the level determined by job evaluation</b>				31
<b>Percentage of total Employment</b>				0.56

**Table 3.4.4 -Profile of employees who have salary levels higher than those determined by job evaluation**

Beneficiaries	African	Asian	Coloured	White	Total
Female	7	1	0	6	14
Male	12	0	1	4	17
<b>Total</b>	<b>19</b>	<b>1</b>	<b>1</b>	<b>10</b>	<b>31</b>
<b>Employees with a disability</b>					<b>1</b>

### 3.5 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 3.5.1) and by Critical Occupations (Table 3.5.2). Table 3.5.3 identifies the major reasons why staff left the department. Table 3.5.4 provides promotions by Critical Occupation and Salary Band (Table 3.5.5).

**Table 3.5.1 - Annual Turnover rates by Salary Band**

Salary Band	Number of Employees per band as on 1 April 2016	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)	930	5	102	10.97
Highly skilled production (Levels 6-8)	2 661	55	135	5.07
Highly skilled supervision (Levels 9-12)	1 887	69	130	6.89
SMS Band A	197	15	14	7.11
SMS Band B	70	7	0	0.00
SMS Band C	10	0	1	10.00
SMS Band D	2	0	0	0.00
<b>Total</b>	<b>5 757</b>	<b>151</b>	<b>382</b>	<b>6.64</b>

**Table 3.5.2 - Annual Turnover Rates by Critical Occupation**

Critical Occupation	Number of Employees per occupation as on 1 April 2016	Appointments and Transfers into the department	Terminations and Transfers out of the department	Turnover Rate
Agriculture Related	8	0	0	0.00
Architects, Town and Regional Planners	54	7	27	50.00
Cartographers and Surveyors	380	49	37	9.74
Cartographic Surveying and Related Technicians	97	-	20	20.62

**Table 3.5.2 - Annual Turnover Rates by Critical Occupation (continued)**

Critical Occupation	Number of Employees per occupation as on 1 April 2016	Appointments and Transfers into the department	Terminations and Transfers out of the department	Turnover Rate
Community Development Workers	130	-	4	3.08
Engineers and related Professionals	18	2	9	50.00
Other	5 070	93	285	5.62
<b>Total</b>	<b>5 757</b>	<b>151</b>	<b>382</b>	<b>6.64</b>

**Table 3.5.3 - Reasons why employees left the department**

Termination Type	Number	% of Total Terminations
Death	19	4.97
Resignation	159	41.62
Expiry of contract	165	43.19
Dismissal Misconduct	10	2.62
Discharged due to ill-health	1	0.26
Retirement	23	6.02
Transfers to other Public Service departments	5	1.31
<b>Total</b>	<b>382</b>	<b>100.00</b>
<b>Total number of employees who left as a % of total employment</b>		<b>6.91</b>

**Table 3.5.4 - Promotions by Critical Occupation**

Critical Occupation	Employees as at 1 April 2016	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
Agriculture Related	8	0	0.00	8	100.00
Architects, Town and Regional Planners	54	0	0.00	11	20.37
Cartographers and Surveyors	380	0	0.00	243	63.95
Cartographic Surveying and Related Technicians	97	0	0.00	63	64.95
Community Development Workers	130	0	0.00	59	45.38
Engineers and related Professionals	18	0	0.00	5	27.78
Other	5 070	49	0.97	3 803	75.01
<b>Total</b>	<b>5 757</b>	<b>49</b>	<b>0.85</b>	<b>4 192</b>	<b>72.82</b>

**Table 3.5.5 - Promotions by Salary Band**

Salary Band	Employees 1 April 2016	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)	930	2	0.22	312	33.55
Highly skilled production (Levels 8)	2661	18	0.68	2391	89.85
Highly skilled supervision (Levels 12)	1887	23	1.22	1293	68.52
SMS (Levels 13-16)	279	6	2.15	196	70.25
<b>Total</b>	<b>5757</b>	<b>49</b>	<b>0.85</b>	<b>4192</b>	<b>72.82</b>

### 3.6 Employment Equity

Ensuring representation in the public service is a requirement in terms of Chapter 10, Section 195(1) (i) of the Constitution of the Republic of South Africa. The Department of Rural Development and Land Reform has developed a 5 year (2014-2019) 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. The tables in this section are based on the formats prescribed by the EEA.

**Table 3.6.1 – Total number of employees (including employees with disabilities) in each of the following Occupational Categories as on 31 March 2017**

Occupational categories (SASCO)	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	135	11	12	15	83	7	7	17	287
Professionals	919	69	21	129	846	83	35	161	2 263
Technicians and associate professionals	750	31	8	25	691	39	14	81	1 639
Clerks	357	22	5	9	629	78	17	53	1 170
Service and sales workers	17	2	0	4	9	1	0	0	33
Craft and related trades workers	15	1	1	2	1	1	0	3	24
Elementary occupations	62	6	0	1	32	9	0	0	110
<b>Total</b>	<b>2 255</b>	<b>142</b>	<b>47</b>	<b>185</b>	<b>2 291</b>	<b>218</b>	<b>73</b>	<b>315</b>	<b>5 526</b>
<b>Employees with disabilities</b>	41	3	2	16	36	3	1	16	118

**Table 3.6.2 – Total number of Employees (including employees with disabilities) in each of the following Occupational Bands as on 31 March 2017**

Occupational categories (SASCO)	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	4	2	0	0	3	0	1	1	11
Senior Management	131	9	12	15	80	7	5	16	275
Professionally qualified specialists and mid-management	599	39	19	106	479	29	19	84	1 374
Skilled technical and academically qualified workers	1 294	66	14	56	1 548	156	46	211	3 391
Semi-skilled and discretionary decision making	227	26	2	8	181	26	2	3	475
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>2 255</b>	<b>142</b>	<b>47</b>	<b>185</b>	<b>2 291</b>	<b>218</b>	<b>73</b>	<b>315</b>	<b>5 526</b>

**Table 3.6.3 - Recruitment**

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	9	1	2	0	0	0	1	0	13
Professionally qualified specialists and mid-management	14	0	0	2	10	1	3	0	30
Skilled technical and academically qualified workers	52	0	3	0	39	1	0	0	95

**Table 3.6.3 - Recruitment continued**

Occupational categories (SASCO)	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Semi skilled and discretionary decision making	10	1	0	0	0	1	1	0	13
Unskilled and defined decision making	0	0	0	0	0	0	0	0	
<b>Total</b>	<b>85</b>	<b>2</b>	<b>5</b>	<b>2</b>	<b>49</b>	<b>3</b>	<b>5</b>	<b>0</b>	<b>151</b>
<b>Employees with disabilities</b>	0	0	0	0	0	0	0	1	

**Table 3.6.4 - Promotions**

Occupational categories (SASCO)	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	2	2	0	1	0	0	1	1	7
Senior Management	85	9	10	16	51	7	5	12	195
Professionally qualified specialists and mid-management	555	37	15	82	494	29	17	87	1 316
Skilled technical academically qualified workers	842	55	11	42	1 126	126	38	196	2 409
Semi-skilled and discretionary decision making	140	21	1	7	125	19	0	1	314
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>1 624</b>	<b>124</b>	<b>37</b>	<b>148</b>	<b>1 796</b>	<b>181</b>	<b>61</b>	<b>270</b>	<b>4 241</b>
<b>Employees with disabilities</b>	32	3	2	15	26	3	1	12	94

**Table 3.6.5 – Terminations**

Occupational categories (SASCO)	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	1	0	0	0	0	0	0	0	1
Senior Management	9	0	1	4	3	1	2	0	20
Professionally qualified specialists and mid-management	42	1	4	16	48	3	2	4	120
Skilled technical and academically qualified workers	49	4	1	2	43	1	0	11	111
Semi-skilled and discretionary decision making	67	3	0	1	56	3	0	0	130
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>168</b>	<b>8</b>	<b>6</b>	<b>23</b>	<b>150</b>	<b>8</b>	<b>4</b>	<b>15</b>	<b>382</b>
<b>Employees with disabilities</b>	1	0	1	0	0	0	0	2	4

**Table 3.6.6 – Disciplinary Action**

Disciplinary Action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Written Warning	7	0	0	0	1	0	0	0	8
Final Written Warning	5	0	0	0	0	0	0	0	5
Dismissal	4	0	0	0	1	0	0	0	5
Not Guilty	1	0	0	0	0	0	0	0	1
Suspension without pay and final written warning	1	1	0	1	0	0	0	0	3
Matter dismissed, resigned before sanction/referred to new department	6	0	0	0	1	0	0	0	7
<b>Total</b>	<b>24</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>29</b>

**Table 3.6.7 – Skills Development**

Occupational categories (SASCO)	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	83	4	5	13	9	3	4	12	133
Professionals	550	25	9	38	602	28	13	51	1 316
Technicians and associate professionals	243	5	4	0	244	5	14	7	522
Clerks	327	16	2	8	529	51	14	37	984
Service and sales workers	3	1	0	0	1	0	0	0	5
Craft and related trades workers	7	3	0	0	2	1	0	0	13
Elementary occupations	14	2	0	0	11	6	0	0	33
<b>Total</b>	<b>1 227</b>	<b>56</b>	<b>20</b>	<b>59</b>	<b>1 398</b>	<b>94</b>	<b>45</b>	<b>107</b>	<b>3 006</b>
<b>Employees with disabilities</b>	25	9	2	6	36	9	0	7	94

### 3.7 Signing of Performance Agreements by SMS Members

All members of the SMS must conclude and sign performance agreements within specific time frames. Information regarding the signing of performance agreements by SMS members, the reasons for not complying within the prescribed time frames and disciplinary steps taken is presented here.

**Table 3.7.1 Signing of Performance Agreements by SMS Members as on 31 May 2016**

SMS Level	Total number of funded SMS posts	Total number of SMS members	Total number of signed performance agreements	Signed performance agreements as % of total number of SMS members
Director General/ Head of department	1	1	1	100.00
Salary Level 16	1	1	1	100.00
Salary Level 15	11	9	9	100.00
Salary Level 14	88	77	76	98.70
Salary Level 13	228	198	191	96.46
<b>Total</b>	<b>329</b>	<b>286</b>	<b>278</b>	<b>97.20</b>

**Table 3.7.2 – Reasons for not having concluded performance agreements for all SMS members as on 31 March 2017**

Reasons
Performance agreements were compiled and submitted for approval. Delays are due to changes in the structure.

**Table 3.7.3 – Disciplinary steps taken against SMS members for not having concluded performance agreements as on 31 March 2017**

Reasons
Warning letters issued with regard to those SMS members who have not complied.

### 3.8 Performance Rewards

To encourage good performance, the department has granted the following performance rewards during the year 2016/17 financial year. The information is presented in terms of race, gender, and disability (Table 3.8.1), salary bands (table 3.8.2) and critical occupations (Table 3.8.3). Table 3.8.4 provides information by salary band for SMS Members.

**Table 3.8.1 Performance Rewards by Race, Gender and Disability**

Race and Gender	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee (R)
African Male	798	2 214	36.04	12 190	15.275
African Female	947	2 255	42.00	13 345	14.092
Coloured Male	44	139	31.65	647	14.697
Coloured Female	82	215	38.14	1 242	15.142
Asian Male	16	45	35.56	525	32.834
Asian Female	34	72	47.22	858	25.246
White Male	66	169	39.05	1 559	23.614
White Female	134	299	44.82	2 565	19.141
Employees with disabilities	8	118	6.78	868	108.523
<b>Total</b>	<b>2 129</b>	<b>5 526</b>	<b>38.53</b>	<b>33 798</b>	<b>15.875</b>

**Table 3.8.2 – Performance Rewards by Salary Bands for personnel below SMS members**

Salary band	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee
Lower skilled (Levels 1-2)	0	0	0.00	0	0.000
Skilled (Levels 3-5)	192	833	23.05	1412	7.354
Highly skilled production (Levels 6-8)	1211	2581	46.92	13725	11.333
Highly skilled supervision (Levels 9-12)	703	1826	38.50	14733	20.957
<b>Total</b>	<b>2106</b>	<b>5 240</b>	<b>40.19</b>	<b>29 870</b>	<b>14.183</b>

**Table 3.8.3 – Performance Rewards by Critical Occupations**

Critical Occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee (R)
Agriculture Related	7	8	87.50	217	30.960
Architects, Town and Regional Planners	16	34	47.06	514	32.095
Cartographers and Surveyors	137	392	34.95	2 390	17.443
Cartographic Surveying and Related Technicians	36	77	46.75	780	21.654
Community Development Workers	66	124	53.23	895	13.561
Engineers and related Professionals	6	11	54.55	151	25.153
Other	1 838	4 594	40.01	24 924	13.561
<b>Total</b>	<b>2 106</b>	<b>5 240</b>	<b>40.19</b>	<b>29 870</b>	<b>14.183</b>

**Table 3.8.4 – Performance related rewards (cash bonus), by salary band, for SMS members**

Salary band	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee (R)
SMS Band A	41	198	20.71	2 495	60.860
SMS Band B	16	77	20.78	1 200	75.010
SMS Band C	2	9	22.22	234	116.805
SMS Band D	0	2	0.00	0	0.000
<b>Total</b>	<b>59</b>	<b>286</b>	<b>20.63</b>	<b>3 929</b>	<b>66.593</b>

### 3.9 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 3.9.1 – Foreign Workers**

Salary Band	1 April 2016		31 March 2017		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)	0	0.00	0	0.00	0	0.00
Highly skilled production (Levels 6-8)	0	0.00	0	0.00	0	0.00
Highly skilled supervision (Levels 9-12)	4	100.00	4	100.00	0	0.00
SMS (Levels 13-16)	0	0.00	0	0.00	0	0.00
<b>Total</b>	<b>4</b>	<b>100.00</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>

**Table 3.9.2 - Foreign Workers by major occupation**

Major Occupation	1 April 2016		31 March 2017		Change	
	Number	% of total	Number	% of total	Number	% change
Agriculture Related	0	0.00	0	0.00	0	0.00
Architects, Town and Regional Planners	2	50.00	0	0.00	0	0.00
Cartographers and Surveyors	0	0.00	0	0.00	0	0.00
Cartographic Surveying and Related Technicians	0	0.00	0	0.00	0	0.00
Community Development Workers	0	0.00	0	0.00	0	0.00
Engineers and related Professionals	0	0.00	0	0.00	0	0.00
Other	2	50.00	0	0.00	0	0.00
<b>Total</b>	<b>4</b>	<b>100.00</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>

### 3.10 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 3.10.1) and disability leave (Table 3.10.2). In both cases, the estimated cost of the leave is also provided. Table 3.10.3 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 3.10.1 – Sick leave, 1 January 2016 to 31 December 2016**

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	-	-
Skilled (Levels 3-5)	4 580	49.30	610	73.23	8	3 203
Highly skilled production (Levels 6-8)	27 009	48.48	2 848	110.34	9	30 901
Highly skilled supervision (Levels 9-12)	13 508	49.04	1 572	86.09	9	29 657
SMS (Levels 13-16)	1 635	55.29	233	81.47	7	6 141
<b>Total</b>	<b>46 732</b>	<b>48.96</b>	<b>5 263</b>	<b>95.24</b>	<b>9</b>	<b>69 902</b>

**Table 3.10.2 – Disability leave (temporary and permanent), 1 January 2016 to 31 December 2016**

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)	69	100.00	5	0.60	14	46
Highly skilled production (Levels 6-8)	1 946	89.00	47	1.82	41	2 010
Highly skilled supervision (Levels 9-12)	1 003	84.05	30	1.64	33	1 857
SMS (Levels 13-16)	128	100.00	3	1.05	43	515
<b>Total</b>	<b>3 146</b>	<b>88.11</b>	<b>85</b>	<b>1.54</b>	<b>37</b>	<b>4 428</b>

**Table 3.10.3 – Annual Leave, 1 January 2016 to 31 December 2016**

Salary Bands	Total days taken	Average per employee	Number of employees who took leave
Lower skilled (Levels 1-2)	0	0	0
Skilled (Levels 3-5)	10 782	14.87	725
Highly skilled production (Levels 6-8)	67 859	20.70	3 279
Highly skilled supervision (Levels 9-12)	42 560	21.85	1 948
SMS (Levels 13-16)	7 175	22.15	324
<b>Total</b>	<b>128 376</b>	<b>20.46</b>	<b>6 276</b>

**Table 3.10.4 – Capped leave, 1 January 2016 to 31 December 2016**

Salary Bands	Total days of capped leave taken	Number of Employees who took leave	Average number of days taken per employee	Capped leave available as on 31 December 2016
Lower skilled (Levels 1-2)	0	0	0	0
Skilled (Levels 3-5)	37.64	3	13	1 917
Highly skilled production (Levels 6-8)	29	13	2	10 384
Highly skilled supervision (Levels 9-12)	139	21	7	12 700
SMS (Levels 13-16)	4	1	4	4 831
<b>Total</b>	<b>209.64</b>	<b>38</b>	<b>6</b>	<b>29 832</b>

**Table 3.10.5 – Leave payouts for the period 1 April 2016 to 31 March 2017**

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 2016/17 due to non-utilisation of leave for the previous cycle	0	0	0.000
Capped leave payouts on termination of service for 2016/17	1 296	31	41.810
Current leave payout on termination of service for 2016/17	317	21	15.083
<b>Total</b>	<b>1 613</b>	<b>52</b>	<b>31.016</b>

### 3.11 HIV/AIDS & Health Promotion Programmes

The national Employee Health and Wellness Strategic Framework was developed and launch in 2008 following the research and benchmarking of international and local best practices and by obtaining inputs from stakeholders from previous Employee Health and Wellness Indabas. It seeks to represent an integrated, needs-driven, participative, and holistic approach to Employee Health and Wellness in the Public Service. The integrated

approach to employee health and wellness recognises the importance of individual health, wellness and safety and its linkages to organisational wellness and productivity in the Public Service. Table 3.11.1 indicates the steps taken to reduce the risk of occupational exposure in the workplace. Table 3.11.2 delivers the details of the departments programmes.

**Table 3.11.1 – 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
Total categories	None

**Table 3.11.2 – Details of Health Promotion and HIV/AIDS Programmes (tick the applicable boxes and provide the required information)**

Question	Yes	No	Details, if yes
1. Has the department designated a member of the SMS to implement the provisions contained in the Public Service Regulations? If so, provide his/her name and position.	X		Mr D Thubakgale (A) Director: Human Resource Development
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		Employee Health and Wellness Management: 1 x Deputy Director; 2 x Assistant Directors (National Coordinators); 1 x Occupational Health Specialist (ASD); 7 x Assistant Directors (Provincial Coordinators); 1 x Administrative Officer for support (Vacant); Annual budget – R 2,860,000.00.
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		Psycho-social services, Health Productivity Management (Disease Management, health promotion/ awareness and health screening), Life-skills programmes, HIV&AIDS, TB and STIs including VCT.
4. Has the department established (a) committee(s) as contemplated in the Public Service Regulations? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.	X		9 x Provincial EHWM Committees have been established. Committee members have been appointed formally as per the Employee Assistance Programme Association (EAPA) Standards and DPSCA Framework. Representation includes EHWP Coordinators, HR Managers, Communication, Spiritual 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		<ul style="list-style-type: none"> <li>• HIV&amp;AIDS, TB and STI Policy.</li> <li>• Employee Health and Wellness Policy.</li> <li>• Health Productivity Management.</li> <li>• Safety, Health, Environment, Risk and Quality (SHERQ) management.</li> </ul>
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 EHWM 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 Counselling and Testing (VCT) was incorporated into Health and Wellness events/office based services, World AIDS Day and Sexually Transmitted Infections/Condom Week. The total number of attendance was 3739 (63. 28); the number of VCT participants was 1087 which gives a percentage of 29.07%.
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.

## EHWP Officials

Programme Manager	Bongeka Gcwabe
National Coordinator	Khonjiwe Radebe
National Coordinator	Nocawe Morake
Occupational Health Specialist	Lucia Lethola

## EHW Management Committee Members

Provinces	KwaZulu-Natal	Western Cape	Mpumalanga	North West	Free State
<b>Provincial Coordinators</b>	Happy Kwela	Vuyolwethu Noyi	Post Vacant	Pheagane Modipane	Khulubone Mkhonza
<b>HR Managers</b>	Sharon Budhoo	Tobani Mtintsilana	Asanda Mdala	Boitumelo Molopyane	Zola Mokoena
<b>Committee Members</b>	Happy Kwela	Vuyolwethu Noyi	Post Vacant	Pheagane Modipane	Khulubone Mkhonza
Provinces	Limpopo	Gauteng	Northern Cape	Eastern Cape	National Office
<b>Provincial Coordinators</b>	Mashangu Nefale	Post Vacant	Haroldine Wells	Siphokazi Njongi	Disei Thubakgale (Acting-Chairperson)
<b>HR Managers</b>	Moraka Shai	Mohemedi Molefi	Thapelo Mashoai	Mcebisi Ciko	
<b>Committee Members</b>	Mashangu Nefale	Agnes Kibe Munyai Dovahani Karien Klopper Nokwanda Mncwango Samuel Moleleki David Sema Jennifer Motsepe	Haroldine Wells Clement Makebe	Siphokazi Njongi	Bongeka Gcwabe (Programme Manager)  Lucia Lethola Khonjiwe Radebe Nocawe Morake Simon Visagie Constance Matabane Simphiwe Jacobs Lindiwe Motau Nancy Manganyi Motlatso Rammutla Boitshepo Moemedi

### 3.12 Labour Relations

In view of the strategic role that the public service has to play in shaping the economic destiny of the country, it needs to change its mindset and transcend past practices of iniquitous labour relations based on race discrimination and strive for labour peace and equality in the work place. To this end the department developed a labour relations policy based on the national strategic framework for public service.

**Table 3.12.1 – Collective agreements**

Subject matter	Date
Total collective agreements	None

**Table 3.12.2 - Misconduct and disciplinary hearings finalised**

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

Outcomes of disciplinary hearings	Number	% of total
Written warning	8	27.58
Final written warning	5	17.24
Dismissal	5	17.24
Not guilty	1	3.44
Suspension without salary and final written warning	3	10.34
Case withdrawn	7	24.13
<b>Total</b>	<b>29</b>	<b>100.00</b>

**Table 3.12.3 - Types of misconduct addressed at disciplinary hearings**

Type of misconduct	Number	% of total
Abuse of State vehicle	13	44.82
Theft/Fraud/Corruption	2	6.89
Unauthorised absenteeism/Late coming	2	6.89
Abuse of leave	1	3.44
Incapacity/poor work performance	1	3.44
Dereliction of duties	1	3.44
Insubordination/insolence/misrepresentation	3	10.34
Irregularities	1	3.44
Performing unauthorised remunerative work outside department	2	6.89
Conduct him/herself in an improper, disgraceful and unacceptable manner while on duty	1	3.44
Failure to disclose information/gifts	1	3.44
Failure to comply with departmental procedure	1	3.44
<b>Total</b>	<b>29</b>	<b>100.00</b>

**Table 3.12.4 – Grievances lodged**

Grievances Lodged	Number	% of Total
Number of grievances resolved	26	52.00
Number of grievances not resolved	24	48.00
<b>Total</b>	<b>50</b>	<b>100.00</b>

**Table 3.12.5 - Disputes lodged with Councils**

Disputes Lodged	Number	% of Total
Number of disputes upheld	3	33.33
Number of disputes dismissed	3	33.33
Withdrawn or settlement reached	3	33.33
<b>Total</b>	<b>9</b>	<b>100.00</b>

**Table 3.12.6 – 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	0.00

**Table 3.12.7 - Precautionary suspensions for the period**

Number of people suspended	8
Number of people whose suspension exceeded 30 days	8
Average number of days suspended	156
Cost (R'000) of suspensions	5,594

### 3.13 Skills Development

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

**Table 3.13.1- Training needs identified**

Occupational Categories	Gender	Number of employees as at 1 April 2016	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	120	0	85	0	85
	Male	181	0	94	0	94
Professionals	Female	1 476	0	377	0	377
	Male	1 519	0	414	0	414
Technicians and associate professionals	Female	476	0	97	0	97
	Male	461	0	145	0	145
Clerks	Female	889	0	450	0	450
	Male	479	0	348	0	348
Service and sales workers	Female	10	0	10	0	10
	Male	17	0	0	0	0
Craft and related trades workers	Female	5	0	0	0	0
	Male	19	0	02	0	02
Elementary occupations	Female	43	0	18	0	18
	Male	64	0	35	0	35
Sub Total	Female	3019	0	1 037	0	1 037
	Male	2740	0	1 038	0	1 038
<b>Total</b>		<b>5759</b>	<b>0</b>	<b>2 075</b>	<b>0</b>	<b>2 075</b>

**Table 3.13.2 - Training provided**

Occupational Categories	Gender	Number of employees as at 1 April 2016	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	120	0	28	0	28
	Male	181	0	105	0	105
Professionals	Female	1 476	0	694	0	694
	Male	1 519	0	622	0	622
Technicians and associate professionals	Female	476	0	270	0	270
	Male	461	0	252	0	252
Clerks	Female	889	0	631	0	631
	Male	479	0	353	0	353
Service and sales workers	Female	10	0	1	0	1
	Male	17	0	4	0	4
Craft and related trades workers	Female	5	0	3	0	3
	Male	19	0	10	0	10
Elementary occupations	Female	43	0	17	0	17
	Male	64	0	16	0	16
Sub Total	Female	3 019	0	1 644	0	1 644
	Male	2 740	0	1 362	0	1 362
<b>Total</b>		<b>5 759</b>	<b>0</b>	<b>3 006</b>	<b>0</b>	<b>3 006</b>

### 3.14 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	5	100.00
Temporary total disablement	0	0.00
Permanent disablement	0	0.00
Fatal	0	0.00
<b>Total</b>	<b>5</b>	<b>100.00</b>

### 3.15 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.

**Table 3.15.1 - Report on consultant appointments**

<b>Nature of Consulting Services</b>	<b>Amount Paid (R'000)</b>
Audit Committee (Non Officials)	1 076
Board Member	1 188
Financial Management	1 836
Human Resource Management	1 046
Occupational Safety and Health	21
Organisational Management	1 278
Project Management	91 873
Research and Advisory	80 906
Valuer	8 916
Com of Enquiry	238
Qualification Verification	150
Quality Control Ins	1
Translation and Transcription	174
Architectural Services	136
Geo Information Services	100
Land and Quantity Survey Services	471
L/PVT Firm: Legal Services	128 143
State Attorney Legal Advice	65 572
Artists and Performers	137
Aerial Photography	15493
Audio Visual	85
Casual Labourers	337
Employee Wellness	2025
Event Promoters	829
Graphic Designs	320
Interior Decorators	255
Medical Services	14
Tracing Agent and Debt Collectors	678
Transport/Relocation Control	3075
Plant Flowers and Other Decorations	31
Outsource Contractors: MNT&REP N-INF ASS	7376
A&S/O/S: Administration and Support Staff	9069
A&S/O/S: Nutrition Services: Communities	4 075
A&S/O/S: Internal Auditors	4 604
A&A/O/S: Land Claims Verification	2 165
A&S/O/S: Personnel and Labour	665
A&S/O/S: Professional Staff	2 766
A&S/O/S: Medical Services	168
A&S/O/S: Researcher	3 726
A&S/O/S: Security Services	104
<b>Total</b>	<b>441 123</b>

### 3.16 Severance Packages

Table 3.16.1 - Granting of employee initiated severance packages

Salary Bands	Number of applications received	Number of applications referred to the MPSA	Number of applications supported by MPSA	Number of packages approved by department
Lower skilled (Levels 1-2)	0	0	0	0
Skilled (Levels 3-5)	0	0	0	0
Highly skilled production (Levels 6-8)	0	0	0	0
Highly skilled supervision (Levels 9-12)	0	0	0	0
SMS (Levels 13-16)	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

# PART: E FINANCIAL INFORMATION



# DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM VOTE 39 APPROPRIATION STATEMENT for the year ended 31 March 2017

## 1. Report of the Accounting Officer

### 1.1 Overview of the operations of the department

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

#### Programme 1 – Administration

Provide strategic leadership, management and support services to the department.

#### Programme 2 – Geospatial and Cadastral Services

Provide geospatial information, cadastral surveys, deeds registration and spatial planning, as well as technical services in support of sustainable land development.

#### Programme 3 – Rural Development

Initiate, facilitate, coordinate and act as a catalyst for the implementation of a comprehensive rural development programme leading to sustainable and vibrant rural communities.

#### Programme 4 – Restitution

Settle and finalise land restitution claims under the Restitution of Land Rights Act (Act No. 22 of 1994).

#### Programme 5 – Land Reform

Initiate sustainable land reform programmes in South Africa.

### 1.2 Departmental revenue

Department receipts	2016/17			2015/16		
	Estimates	Actual amount collected	(Over)/under collection	Estimates	Actual Amount collected	(Over)/under collection
	R'000	R'000	R'000	R'000	R'000	R'000
Sales of goods and services other than capital assets	22 382	21 652	730	22 375	23 695	(1 320)
Interest, dividends and rent on land	27 689	29 761	(2 072)	2 082	20 947	(18 865)
Sales of capital assets	185	439	(254)	-	790	(790)
Transactions in financial assets and liabilities	7 859	37 909	(30 050)	50 296	9 211	41 085
<b>Total revenue collected</b>	<b>58 115</b>	<b>89 761</b>	<b>(31 646)</b>	<b>74 753</b>	<b>54 643</b>	<b>20 110</b>

The department's revenue increased from R54,6 million in 2015/16 to R89,8 million in 2016/17. This recorded actual increase of R35,2 million.

#### The increase is attributable to the following:

An increase in the amount collected from Recoverable Revenue which increased from R9,2 million in 15/16 to R37,9 million in 16/17. The Revenue collected from the state land lease rentals increased from R5,1 million to R10,4 million in 16/17. The interest earned also increased from R15,7 million to R19,3 million.

### 1.3 Programme expenditure

Programme	2016/17	Variance	2015/16	Variance		
	Final Appropriation		Actual Expenditure		Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000		
Administration	1 621 877	1 607 482	14 395	1 340 960	1 336 907	4 053
Geospatial and Cadastral Services	676 947	668 582	8 365	701 279	681 843	19 436
Rural Development	1 832 279	1 814 769	17 510	1 931 669	1 921 995	9 674
Restitution	3 335 794	3 331 114	4 680	2 675 984	2 630 239	45 745
Land Reform	2 657 448	2 645 052	12 396	2 547 469	2 547 063	406
<b>Total</b>	<b>10 124 345</b>	<b>10 066 999</b>	<b>57 346</b>	<b>9 197 361</b>	<b>9 118 047</b>	<b>79 315</b>

#### The variance can be attributed to the following:

Expenditure for the 2016/17 financial year was R10,067 billion or 99.4% of the final appropriation of R10,124 billion. In comparison, expenditure in 2015/16 was R9,118 billion or 99.4% of the 2015/16 final appropriation of R9,197 billion. Compared to 2015/16, expenditure in 2016/17 increased by R949 thousand or annual average rate of 10.4%. This was mainly due to the implementation of more land claims settlement agreements received.

### 1.4 Virements/Rollovers

Programmes	2016/17 Adjusted Appropriation R'000	2016/17 Virements R'000	2016/17 Final Appropriation R'000
Administration	1 582 541	39 336	1 621 877
Geospatial and Cadastral Services	714 371	(37 424)	676 947
Rural Development	1 914 367	(82 088)	1 832 279
Restitution	3 168 208	167 586	3 335 794
Land Reform	2 744 858	(87 410)	2 657 448
<b>Grand Total</b>	<b>10 124 345</b>	<b>-</b>	<b>10 124 345</b>

Savings realised within the department were mainly shifted from Programme 2: Geospatial and Cadastral Services (R37,424 million); Programme 3: Rural Development (R82,088 million) and Programme 5: Land Reform (R87,410 million) to Programme 4: Restitution (R167,586 million) and Programme 1: Administration.

#### Programme 1: Administration

The Programme overspent by R24, 941 million. Goods and Services overspent by R34,571 million. This overspending was against the Computer Services item where expenditure for software license renewals was incurred. Savings realised within Programme 2: Geospatial and Cadastral Services amounting to R39,336 million were shifted to defray the over expenditure within this programme.

#### Programme 4: Restitution

The Programme overspent by R156,794 million mainly due to the implementation of land claims and registration of land transfers that did not take place as planned as a result of issues with the Community Property Association (CPA). In light of that, the land had to be registered in the department's name, resulting in an overspending of R99,997 million under Land and Subsoil Assets item and R169,155 million under Households. Savings realised from Programme 3: Rural Development R142,278 million and Programme 5: Land Reform R126,415 million were shifted to defray this programme's over expenditure.

Though the programme reflected an over expenditure, savings amounting to R101,107 million were realised under Goods and Services. These savings were shifted to defray mainly Goods and Services over expenditure for other programmes, namely; Programme 3: Rural Development R61,833 million; Programme 5: Land Reform R36,417 million; and Programme 2: Geospatial and Cadastral Services R2,857 million.

#### Virements/shifts applied: Programmes

Economic Classification	Adjusted Appropriation	Shifting of Funds	Virement	2016/17 Final Appropriation
	R'000	R'000	R'000	R'000
<b>Current payments</b>	<b>3 482 709</b>	<b>(8 113)</b>	<b>(7 965)</b>	<b>3 826 631</b>
Compensation of employees	2 142 593	-	-	2 142 593
Goods and services	1 700 116	(8 119)	(8 767)	1 683 230
Interest and rent on land	-	6	802	808
<b>Transfers and subsidies</b>	<b>6 225 237</b>	<b>5 380</b>	<b>(665 404)</b>	<b>5 565 213</b>
Departmental agencies and accounts	1 524 905	8 219	6 084	1 539 208
Households	4 602 150	(4 717)	(692 459)	3 904 974
Provinces and municipalities	93 281	1 092	20 971	115 344
Public corporations and private enterprises	1	-	-	1
Foreign Government and International Organisations	1 574	786	-	2 360
Non-profit institutions	3 326	-	-	3 326
<b>Payment for capital assets</b>	<b>56 399</b>	<b>2 733</b>	<b>673 369</b>	<b>732 501</b>
Buildings and other fixed structures	7 135	-	561 733	568 868
Land and sub-soil assets	4 406	-	99 999	104 405
Machinery and equipment	44 858	2 733	11 637	59 228
<b>Grand Total</b>	<b>10 124 345</b>	<b>-</b>	<b>-</b>	<b>10 124 345</b>

Savings realised amounting to R673,369 million under Household (R665,404 million) within the Transfers and Subsidies classification and Goods and Services (R7,965 million) within the Current Payments classification were shifted to defray overspending under Buildings and Other Fixed Structures (R556,167 million); Land and Subsoil Assets (R99,999 million) and Machinery and Equipment (R7,203 million) within the Payments of Capital Assets classification.

#### Rollovers

The department had no rollovers.

#### 1.5 Irregular, Fruitless and Wasteful expenditure

The reasons for fruitless and wasteful expenditure is attributed largely to the court orders against the department with regard to land restitutions cases and municipal rates and taxes, while the reasons for irregular expenditure is largely attributable to contravention of supply chain pre-scripts such as failure to obtain approval before committing departmental expenditure which results in *Ex-post facto*.

Furthermore, the department's fruitless and wasteful expenditure saw a decrease of 92.81% from R11 856 million in 2015/2016 to R852 thousand in 2016/2017.

The cases of Irregular Expenditure have increased by 469.58% from R7,006 million in 2015/2016 to R39,905 million in 2016/2017. This is mainly as a result of *Ex-post facto* payments of services rendered by Telkom SA for VPN, Internet & Basic Hosting and Hosted Exchange for the period 01 April 2016 – 31 July 2016.

On all cases of Fruitless and Irregular expenditure, caution letters were issued and disciplinary actions are underway for the officials who were found to be negligent. The department remains committed to eradicate non-compliance with laws and regulations applicable to it.

The internal controls environment is continuously being monitored for its effectiveness and weaknesses identified are addressed to improve financial management and overall efficiency in the operations of the department.

In addition, the department has improved its standard operating procedures to identify potential fruitless and wasteful expenditure before it occurs.

## 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 No. 47 of 1937) (the Schedule), and is published in 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 No. 8 of 1997) (the Schedule), and is published in 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 Future plans of the department

For the 2017/18 financial year, the department will continue to drive the following key performance areas to contribute to job creation and transformation across the land and agricultural sector:

- Continued roll out of the Agri-Parks programme working in close collaboration with provinces and districts, as well as partnerships with other state entities and the private sector; focus will be on both infrastructure development and enterprise development to support the value chain;
- Fast tracking the settlement of labour claims;
- Accelerated delivery of the Strengthening of

- Relative Rights programme (50/50);
- Aggressive roll out of the One household, one hectare programme;
- Implementation of the Revitalization of rural towns and villages programme in partnership with other sector departments, provincial government and municipalities to improve service access in rural areas.

## 3. PUBLIC PRIVATE PARTNERSHIPS

The National Treasury has approved the PPP project for construction of the Department of Rural Development and Land Reform (DRDLR) campus for all Pretoria based offices. The DRDLR has appointed Government Technical Advisory Centre (GTAC), an entity of National Treasury, as the implementing agent of the project.

## 4. DISCONTINUED ACTIVITIES/ACTIVITIES TO BE DISCONTINUED

There are no discontinued activities.

## 5. SUPPLY CHAIN MANAGEMENT

### 5.1 Unsolicited bid proposals concluded for the year under review

No unsolicited bid proposals were concluded for the year under review.

### 5.2 SCM processes and systems that are in place to prevent irregular expenditure

The department ensures that the Supply Chain Management policy, delegations of authority and standard operating procedures, crafted in line with Treasury Regulations and PFMA, above this prescripts Treasury circulars and Instruction notes which are introduced from time to time to enhance compliance to SCM prescripts, are adhered to. These systems collectively create a system aimed at preventing irregular expenditure, good governance and accountability.

Any detected deviations from prescripts are processed through the National Bid Adjudication Committee (NBAC) and Financial Compliance Committee (FCC); reported accordingly to National Treasury, including the Accounting Officer (AO) to ensure compliance and institution of any possible disciplinary actions.

### 5.3 Challenges experienced in SCM and how they were resolved

Challenges	Solution/Possible Solution
<p>Lack of enough service providers on the database.</p> <p>Increased procurement activities in the last quarter of the financial year.</p> <p>Shortage of staff.</p> <p>Increased pressure and work load caused by centralisation of procurement.</p> <p>Deviations from DMP and Procurement plans.</p> <p>Urgent request for procurement of services like catering.</p>	<p>Integration of ISS and CSD.</p> <p>Ensure that clients comply with their Demand Management Plan (DMP) quarter procurement targets.</p> <p>Advertising and filling of post in 2017.</p> <p>Develop a correct sourcing strategy in 2017 and decentralisation of procurement.</p> <p>Ensured that DMP and PP inputs are done correctly and Review of the PP.</p> <p>Arrange ad-hoc or term contract on catering in 2017.</p>
<p><b>6. GIFTS AND DONATIONS RECEIVED IN KIND FROM NON RELATED PARTIES</b></p> <p>No such gifts and donations were received; however the department has donated assets to various schools and communities to the value of R1,983 million and R1,123 million.</p>	<p>opinions which has been attained in the past two financial years and further reduce matters of emphasis and ultimately eliminate them altogether during the ensuing MTEF period.</p>
<p><b>7. EXEMPTIONS AND DEVIATIONS RECEIVED FROM NATIONAL TREASURY</b></p> <p>All SCM deviation requests were prepared in line with SCM Instruction Note No. 3 of 2016/2017. The National Treasury has supported all SCM requests presented to it for this department. Where clarity was needed, it was provided.</p>	<p><b>9. ACKNOWLEDGEMENTS/APPRECIATION</b></p> <p>I would like to thank the Minister and Deputy Ministers for their support and guidance as well as the officials serving in the department for their hard work and dedication in ensuring that the department achieves its objectives.</p> <p>The department would also like to thank the Audit committee for their guidance and support and the Risk and Compliance committee throughout the financial year.</p>
<p><b>8. CONCLUSION</b></p> <p>In conclusion, in order to ensure seamless service delivery across all spheres, the department will continue to work closely with District and Local municipalities in the delivery of the various programmes and will provide the necessary technical support to enhance capacity at various levels.</p> <p>The department will also continue to improve corporate governance through the finalisation of the initiative to reengineer the organisational structure of the department and the implementation of effective support systems to improve turnaround time for delivery. Improved efficiencies will include improvement in the turnaround times of deeds registration and survey management services.</p> <p>The department continues to strive for improved governance by reducing adverse audit findings and working towards maintaining the record of unqualified audit</p>	<p>The effective oversight role played by the Portfolio Committee on Rural Development and Land Reform is also acknowledged.</p> <p><b>10. APPROVAL AND SIGN OFF</b></p> <p>The Annual Financial Statements set out from page 111 to have been approved by the Accounting Officer.</p> <div style="text-align: center;">  </div> <p><b>MS LEONA ARCHARY</b>  <b>ACTING ACCOUNTING OFFICER</b>  <b>DATE: 31 May 2017</b></p>

## Accounting Officer's statement of responsibility for the Annual Financial Statements

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.

The department's financial statements for the year ended 31 March 2017 have been examined by the external auditors and their report is presented on page 66.

The Annual Financial Statements of the department set out on page 111 to page 284 have been approved.



**MS LEONA ARCHARY**  
**ACTING ACCOUNTING OFFICER**  
**DATE: 31 May 2017**

# Report of the Auditor-General to Parliament on Vote No. 39 Department of Rural Development and Land Reform

## Report on the audit of the financial statements

### Opinion

1. I have audited the financial statements of the Department of Rural Development and Land Reform set out on pages 111 to 186, which comprise the appropriation statement, statement of financial position as at 31 March 2017, and 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 to the financial statements, including a summary of significant accounting policies.
2. 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 2017, and its financial performance and cash flows for the year then ended in accordance with Modified Cash Standards and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

### Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.
4. I am independent of the department in accordance with the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code) together with the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Emphasis of matters

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

### Significant uncertainties

7. As disclosed in note 19.1 to the financial

statements, claims were instituted against the department amounting to R2 028 million (2016: R2 426 million). These claims are subject to the outcome of legal proceedings. The ultimate outcome of these matters cannot be determined at present, with the result that no provision for any liability that may result has been made in the department's financial statements.

8. As disclosed in note 19.1 to the financial statements, the department has a possible liability towards claimants in terms of the Restitution of Lands Rights Act of South Africa, 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 R2,5 million (2016:R194 million). Once approved by the minister, this will increase the commitment amount disclosed in note 26 to the financial statements.

### Impairments

9. As disclosed in notes 12.5 and 24.2 to the financial statements, provision is made for an impairment of R84 million, of which R73 million relates to the non-recovery of accrued departmental revenue and R11 million relates to the provision for doubtful debts.

### Restatement of corresponding figures

10. As discussed in notes 33 to the financial statements, the corresponding figures for 31 March 2016 have been restated as a result of errors in the financial statements of the department at, and for the year ended, 31 March 2017.

### Responsibilities of the accounting officer for the financial statements

11. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the Modified Cash Standards, the requirements of the Public Finance Management Act 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.
12. In preparing the financial statements, the accounting officer is responsible for assessing the department's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless there is an intention either to liquidate the department

or to cease operations, or there is no realistic alternative but to do so.

### **Auditor-general's responsibilities for the audit of the financial statements**

13. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
14. A further description of my responsibilities for the audit of the financial statements is included in the annexure to the auditor's report.

### **Report on the audit of the annual performance report Introduction and scope**

<b>Programmes</b>	<b>Pages in the annual performance report</b>
Programme 2: Geospatial and Cadastral Services	31 - 32
Programme 3: Rural Development	33 - 35
Programme 4: Restitution	36 - 37
Programme 5: Land Reform	38 - 43

18. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
19. I did not identify any material findings on the usefulness and reliability of the reported performance information for the following programmes:
- Programme 2: Geospatial and Cadastral Services
  - Programme 3: Rural Development
  - Programme 4: Restitution
  - Programme 5: Land Reform

15. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
16. My procedures address the reported performance information, which must be based on the approved performance planning documents of the department. I have not evaluated the completeness and appropriateness of the performance indicators/measures included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

### **Other matter**

20. I draw attention to the matter below. My opinion is not modified in respect of this matter.

#### **Achievement of planned targets**

21. Refer to the annual performance report on page(s) 30 to 43 for information on the achievement of planned targets for the year and explanations provided for the under/overachievement of the number of targets.

### **Report on Audit of compliance with legislation**

#### **Introduction and scope**

22. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the department with specific

matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

23. The material findings in respect of the compliance criteria for the applicable subject matters are as follows:

### **Annual financial Statements, Performance and Annual Report**

24. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records as required by section 40(1)(a). Material misstatements identified by the auditors in the submitted financial statements were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

### **Expenditure Management**

25. Money owed by the department was not settled within 30 days as required by section 38(1) (f) of the PFMA and treasury regulation 8.2.3.
26. Effective steps were not taken to prevent irregular expenditure amounting to R41 608 000 as disclosed in note 25 to the annual financial statements, as required by section 38(1)(c) (ii) of the PFMA and treasury regulation 9.1.1

### **Internal control deficiencies**

27. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance thereon. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report.

### **Leadership**

28. Oversight and leadership was not fully effective, as evidenced by the misstatements identified in the financial statements. The department still needs to improve its internal monitoring and reviewing controls to ensure full compliance with the financial reporting framework, as material misstatements were identified by the auditors and subsequently corrected by management. The department needs to focus on implementing its action plan including regular supervision and guidance to staff in order to address the root causes of the internal control deficiencies identified.

### **Financial management**

29. Management did not ensure that there were adequate daily and monthly controls to confirm the accuracy of information in the preparation of financial reporting. This is evident in the material misstatements identified in the financial statements as well as the material compliance matters identified during the audit. The audit revealed significant weaknesses in the information system environment which is not ideal for preparation of complete and credible financial information (monthly, quarterly and annual) that is free of material errors and misstatements.

### **Governance**

30. The department had established governance structures that functioned effectively. However, these were not always sufficient to contribute positively to the department's outcomes for the year.

### **Other information**

31. The department's accounting officer is responsible for the other information. The other information comprises the information included in the annual report which includes various supporting schedules and annexures. The other information does not include the financial statements, the auditor's report thereon and those selected programmes presented in the annual performance report that have been specifically reported on in the auditor's report.
32. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
33. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed on the other information obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

## Other reports

34. I draw attention to the following engagements conducted by various parties that had, or could have, an impact on the matters reported in the department's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

35. There are 85 cases currently under investigation by the Forensic Investigation Directorate. These investigations relate to:

- Allegations of corruption and irregularities with land claims
- Allegations of undertaking remunerative work outside the public service.
- Allegations of manipulation of S&T claims
- Allegations of fraudulently receiving RDP funding and houses
- Allegations of mismanagement of land transfer
- Allegations of overtime abuse
- Allegations of escalation of bid prices within RID, Eastern Cape
- Allegations of financial misconduct and mismanagement
- Allegations of mismanagement of valuations
- Allegations of procurement irregularities
- Allegations of fraudulent land claim
- Allegations of fraudulent activities
- Allegations of fraudulent payment
- Allegations of manipulation of appointment REID
- Investigation on the recapitalisation and development projects
- Allegations of fraud

36. As at 31 March 2017, the department's forensic investigations department had concluded 32 investigations relating to the following:

- Allegations of corruption
- Allegations of manipulation of S&T claims
- Allegations of overtime abuse
- Fraudulent activities at the surveyor general's office in Pretoria
- Allegations of financial mismanagement and misconduct
- Allegations of stock theft
- Allegations of performing remunerative work outside the public service

37. The department is in the process of

implementing the recommendations of the concluded investigations.

*Auditor-General.*

Pretoria  
31 July 2017



## Annexure – Auditor-General's responsibility for the Audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected programmes and on the department's compliance with respect to the selected subject matters.

### Financial Statements

2. In addition to my responsibility for the audit of the financial statements as described in the auditor's report, I also:
  - Identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - Obtain an understanding of internal control relevant to the audit 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 department's internal control.
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer.
  - Conclude on the appropriateness of the accounting officer's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Department of Rural Development and Land Reform's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of the auditor's

report. However, future events or conditions may cause a department to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

### Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and here applicable, related safeguards.

**DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM VOTE 39  
APPROPRIATION STATEMENT  
for the year ended 31 March 2017**

Appropriation per programme									
	2016/17							2015/16	
	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
<b>Programme</b>									
1. Administration	1,582,541	-	39,336	1,621,877	1,607,482	14,395	99.1%		
2. Geospatial and Cadastral Services	714,371	-	(37,424)	676,947	668,582	8,365	98.8%	1,340,960	1,336,907
3. Rural Development	1,914,367	-	(82,088)	1,832,279	1,814,769	17,510	99.0%	701,279	681,843
4. Restitution	3,168,208	-	167,586	3,335,794	3,331,114	4,680	99.9%	1,931,669	1,921,995
5. Land Reform	2,744,858	-	(87,410)	2,657,448	2,645,052	12,396	99.5%	2,675,984	2,630,239
								2,547,469	2,547,063
<b>Subtotal</b>	<b>10,124,345</b>	<b>-</b>	<b>-</b>	<b>10,124,345</b>	<b>10,066,999</b>	<b>57,346</b>	<b>99.4%</b>	<b>9,197,361</b>	<b>9,118,047</b>
<b>TOTAL</b>									

**DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM VOTE 39  
APPROPRIATION STATEMENT  
for the year ended 31 March 2017**

	2016/17		2015/16	
	Final Appropriation	Actual Expenditure	Final Appropriation	Actual Expenditure
<b>TOTAL (brought forward)</b>				
<b>Reconciliation with statement of financial performance</b>				
<b>ADD</b>				
Departmental receipts		89,761	54,643	
NRF Receipts		-	-	
Aid assistance		26,979	35,785	
<b>Actual amounts per statement of financial performance (total revenue)</b>	<b>10,241,085</b>		<b>9,287,789</b>	
<b>ADD</b>				
Aid assistance		23,878		22,130
Prior year unauthorised expenditure approved without funding				
<b>Actual amounts per statement of financial performance (total expenditure)</b>		<b>10,090,877</b>		<b>9,140,177</b>

**DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM VOTE 39**  
**APPROPRIATION STATEMENT**  
**for the year ended 31 March 2017**

Appropriation per programme									
	2016/17							2015/16	
	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
<b>Programme</b>									
<b>Economic classification</b>									
<b>Current payments</b>	3,842,709	(8,113)	(7,965)	3,826,631	3,746,038	80,593	97,9%	<b>3,366,325</b>	<b>3,335,533</b>
Compensation of employees	2,142,593	-	-	2,142,593	2,065,290	77,303	96.4%	1,962,950	1,937,159
Salaries and wages	1,873,573	201	-	1,873,774	1,806,131	67,643	96.4%	1,711,950	1,689,084
Social contributions	269,020	(201)	-	268,819	259,159	9,660	96.4%	251,000	248,075
Goods and services	1,700,116	(8,119)	(8,767)	1,683,230	1,679,942	3,288	99.8%	1,401,264	1,396,265
Administrative fees	25,231	6,268	(245)	31,254	31,096	149	99.5%	20,163	20,116
Advertising	21,820	(1,660)	(3,271)	16,889	16,840	49	99.7%	41,944	41,902
Minor assets	57,968	(29,733)	(17,571)	10,664	10,487	175	98.4%	10,272	10,211
Audit costs:	24,130	(5,307)	(5)	18,818	18,816	3	100.0%	17,184	17,178
External Bursaries:	5,142	(993)	-	4,149	4,149	-	100.0%	3,488	3,479
Employees Catering:	5,786	577	(1,307)	5,056	5,002	54	98.9%	9,045	8,973
Departmental activities									
Communication	59,503	7,885	(3,556)	63,832	63,612	219	99.7%	57,750	58,360
Computer services	200,277	6,532	20,527	227,336	227,313	24	100.0%	156,197	156,164
Consultants:	361,429	(127,473)	(45,235)	188,721	188,704	19	100.0%	137,372	134,282
Business and advisory services									
Infrastructure and planning services	3,088	(1,393)	(987)	708	707	3	99.5%	782	766
Legal services	120,187	38,758	34,785	193,730	193,715	15	100.0%	163,535	163,519
Contractors	41,229	(6,345)	(4,178)	30,706	30,654	52	99.8%	32,221	32,143
Agency and support / outsourced services	36,246	(959)	(7,915)	27,372	27,342	31	99.9%	31,816	31,701
Entertainment	2	-	-	2	-	2	-	-	-
Fleet services	16,416	3,731	(2,283)	17,864	17,733	131	99.3%	22,988	22,910
Inventory:	-	-	-	-	-	-	-	1	-
Materials and supplies									
Consumable supplies	10,481	(1,674)	(1,311)	7,496	7,069	427	94.3%	6,943	6,828
Consumable: Stationery, printing and office supplies	38,516	(4,976)	(3,419)	30,121	29,901	219	99.3%	27,676	27,600

**DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM VOTE 39**  
**APPROPRIATION STATEMENT**  
**for the year ended 31 March 2017**

Appropriation per programme									
	2016/17							2015/16	
	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
Programme									
Operating leases	250,070	9,959	3,733	263,762	263,685	77	100.0	250,097	250,050
Property payments	135,026	5,931	(4,131)	136,826	136,765	62	100.0%	115,816	115,773
Transport provided:	1,989	1,506	(599)	2,896	2,890	6	99.8%	2,416	2,406
Departmental activity									
Travel and subsistence	207,940	73,933	20,015	301,888	300,547	1,342	99.6%	232,084	231,800
Training and development	19,623	(5,658)	(955)	13,010	12,999	14	99.9%	7,934	7,897
Operating payments	20,466	(3,028)	(4,199)	13,239	13,112	127	99.0%	13,973	13,753
Venues and facilities	31,793	24,876	13,402	70,071	69,994	78	99.9%	36,179	36,077
Rental and hiring	5,758	1,124	(60)	6,822	6,810	13	99.8%	3,388	3,376
Interest and rent on land	-	6	802	808	806	3	99.7%	2,111	2,109
Interest	-	6	802	808	806	3	99.7%	1,610 501	1,608 501
Rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>6,225,237</b>	<b>5,380</b>	<b>(665,404)</b>	<b>5,565,213</b>	<b>5,563,969</b>	<b>1,244</b>	<b>100.0%</b>	<b>5,066,512</b>	<b>5,018,423</b>
Provinces and municipalities	93,281	1,092	20,971	115,344	115,330	14	100.0%	76,754	76,741
Municipalities	93,281	1,092	20,971	115,344	115,330	14	100.0%	76,754	76,741
Municipal bank accounts	93,281	1,092	20,971	115,344	115,330	14	100.0%	76,754	76,741
Departmental agencies and accounts	1,524,905	8,219	6,084	1,539,208	1,539,207	1	100.0%	1,381,512	1,381,512
Social security funds	-	-	6,084	-	-	-	-	-	-
Departmental agencies and accounts	1,524,905	8,219	-	1,539,208	1,539,207	1	100.0%	1,381,512	1,381,512
Foreign governments and international organisations	1,574	786	-	2,306	2,333	27	98.9%	2,597	2,596
Public corporations and private enterprises	1	-	-	1	-	1	-	1	-

**DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM VOTE 39**  
**APPROPRIATION STATEMENT**  
**for the year ended 31 March 2017**

Appropriation per programme									
	2016/17							2015/16	
	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
<b>Programme</b>									
Public corporations	1	-	-	1	-	1	-	1	
Subsidies on products and production	1	-	-	1	-	1	-	-	
Other transfers to public corporations	-	-	-	-	-	-	-	1	
Non-profit institutions	3,326	-	-	3,326	3,326		100.0%	3,159	3,159
Households	4,602,150	(4,717)	(692,459)	3,904,974	3,903,773	1,201	100.0%	3,602,489	3,554,415
Social benefits	2,824	2,645	1,586	7,055	7,007	48	99.3%	3,095	3,075
Other transfers to households	4,599,326	(7,362)	(694,045)	3,897,919	3,896,766	1,153	100.0%	3,599,394	3,551,339
<b>Payments for capital assets</b>	<b>56,399</b>	<b>2,733</b>	<b>673,369</b>	<b>732,501</b>	<b>732,278</b>	<b>223</b>	<b>100.0%</b>	<b>759,364</b>	<b>758,932</b>
Buildings and other fixed structures	7,135		561,733	568,868	568,866	2	100.0%	601,217	601,199
Buildings	-	-	-	-	-	-	-	5,061	5,044
Other fixed structures	7,135		561,733	568,868	568,866	2	100.0%	596,156	596,155
Machinery and equipment	44,858	2,733	11,637	59,228	59,009	219	99.6%	67,593	67,178
Transport equipment	1,290	(207)	2,601	3,684	3,682	2	99.9%	1,843	1,836
Other machinery and equipment	43,568	2,940	9,036	55,544	55,327	217	99.6%	65,751	65,340
Land and subsoil assets	4,406	-	99,999	104,405	104,403	2	100.0%	90,554	90,554
Intangible assets	-	-	-	-	-	-	-	-	
<b>Payments for financial assets</b>					24,714	(24,714)	-	5,160	5,159
<b>Total</b>	<b>10,124,345</b>	<b>-</b>	<b>-</b>	<b>10,124,345</b>	<b>10,066,999</b>	<b>57,346</b>	<b>99.4%</b>	<b>9,197,361</b>	<b>9,118,047</b>

**DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM VOTE 39**  
**APPROPRIATION STATEMENT**  
**for the year ended 31 March 2017**

<b>Statutory Appropriation per economic classification</b>									
<b>Programme 1: Administration</b>									
	<b>2016/17</b>							<b>2015/16</b>	
	<b>Adjusted Appropriation</b>	<b>Shifting of Funds</b>	<b>Virement</b>	<b>Final Appropriation</b>	<b>Actual Expenditure</b>	<b>Variance</b>	<b>Expenditure as % of final appropriation</b>	<b>Final Appropriation</b>	<b>Actual expenditure</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
<b>Sub programme</b>									
1. Ministry	40,478	5,996	130	46,604	46,568	36	99.9%	44,599	44,547
2. Management	158,839	7,232	98	166,169	165,933	236	99.9%	146,460	146,392
3. Internal Audit	47,821	(6,514)	82	41,389	40,462	927	97.8%	43,240	43,226
4. Corporate Services	449,003	(9,327)	37,226	476,902	469,435	7,467	98.4%	381,746	381,528
5. Financial Services	292,739	(7,468)	(2,459)	282,812	282,636	176	99.9%	167,372	167,557
6. Provincial Coordination	336,629	4,240	4,259	345,128	339,577	5,551	98.4%	318,345	315,141
7. Office Accommodation	257,032	5,841	-	262,873	262,871	2	100.0%	239,198	239,197
<b>Total for sub programmes</b>	<b>1,582,541</b>	<b>-</b>	<b>39,336</b>	<b>1,621,877</b>	<b>1,607,482</b>	<b>14,395</b>	<b>99.1%</b>	<b>1,340,960</b>	<b>1,337,588</b>
<b>Economic classification</b>									
<b>Current payments</b>	<b>1,562,052</b>		<b>36,070</b>	<b>1,598,122</b>	<b>1,578,703</b>	<b>19,419</b>	<b>98.8%</b>	<b>1,298,662</b>	<b>1,295,462</b>
Compensation of employees	718,196			718,196	700,157	18,039	97.5%	649,437	649,240
Salaries and wages	629,733	(2,403)		627,330	612,526	14,804	97.6%	564,238	564,061
Social contributions	88,463	2,403		90,866	87,633	3,233	96.4%	85,199	85,179
Goods and services	843,856		35,951	879,807	878,427	1,380	99.8%	649,197	645,512
Administrative fees	7,336	(1,590)	986	6,732	6,663	69	99.0%	4,214	4,201
Advertising	7,771	(1,931)		5,840	5,825	15	99.8%	8,968	8,954
Minor assets	17,573	(15,454)		2,119	2,046	73	96.5%	1,551	1,540
Audit costs:	22,003	(4,800)		17,203	17,202	1	100.0%	16,771	16,771
External Bursaries:	5,051	(902)		4,149	4,149	-	100.0%	3,488	3,479
Employees Catering:	401	101		502	488	15	97.3%	994	964
Departmental activities									
Communication	15,649	2,949		18,598	18,512	86	99.5%	19,922	19,566
Computer services	172,206	922	34,965	208,093	208,078	15	100.0%	137,517	137,505
Consultants: Business and advisory services	115,581	(18,428)		97,153	97,145	8	100.0%	18,428	15,369

**DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM VOTE 39**  
**APPROPRIATION STATEMENT**  
**for the year ended 31 March 2017**

<b>Statutory Appropriation per economic classification</b>									
<b>Programme 1: Administration</b>									
	<b>2016/17</b>							<b>2015/16</b>	
	<b>Adjusted Appropriation</b>	<b>Shifting of Funds</b>	<b>Virement</b>	<b>Final Appropriation</b>	<b>Actual Expenditure</b>	<b>Variance</b>	<b>Expenditure as % of final appropriation</b>	<b>Final Appropriation</b>	<b>Actual expenditure</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
Legal services	9,040	15,385		24,425	24,420	5	100.0%	10,386	10,383
Contractors	17,563	(11,774)		5,789	5,772	17	99.7%	4,018	4,002
Agency and support / outsourced services	14,219	(4,773)		9,446	9,439	7	99.9%	11,723	11,713
Entertainment	2			2		2	-		
Fleet services	5,030	1,682		6,712	6,648	64	99.0%	10,528	10,517
Inventory:	-	-		-	-	-	-	1	-
Materials and supplies									
Consumable supplies	3,728	(1,189)		2,539	2,338	201	92.1%	2,553	2,537
Consumable: Stationery, printing and office supplies	11,545	(1,094)		10,451	10,349	102	99.0%	8,450	8,432
Operating leases	230,512	5,936		236,448	236,409	39	100.0%	220,046	220,027
Property payments	103,038	8,899		119,937	111,916	21	100.0%	94,553	94,537
Transport provided: Departmental activity	60	(60)					-		
Travel and subsistence	54,847	25,363		82,210	79,651	559	99.3%	59,109	59,080
Training and development	15,825	(6,047)		9,778	9,774	4	100.0%	4,488	4,477
Operating payments	6,780	(1,868)		4,912	4,865	47	99.0%	4,821	4,807
Venues and facilities	7,826	(8,487)		16,313	16,284	29	99.8%	6,604	6,587
Rental and hiring	270	186		456	455	1	99.8%	64	63
Interest and rent on land			119	119	118	1	99.6%	28	29
Interest			119	119	118	1	99.6%	28	29
<b>Transfers and subsidies</b>	<b>1,050</b>		<b>1,219</b>	<b>2,269</b>	<b>2,244</b>	<b>25</b>	<b>98.8%</b>	<b>1,144</b>	<b>1,137</b>
Provinces and municipalities	31		(3)	28	24	4	86.1%	18	16
Municipalities	31		(3)	28	24	4	86.1%	18	16
Municipal bank accounts	31		(3)	28	24	4	86.1%	18	16
Municipal agencies and funds							-	-	-

**DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM VOTE 39**  
**APPROPRIATION STATEMENT**  
**for the year ended 31 March 2017**

Statutory Appropriation per economic classification									
Programme 1: Administration									
	2016/17							2015/16	
	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
Departmental agencies and accounts	-	-	1	1	1	1	-	3	3
Departmental agencies	-	-	1	1	1	1	-	3	3
Households	1,019		1,221	2,240	2,220	20	99.0%	1,123	1,118
Social benefits	1,019		1,218	2,237	2,218	19	99.0%	1,117	1,113
Other transfers to households			4	4	3	1	79.0%	6	5
<b>Payments for capital assets</b>	<b>19,439</b>		<b>2,047</b>	<b>21,486</b>	<b>21,402</b>	<b>84</b>	<b>99.6%</b>	<b>40,503</b>	<b>40,337</b>
Buildings and other fixed structures	7,135		(4,432)	2,703	2,701	2	99.9%	5,124	5,107
Buildings							-	5,061	5,044
Other fixed structures	7,135		(4,432)	2,703	2,701	2	99.9%	63	63
Machinery and equipment	12,304		6,479	18,783	18,701	82	99.6%	35,379	35,230
Transport equipment	1,290	(250)		1,040	1,040		100.0%	1,843	1,836
Other machinery and equipment	11,014	250	6,479	17,743	17,661	82	99.5%	33,536	33,394
Intangible assets	-	-	-	-	-	-	-	-	-
<b>Payments for financial assets</b>					<b>5,133</b>	<b>(5,133)</b>	-	<b>651</b>	<b>652</b>
<b>Total</b>	<b>1,582,541</b>	<b>-</b>	<b>39,336</b>	<b>1,621,877</b>	<b>1,607,482</b>	<b>14,395</b>	<b>99.1%</b>	<b>1,340,960</b>	<b>1,337,588</b>

**DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM VOTE 39  
APPROPRIATION STATEMENT  
for the year ended 31 March 2017**

<b>1.1 Ministry</b>									
<b>Economic classification</b>	<b>2016/17</b>							<b>2015/16</b>	
	<b>Adjusted Appropriation</b>	<b>Shifting of Funds</b>	<b>Virement</b>	<b>Final Appropriation</b>	<b>Actual Expenditure</b>	<b>Variance</b>	<b>Expenditure as % of final appropriation</b>	<b>Final Appropriation</b>	<b>Actual expenditure</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
<b>Current payments</b>	<b>40,323</b>	<b>5,935</b>	<b>119</b>	<b>46,377</b>	<b>46,284</b>	<b>93</b>	<b>99.8%</b>	<b>43,914</b>	<b>43,863</b>
Compensation of employees	24,004	(25)	-	23,979	23,958	21		22,565	22,565
Goods and services	16,319	5,960	-	22,279	22,207	72		21,349	21,298
Interest and rent on land	-		119	119	119	-		21	21
<b>Transfers and subsidies</b>	<b>-</b>		<b>11</b>	<b>11</b>	<b>10</b>	<b>1</b>	<b>90.0%</b>	<b>-</b>	<b>-</b>
Provinces and municipalities								-	-
Departmental agencies and accounts	-		1	1	-	1		-	-
Households	-		10	10	10	0	-	-	-
<b>Payments for capital assets</b>	<b>155</b>	<b>61</b>	<b>-</b>	<b>216</b>	<b>213</b>	<b>3</b>	<b>98.7%</b>	<b>679</b>	<b>678</b>
Buildings and other fixed structures									
Machinery and equipment	155	61	-	216	213	3	98.7%	679	678
<b>Payments for financial assets</b>								<b>6</b>	<b>6</b>
<b>Total</b>	<b>40,478</b>	<b>5,996</b>	<b>130</b>	<b>46,604</b>	<b>46,568</b>	<b>36</b>	<b>99.9%</b>	<b>44,599</b>	<b>44,547</b>

**DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM VOTE 39**  
**APPROPRIATION STATEMENT**  
**for the year ended 31 March 2017**

1.2 Management									
Economic classification	2016/17							2015/16	
	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
<b>Current payments</b>	<b>157,791</b>	<b>7,281</b>	<b>-</b>	<b>165,072</b>	<b>164,737</b>	<b>335</b>	<b>99.8%</b>	<b>145,063</b>	<b>145,022</b>
Compensation of employees	71,222	1,435	-	72,657	72,563	94		64,882	64,871
Goods and services	86,569	5,846	-	64,105	64,045	240		80,181	80,151
<b>Transfers and subsidies</b>		<b>-</b>	<b>98</b>	<b>139</b>	<b>136</b>	<b>3</b>	<b>97.9%</b>	<b>129</b>	<b>128</b>
Households	41	-	98	139	136	3	97.9%	129	128
<b>Payments for capital assets</b>	<b>1,007</b>	<b>(49)</b>	<b>-</b>	<b>958</b>	<b>950</b>	<b>8</b>	<b>99.2%</b>	<b>1,204</b>	<b>1,178</b>
Buildings and other fixed structures									
Machinery and equipment	1,007	(49)	-	958	950	8	99.2%	1,204	1,178
<b>Payments for financial assets</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>108</b>	<b>(108)</b>	<b>-</b>	<b>64</b>	<b>64</b>
<b>Total</b>	<b>158,839</b>	<b>7,232</b>	<b>98</b>	<b>166,169</b>	<b>165,932</b>	<b>237</b>	<b>99.9%</b>	<b>146,460</b>	<b>146,392</b>

1.3 Internal Audit									
Economic classification	2016/17							2015/16	
	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
<b>Current payments</b>	<b>47,658</b>	<b>(6,457)</b>	<b>-</b>	<b>41,201</b>	<b>40,255</b>	<b>946</b>	<b>97.7%</b>	<b>42,428</b>	<b>42,414</b>
Compensation of employees	30,986	179	-	31,165	30,273	892	97.1%	28,121	28,117
Goods and services	16,672	(6,636)	-	10,036	9,982	54		14,307	14,297
<b>Transfers and subsidies</b>	<b>34</b>	<b>-</b>	<b>82</b>	<b>116</b>	<b>115</b>	<b>1</b>	<b>98.8%</b>	<b>73</b>	<b>73</b>
Households	34	-	82	116	115	1	98.8%	73	73
<b>Payments for capital assets</b>	<b>129</b>	<b>(57)</b>	<b>-</b>	<b>72</b>	<b>72</b>	<b>-</b>	<b>99.5%</b>	<b>738</b>	<b>738</b>
Buildings and other fixed structures									
Machinery and equipment	129	(57)	-	72	72	-	99.5%	738	738
<b>Payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21</b>	<b>(21)</b>	<b>-</b>	<b>1</b>	<b>1</b>
<b>Total</b>	<b>47,821</b>	<b>(6,514)</b>	<b>82</b>	<b>41,389</b>	<b>40,462</b>	<b>927</b>	<b>97.8%</b>	<b>43,240</b>	<b>43,226</b>

**DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM VOTE 39  
APPROPRIATION STATEMENT  
for the year ended 31 March 2017**

<b>1.4 Corporate Services</b>									
<b>Economic classification</b>	<b>2016/17</b>							<b>2015/16</b>	
	<b>Adjusted Appropriation</b>	<b>Shifting of Funds</b>	<b>Virement</b>	<b>Final Appropriation</b>	<b>Actual Expenditure</b>	<b>Variance</b>	<b>Expenditure as % of final appropriation</b>	<b>Final Appropriation</b>	<b>Actual expenditure</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
<b>Current payments</b>	<b>444,019</b>	<b>(8,672)</b>	<b>34,965</b>	<b>470,312</b>	<b>458,307</b>	<b>12,005</b>	<b>97,4%</b>	<b>355,580</b>	<b>355,364</b>
Compensation of employees	195,045	(3,071)	-	191,974	180,320	11,654		169,940	169,900
Goods and services	248,974	(5,601)	34,965	278,338	277,987	351		185,640	185,464
<b>Transfers and subsidies</b>	<b>411</b>	<b>-</b>	<b>760</b>	<b>1,171</b>	<b>1,164</b>	<b>7</b>	<b>99.4%</b>	<b>387</b>	<b>385</b>
Households	411	-	760	1,171	1,164	7	99.4%	387	385
<b>Payments for capital assets</b>	<b>4,573</b>	<b>(655)</b>	<b>1,501</b>	<b>5,419</b>	<b>5,397</b>	<b>22</b>	<b>99.6%</b>	<b>25,511</b>	<b>25,511</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	63	63
Machinery and equipment	4,573	(655)	1,501	5,416	5,397	22	99.6%	25,448	25,448
<b>Payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,568</b>	<b>(4,568)</b>	<b>-</b>	<b>268</b>	<b>268</b>
<b>Total</b>	<b>449,003</b>	<b>(9,327)</b>	<b>37,226</b>	<b>476,902</b>	<b>469,435</b>	<b>7,467</b>	<b>98.4%</b>	<b>381,746</b>	<b>381,528</b>

<b>1.5 Financial Services</b>									
<b>Economic classification</b>	<b>2016/17</b>							<b>2015/16</b>	
	<b>Adjusted Appropriation</b>	<b>Shifting of Funds</b>	<b>Virement</b>	<b>Final Appropriation</b>	<b>Actual Expenditure</b>	<b>Variance</b>	<b>Expenditure as % of final appropriation</b>	<b>Final Appropriation</b>	<b>Actual expenditure</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
<b>Current payments</b>	<b>281,720</b>	<b>(7,409)</b>	<b>-</b>	<b>274,311</b>	<b>274,057</b>	<b>255</b>	<b>99.9%</b>	<b>157,482</b>	<b>157,003</b>
Compensation of employees	114,191	1,476	-	115,667	115,611	6	100.0%	107,651	107,517
Goods and services	167,529	(8,885)	-	158,644	158,445	199	99.9%	49,803	49,457
<b>Transfers and subsidies</b>	<b>20</b>	<b>(3)</b>	<b>78</b>	<b>95</b>	<b>92</b>	<b>3</b>	<b>96.8%</b>	<b>317</b>	<b>316</b>
Provinces and municipalities	20	(3)	(7)	10	9	1	86.4%	10	9
Households	-	-	85	85	83	2	98.1%	307	307

**DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM VOTE 39  
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for the year ended 31 March 2017**

<b>1.5 Financial Services</b>									
<b>Economic classification</b>	<b>2016/17</b>							<b>2015/16</b>	
	<b>Adjusted Appropriation</b>	<b>Shifting of Funds</b>	<b>Virement</b>	<b>Final Appropriation</b>	<b>Actual Expenditure</b>	<b>Variance</b>	<b>Expenditure as % of final appropriation</b>	<b>Final Appropriation</b>	<b>Actual expenditure</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
<b>Payments for capital assets</b>	10,999	(56)	(2,537)	8,406	8,388	18	99.8%	9,524	9,506
Buildings and other fixed structures	7,135	-	(4,434)	2,701	2,701	-	100.0%	5,061	5,044
Machinery and equipment	3,864	(56)	1,897	5,705	5,687	18	99.7%	4,463	4,462
<b>Payments for financial assets</b>	-	-	-	-	99	(99)	-	49	51
<b>Total</b>	<b>292,739</b>	<b>(7,468)</b>	<b>(2,459)</b>	<b>282,812</b>	<b>282,635</b>	<b>177</b>	<b>99.9%</b>	<b>167,372</b>	<b>166,876</b>

<b>1.6 Provincial Coordination</b>									
<b>Economic classification</b>	<b>2016/17</b>							<b>2015/16</b>	
	<b>Adjusted Appropriation</b>	<b>Shifting of Funds</b>	<b>Virement</b>	<b>Final Appropriation</b>	<b>Actual Expenditure</b>	<b>Variance</b>	<b>Expenditure as % of final appropriation</b>	<b>Final Appropriation</b>	<b>Actual expenditure</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
<b>Current payments</b>	<b>333,509</b>	<b>3,481</b>	<b>986</b>	<b>337,976</b>	<b>332,195</b>	<b>5,781</b>	<b>98.3%</b>	<b>314,997</b>	<b>311,918</b>
Compensation of employees	282,748	6	-	282,754	277,434	5,320	98.1%	256,278	256,270
Goods and services	50,761	3,475	986	55,222	54,761	461		58,719	55,648
<b>Transfers and subsidies</b>	<b>544</b>	<b>3</b>	<b>192</b>	<b>739</b>	<b>727</b>	<b>12</b>	<b>98.4%</b>	<b>238</b>	<b>235</b>
Provinces and municipalities	11	3	4	18	15	3		8	7
Departmental agencies and accounts								3	3
Households	533	-	188	721	712	9	98.7%	227	225
<b>Payments for capital assets</b>	<b>2,576</b>	<b>756</b>	<b>3,081</b>	<b>6,413</b>	<b>6,382</b>	<b>31</b>	<b>99.5%</b>	<b>2,847</b>	<b>2,726</b>
Buildings and other fixed structures									
Machinery and equipment	2,576	756	3,081	6,413	6,382	31	99.5%	2,847	2,726
<b>Payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>274</b>	<b>(274)</b>	<b>-</b>	<b>263</b>	<b>262</b>
<b>Total</b>	<b>336,629</b>	<b>4,240</b>	<b>4,259</b>	<b>345,128</b>	<b>339,578</b>	<b>5,550</b>	<b>98.4%</b>	<b>318,345</b>	<b>315,141</b>

**DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM VOTE 39  
APPROPRIATION STATEMENT  
for the year ended 31 March 2017**

<b>1.7 Office Accommodation</b>									
<b>Economic classification</b>	<b>2016/17</b>							<b>2015/16</b>	
	<b>Adjusted Appropriation</b>	<b>Shifting of Funds</b>	<b>Virement</b>	<b>Final Appropriation</b>	<b>Actual Expenditure</b>	<b>Variance</b>	<b>Expenditure as % of final appropriation</b>	<b>Final Appropriation</b>	<b>Actual expenditure</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
<b>Current payments</b>	257,032	5,841	-	262,873	262,871	2	100.0%	239,198	239,197
Compensation of employees								-	-
Goods and services	257,032	5,841	-	262,873	262,871	2	100.0%	239,198	239,197
<b>Transfers and subsidies</b>	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
<b>Payments for capital assets</b>	-	-	-	-	-	-	-	-	-
<b>Payments for financial assets</b>	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>257,032</b>	<b>5,841</b>	<b>-</b>	<b>262,873</b>	<b>262,871</b>	<b>2</b>	<b>100.0%</b>	<b>239,198</b>	<b>239,197</b>

**DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM VOTE 39**  
**APPROPRIATION STATEMENT**  
**for the year ended 31 March 2017**

<b>Programme 2: Geospatial and Cadastral Services</b>									
	<b>2016/17</b>							<b>2015/16</b>	
	<b>Adjusted Appropriation</b>	<b>Shifting of Funds</b>	<b>Virement</b>	<b>Final Appropriation</b>	<b>Actual Expenditure</b>	<b>Variance</b>	<b>Expenditure as % of final appropriation</b>	<b>Final Appropriation</b>	<b>Actual expenditure</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
<b>Sub programme</b>									
1. National Geomatics Management Services	537,589	(8,017)	(18,968)	510,604	500,713	4,891	99.0%	497,262	486,652
2. Spatial Planning and Land Use Management	169,456	8,017	(18,456)	159,017	155,543	3,474	94.7%	184,929	176,103
3. Registration of Deeds Trading Account	-	-	-	-	-	-	-	15,929	15,929
4. South African Council of Planners	7,326	-	-	7,326	7,326	-	100.0%	3,159	3,159
<b>Total for sub programmes</b>	<b>714,371</b>	<b>-</b>	<b>(37,424)</b>	<b>676,947</b>	<b>668,582</b>	<b>8,365</b>	<b>98.8%</b>	<b>701,279</b>	<b>681,843</b>
<b>Economic classification</b>									
<b>Current payments</b>	<b>672,604</b>	<b>-</b>	<b>(41,178)</b>	<b>631,426</b>	<b>611,864</b>	<b>19,562</b>	<b>96.9%</b>	<b>644,365</b>	<b>625,049</b>
Compensation of employees	484,981	-	-	484,981	465,745	19,236	96.0%	468,108	449,045
Salaries and wages	421,147	5,869	-	427,016	411,332	15,684	96.3%	412,698	396,176
Social contributions	63,834	(5,869)	-	57,965	54,413	3,552	93.9%	55,410	52,869
Goods and services	187,623	-	(41,178)	146,445	146,119	326	99.8%	176,257	176,004
Administrative fees	931	1,057	(197)	1,791	1,768	23	98.7%	665	663
Advertising	2,840	80	(284)	2,636	2,629	7	99.7%	8,060	8,059
Minor assets	2,447	(1,452)	(7,201)	794	782	13	98.4%	1,795	1,778
Catering:	121	263	(102)	282	272	10	96.6%	290	285
Departmental activities									
Communication	9,453	(1,368)	(1,489)	6,596	6,560	36	96.5%	5,439	5,436
Computer services	22,625	1,800	(10,802)	13,623	13,620	3	100.0%	12,687	12,682
Consultants: Business and advisory services	66,405	(5,221)	(5,726)	55,458	55,454	4	100.0%	75,190	75,187
Infrastructure and planning services	1,986	(1,055)	(831)	100	100	-	100.0%	150	150
Legal services	832	2	(830)	4	3	1	85.5%	-	-
Contractors	18,077	1,096	(1,753)	17,420	17,412	8	100.0%	19,272	19,266

**DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM VOTE 39  
APPROPRIATION STATEMENT  
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<b>Programme 2: Geospatial and Cadastral Services</b>									
	<b>2016/17</b>							<b>2015/16</b>	
	<b>Adjusted Appropriation</b>	<b>Shifting of Funds</b>	<b>Virement</b>	<b>Final Appropriation</b>	<b>Actual Expenditure</b>	<b>Variance</b>	<b>Expenditure as % of final Appropriation</b>	<b>Final Appropriation</b>	<b>Actual expenditure</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
Agency and support / outsourced services	5,000	(143)	(1,511)	3,346	3,344	2	99.9%	10,214	10,211
Fleet services	1,782	309	(915)	1,176	1,164	12	99.0%	889	859
Consumable supplies	1,217	175	(536)	856	809	47	94.5%	939	887
Consumable: Stationery, printing and office supplies	5,453	540	1,224	4,769	4,756	13	99.7%	4,288	4,255
Operating leases	3,078	483	(390)	3,171	3,165	6	99.8%	4,457	4,450
Property payments	9,481	(2,034)	(671)	6,776	6,769	6	99.9%	6,692	6,688
Travel and subsistence	23,364	2,648	4,050	21,962	21,839	123	99.4%	20,283	20,213
Training and development	1,433	(166)	(202)	1,065	1,065	0	100.0%	1,285	1,284
Operating payments	2,046	2,024	(2,060)	2,010	2,003	7	99.6%	1,183	1,174
Venues and facilities	2,052	962	(404)	2,610	2,604	5	99.8%	2,479	2,477
<b>Transfers and subsidies</b>	<b>34,269</b>	<b>-</b>	<b>(2,020)</b>	<b>32,249</b>	<b>32,212</b>	<b>37</b>	<b>99.9%</b>	<b>42,824</b>	<b>42,717</b>
Provinces and municipalities	15	-	(13)	2	2	-	100.0%	8	2
Municipalities	15	-	(13)	2	2	-	100.0%	8	2
Municipal bank accounts	15	-	(13)	2	2	-	100.0%	8	2
Departmental agencies and accounts	4,000	-	-	4,000	4,000	-	100.0%	15,929	15,929
Departmental agencies	4,000	-	-	4,000	4,000	-	100.0%	15,929	15,929
Foreign governments and international organisations	1,574	786	-	2,360	2,333	27	98.9%	2,597	2,596
Non-profit institutions	3,326	-	-	3,326	3,326	-	100.0%	3,159	3,159
Households	25,354	(786)	(2,007)	22,561	22,551	10	100.0%	21,131	21,030
Social benefits	1,306	1,754	-	3,060	3,050	10	89.7%	902	898
Other transfers to households	24,048	2,540	2,007	19,501	19,000	1	100.0%	20,229	20,132

**DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM VOTE 39  
APPROPRIATION STATEMENT  
for the year ended 31 March 2017**

<b>Programme 2: Geospatial and Cadastral Services</b>									
	<b>2016/17</b>							<b>2015/16</b>	
	<b>Adjusted Appropriation</b>	<b>Shifting of Funds</b>	<b>Virement</b>	<b>Final Appropriation</b>	<b>Actual Expenditure</b>	<b>Variance</b>	<b>Expenditure as % of final appropriation</b>	<b>Final Appropriation</b>	<b>Actual expenditure</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
<b>Payments for capital assets</b>	<b>7,498</b>	<b>-</b>	<b>5,774</b>	<b>13,272</b>	<b>13,240</b>	<b>32</b>	<b>99.8%</b>	<b>12,047</b>	<b>12,035</b>
Machinery and equipment	7,498	-	5,773	13,272	13,240	32	99.8%	12,047	12,035
Transport equipment-	-	-	2,601	2,601	2,600	1	100.0%	-	-
Other machinery and equipment	7,498	-	3,172	10,671	10,640	31	99.7%	12,047	12,035
<b>Payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,266</b>	<b>(11,266)</b>	<b>-</b>	<b>2,043</b>	<b>2,042</b>
<b>Total</b>	<b>714,371</b>	<b>-</b>	<b>(37,424)</b>	<b>676,947</b>	<b>668,582</b>	<b>8,365</b>	<b>98.8%</b>	<b>701,279</b>	<b>681,843</b>

**2.1 Geospatial and Cadastral Services**

	<b>2016/17</b>							<b>2015/16</b>	
	<b>Adjusted Appropriation</b>	<b>Shifting of Funds</b>	<b>Virement</b>	<b>Final Appropriation</b>	<b>Actual Expenditure</b>	<b>Variance</b>	<b>Expenditure as % of final appropriation</b>	<b>Final Appropriation</b>	<b>Actual expenditure</b>
<b>Economic classification</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
<b>Current payments</b>	<b>503,882</b>	<b>(6,926)</b>	<b>(22,722)</b>	<b>474,234</b>	<b>463,333</b>	<b>10,901</b>	<b>97.7%</b>	<b>460,249</b>	<b>449,750</b>
Compensation of employees	403,120	(25)	-	403,095	392,399	10,696	-	383,493	373,179
Goods and services	100,762	(6,901)	(22,723)	71,138	70,934	205	-	76,756	76,571
<b>Transfers and subsidies</b>	<b>26,805</b>	<b>(82)</b>	<b>(2,020)</b>	<b>24,703</b>	<b>24,669</b>	<b>34</b>	<b>99.9%</b>	<b>23,443</b>	<b>23,337</b>
Provinces and municipalities	15	-	(13)	2	2	-	-	8	2
Foreign governments and international organisations	1,574	786	-	2,360	2,333	27	-	2,597	2,596
Households	25,216	(868)	(2,007)	22,341	22,334	7	-	20,838	20,738
<b>Payments for capital assets</b>	<b>6,902</b>	<b>(1,009)</b>	<b>5,774</b>	<b>11,667</b>	<b>11,653</b>	<b>14</b>	<b>99.9%</b>	<b>11,535</b>	<b>11,530</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	6,902	(1,009)	5,773	11,666	11,654	13	-	11,535	11,530
Intangible assets	-	-	-	-	-	-	-	-	-
<b>Payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,058</b>	<b>(6,058)</b>	<b>-</b>	<b>2,035</b>	<b>2,035</b>
<b>Total</b>	<b>537,589</b>	<b>(8,017)</b>	<b>(18,968)</b>	<b>510,604</b>	<b>505,713</b>	<b>4,891</b>	<b>99.0%</b>	<b>497,262</b>	<b>486,652</b>

**DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM VOTE 39**  
**APPROPRIATION STATEMENT**  
**for the year ended 31 March 2017**

<b>2.2 Spatial Planning and Land Management</b>									
<b>Economic classification</b>	<b>2016/17</b>							<b>2015/16</b>	
	<b>Adjusted Appropriation</b>	<b>Shifting of Funds</b>	<b>Virement</b>	<b>Final Appropriation</b>	<b>Actual Expenditure</b>	<b>Variance</b>	<b>Expenditure as % of final appropriation</b>	<b>Final Appropriation</b>	<b>Actual expenditure</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
<b>Current payments</b>	<b>168,722</b>	<b>6,926</b>	<b>(18,456)</b>	<b>157,192</b>	<b>148,531</b>	<b>8,661</b>	<b>94.5%</b>	<b>184,116</b>	<b>175,299</b>
Compensation of employees	81,861	25	-	81,886	73,346	8,540	89.6%	84,615	75,866
Goods and services	86,861	6,901	(18,456)	75,306	75,185	121		99,501	99,433
<b>Transfers and subsidies</b>	<b>138</b>	<b>82</b>	<b>-</b>	<b>220</b>	<b>217</b>	<b>-</b>	<b>98.6%</b>	<b>293</b>	<b>292</b>
Households	138	82	-	220	217	3	98.6%	293	292
<b>Payments for capital assets</b>	<b>596</b>	<b>1,009</b>	<b>-</b>	<b>1,605</b>	<b>1,587</b>	<b>18</b>	<b>98.6%</b>	<b>512</b>	<b>505</b>
Buildings and other fixed structures								-	-
Machinery and equipment	596	1,009	-	1,605	1,587	18	98.9%	512	505
<b>Payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,208</b>	<b>(5,208)</b>	<b>-</b>	<b>8</b>	<b>7</b>
<b>Total</b>	<b>169,456</b>	<b>8,017</b>	<b>(18,456)</b>	<b>159,017</b>	<b>155,543</b>	<b>3,474</b>	<b>94.7%</b>	<b>184,929</b>	<b>176,103</b>

<b>2.3 Registration of Deeds Trading Account</b>									
<b>Economic classification</b>	<b>2016/17</b>							<b>2015/16</b>	
	<b>Adjusted Appropriation</b>	<b>Shifting of Funds</b>	<b>Virement</b>	<b>Final Appropriation</b>	<b>Actual Expenditure</b>	<b>Variance</b>	<b>Expenditure as % of final appropriation</b>	<b>Final Appropriation</b>	<b>Actual expenditure</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
<b>Current payments</b>	-	-	-	-	-	-	-	-	-
Compensation of employees	-	-	-	-	-	-	-	-	-
Goods and services	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,929</b>	<b>15,929</b>
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	15,929	15,929
<b>Payments for capital assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Intangible assets	-	-	-	-	-	-	-	-	-
<b>Payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,929</b>	<b>15,929</b>

**DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM VOTE 39**  
**APPROPRIATION STATEMENT**  
**for the year ended 31 March 2017**

<b>2.4 South African Council for Planners</b>									
<b>Economic classification</b>	<b>2016/17</b>							<b>2015/16</b>	
	<b>Adjusted Appropriation</b>	<b>Shifting of Funds</b>	<b>Virement</b>	<b>Final Appropriation</b>	<b>Actual Expenditure</b>	<b>Variance</b>	<b>Expenditure as % of final appropriation</b>	<b>Final Appropriation</b>	<b>Actual expenditure</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
<b>Current payments</b>	-	-	-	-	-	-	-	-	-
Compensation of employees	-	-	-	-	-	-	-	-	-
Goods and services	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>7,326</b>	-	-	<b>7,326</b>	<b>7,326</b>	-	<b>100.0%</b>	<b>3,159</b>	<b>3,159</b>
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	4,000	-	-	4,000	4,000	-	100.0%	-	-
Non-profit institutions	3,326	-	-	3,326	3,326	-	-	3,159	3,159
<b>Payments for capital assets</b>	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-
<b>Payments for financial assets</b>	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>7,326</b>	<b>-</b>	<b>-</b>	<b>7,326</b>	<b>7,326</b>	<b>-</b>	<b>100.0%</b>	<b>3,159</b>	<b>3,159</b>

<b>Programme 3: Rural Development</b>									
	<b>2016/17</b>							<b>2015/16</b>	
	<b>Adjusted Appropriation</b>	<b>Shifting of Funds</b>	<b>Virement</b>	<b>Final Appropriation</b>	<b>Actual Expenditure</b>	<b>Variance</b>	<b>Expenditure as % of final appropriation</b>	<b>Final Appropriation</b>	<b>Actual expenditure</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
<b>Sub programme</b>									
Rural Infrastructure Development	906,544	(20,736)	(72,304)	813,504	807,567	5,937	99.3%	866,518	861,746
Rural Enterprise and Industrial Development	581,840	8,639	(10,859)	579,620	571,732	7,888	98.6%	712,184	707,532
National Rural Youth Services Crops	425,983	12,097	1,075	439,155	435,470	3,685	99.2%	352,967	352,717
<b>Total for sub programmes</b>	<b>1,914,367</b>	<b>-</b>	<b>(82,088)</b>	<b>1,832,279</b>	<b>1,814,769</b>	<b>17,510</b>	<b>99.0%</b>	<b>1,931,669</b>	<b>1,921,995</b>
<b>Economic classification</b>									
<b>Current payments</b>	<b>378,870</b>	<b>(327)</b>	<b>61,833</b>	<b>440,376</b>	<b>422,183</b>	<b>18,193</b>	<b>95.9%</b>	<b>387,629</b>	<b>380,794</b>
Compensation of employees	282,506	-	-	282,506	264,951	17,555	93.8%	261,364	254,983
Salaries and wages	250,041	(576)	-	249,465	233,372	16,093	93.5%	230,118	224,044
Social contributions	32,465	576	-	33,041	31,579	1,462	95.6%	31,246	30,939
Goods and services	96,364	(327)	61,833	157,870	157,232	638	99.6%	125,900	125,447

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for the year ended 31 March 2017**

Programme 3: Rural Development									
	2016/17							2015/16	
	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
Administrative fees	2,987	1,576	861	5,424	5,403	21	99.6%	3,182	3,173
Advertising	1,008	(373)	-	635	626	9	98.6%	3,384	3,376
Minor assets	5,633	(3,060)	-	2,573	2,542	32	98.7%	1,150	1,144
Catering:	2,107	(58)	-	2,049	2,038	11	99.5%	3,050	3,045
Departmental activities									
Communication	5,293	289	-	5,582	5,550	32	99.4%	5,491	5,489
Computer services	377	(139)	-	238	237	1	99.6%	245	240
Consultants: Business and advisory services	1,722	(1,564)	12,440	12,598	12,595	3	100.0%	19,552	19,550
Infrastructure and planning services	-	-	-	-	-	-	-	340	331
Contractors	1,108	(95)	-	1,103	1,006	7	99.3%	415	384
Agency and support / outsourced services	1,538	(536)	-	1,002	995	7	99.3%	1,027	941
Fleet services	2,304	(994)	-	1,310	1,292	18	98.6%	1,169	1,151
Consumable supplies	1,156	(192)	-	964	898	66	93.1%	1,298	1,291
Consumable: Stationery, printing and office supplies	5,748	(2,803)	-	2,945	2,903	42	98.6%	3,638	3,637
Operating leases	1,538	412	409	2,359	2,351	8	99.7%	2,777	2,775
Property payments	4,106	(1,287)	-	2,819	2,812	7	99.7%	1,536	1,527
Transport provided: Departmental activity	11	(11)	-	-	-	-	-	64	63
Travel and subsistence	47,268	10,523	27,828	85,619	85,298	321	99.6%	65,505	65,366
Training and development	965	(759)	-	206	203	3	98.7%	1,272	1,263
Operating payments	2,615	(959)	-	1,656	1,627	29	98.3%	1,801	1,756
Venues and facilities	6,562	180	19,924	26,666	26,649	17	99.9%	7,874	7,816
Rental and hiring	2,318	(477)	371	2,212	2,206	6	99.7%	1,130	1,129
Interest and rent on land	-	-	-	-	-	-	-	365	364
Interest	-	-	-	-	-	-	-	365	364

**DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM VOTE 39  
APPROPRIATION STATEMENT  
for the year ended 31 March 2017**

<b>Programme 3: Rural Development</b>									
	<b>2016/17</b>							<b>2015/16</b>	
	<b>Adjusted Appropriation</b>	<b>Shifting of Funds</b>	<b>Virement</b>	<b>Final Appropriation</b>	<b>Actual Expenditure</b>	<b>Variance</b>	<b>Expenditure as % of final appropriation</b>	<b>Final Appropriation</b>	<b>Actual expenditure</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
<b>Transfers and subsidies</b>	<b>1,527,223</b>	<b>154</b>	<b>(708,443)</b>	<b>818,934</b>	<b>818,814</b>	<b>120</b>	<b>100.0%</b>	<b>943,253</b>	<b>940,414</b>
Households	1,527,223	154	(708,443)	818,934	818,814	120	100.0%	943,253	940,414
Social benefits	-	558	-	558	550	8	98.6%		
Other transfers to households	1,527,223	(404)	(708,443)	818,376	818,264	112	100.0%	21 969,132	121 940 293
<b>Payments for capital assets</b>	<b>8,274</b>	<b>173</b>	<b>(564,522)</b>	<b>572,969</b>	<b>572,950</b>	<b>19</b>	<b>100.0%</b>	<b>599,764</b>	<b>599,762</b>
Buildings and other fixed structures	-	-	566,165	566,165	566,165	-	-	596,000	596,000
Buildings	-	-	-	-	-	-	-	-	-
Other fixed structures	-	-	566,165	566,165	566,165	-	-	596,000	596,000
Machinery and equipment	8,274	73	(1,643)	6,804	6,785	19	99.7%	3,764	3,762
Other machinery and equipment	8,274	173	(1,643)	6,804	6,785	19	99.7%	3,764	3,762
<b>Payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>822</b>	<b>(822)</b>	<b>-</b>	<b>1,025</b>	<b>1,024</b>
<b>Total</b>	<b>1,914,367</b>		<b>(82,088)</b>	<b>1,832,279</b>	<b>1,814,769</b>	<b>17,510</b>	<b>99.0%</b>	<b>1,931,669</b>	<b>1,921,995</b>

**DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM VOTE 39  
APPROPRIATION STATEMENT  
for the year ended 31 March 2017**

<b>3.1 Rural Infrastructure Development</b>									
<b>Economic classification</b>	<b>2016/17</b>							<b>2015/16</b>	
	<b>Adjusted Appropriation</b>	<b>Shifting of Funds</b>	<b>Virement</b>	<b>Final Appropriation</b>	<b>Actual Expenditure</b>	<b>Variance</b>	<b>Expenditure as % of final appropriation</b>	<b>Final Appropriation</b>	<b>Actual expenditure</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>		<b>R'000</b>	<b>R'000</b>
<b>Current payments</b>	<b>110,607</b>	<b>(605)</b>	<b>41,241</b>	<b>151,243</b>	<b>145,147</b>	<b>6,096</b>	<b>96.0%</b>	<b>132,029</b>	<b>128,296</b>
Compensation of employees	84,759	5	-	84,764	78,892	5,872	93.1%	80,465	76,928
Goods and services	25,848	(610)	41,241	66,479	66,255	224	99.7%	51,199	51,004
Interest and rent on land	-	-	-	-	-	-	-	365	365
<b>Transfers and subsidies</b>	<b>794,172</b>	<b>(20,557)</b>	<b>(679,347)</b>	<b>94,268</b>	<b>94,208</b>	<b>60</b>	<b>100.0%</b>	<b>137,213</b>	<b>136,174</b>
Households	794,172	(20,557)	(679,347)	94,268	94,28	60	100.0%	137,213	136,174
<b>Payments for capital assets</b>	<b>1,765</b>	<b>426</b>	<b>565,802</b>	<b>567,993</b>	<b>567,987</b>	<b>6</b>	<b>99.7%</b>	<b>597,086</b>	<b>597,086</b>
Buildings and other fixed structures	-	-	566,165	566,165	566,165	-	-	596,000	596,000
Machinery and equipment	1,765	426	(363)	1,828	1,822	6	99.7%	1,086	1,086
<b>Payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>225</b>	<b>(225)</b>	<b>-</b>	<b>190</b>	<b>190</b>
<b>Total</b>	<b>906,544</b>	<b>(20,736)</b>	<b>(72,304)</b>	<b>813,504</b>	<b>807,567</b>	<b>5,937</b>	<b>99.3%</b>	<b>866,518</b>	<b>861,746</b>

**DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM VOTE 39  
APPROPRIATION STATEMENT  
for the year ended 31 March 2017**

3.2 Rural Enterprise and Industrial Development								2015/16	
2016/17								Final Appropriation	Actual expenditure
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	R'000	R'000
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>	<b>181,029</b>	<b>751</b>	<b>19,112</b>	<b>200,892</b>	<b>192,734</b>	<b>8,158</b>	<b>95.9%</b>	<b>178,819</b>	<b>175,919</b>
Compensation of employees	136,710	18	-	136,728	128,798	7,930	94.2%	126,145	123,301
Goods and services	44,319	733	19,112	64,164	63,936	228	99.6%	52,674	52,618
<b>Transfers and subsidies</b>	<b>39 799</b>	<b>8,328</b>	<b>(29,096)</b>	<b>375,031</b>	<b>374,991</b>	<b>40</b>	<b>100.0%</b>	<b>531,706</b>	<b>529,952</b>
Households	395,799	8,328	(29,096)	375,031	374,991	40	100.0%	531,706	529,952
<b>Payments for capital assets</b>	<b>5,012</b>	<b>(440)</b>	<b>(875)</b>	<b>3,697</b>	<b>3,690</b>	<b>7</b>	<b>99.8%</b>	<b>1,277</b>	<b>1,277</b>
Buildings and other fixed structures	5,012	(440)	(875)	3,697	3,690	7	99.8%	1,277	1,277
Machinery and equipment	-	-	-	-	-	-	-	-	-
<b>Payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>317</b>	<b>(317)</b>	<b>-</b>	<b>384</b>	<b>383</b>
<b>Total</b>	<b>581,840</b>	<b>8,639</b>	<b>(10,859)</b>	<b>579,620</b>	<b>571,732</b>	<b>7,888</b>	<b>98.6%</b>	<b>712,184</b>	<b>707,532</b>

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<b>3.3 National Rural Youth Service Corps</b>									
<b>Economic classification</b>	<b>2016/17</b>							<b>2015/16</b>	
	<b>Adjusted Appropriation</b>	<b>Shifting of Funds</b>	<b>Virement</b>	<b>Final Appropriation</b>	<b>Actual Expenditure</b>	<b>Variance</b>	<b>Expenditure as % of final appropriation</b>	<b>Final Appropriation</b>	<b>Actual expenditure</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
<b>Current payments</b>	87,234	(473)	1,480	88,241	84,302	3,939	95.5%	76,781	76,579
Compensation of employees	61,037	(23)	-	61,014	57,261	3,753	93.8%	54,754	54,754
Goods and services	26,197	(450)	1,480	27,227	27,041	186	99.3%	22,027	21,825
<b>Transfers and subsidies</b>	337,252	12,383	-	349,635	349,615	20	100.0%	274,334	274,288
Households	337,252	12,383	-	349,635	349,615	20	100.0%	274,334	274,288
<b>Payments for capital assets</b>	1,497	187	(405)	1,279	1,273	6	99.6%	1,401	1,399
Buildings and other fixed structures									
Machinery and equipment	1,497	187	(405)	1,279	1,273	6	99.6%	1,401	1,399
<b>Payments for financial assets</b>	-	-	-	-	280	(280)	-	451	451
<b>Total</b>	<b>425,983</b>	<b>12,097</b>	<b>1,075</b>	<b>439,155</b>	<b>435,470</b>	<b>3,685</b>	<b>99.2%</b>	<b>352,967</b>	<b>352,717</b>

<b>Programme 4: Restitution</b>									
	<b>2016/17</b>							<b>2015/16</b>	
	<b>Adjusted Appropriation</b>	<b>Shifting of Funds</b>	<b>Virement</b>	<b>Final Appropriation</b>	<b>Actual Expenditure</b>	<b>Variance</b>	<b>Expenditure as % of final</b>	<b>Final Appropriation</b>	<b>Actual expenditure</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
<b>Sub programme</b>									
1. Restitution National Office	217,546	(57,066)	(66,372)	94,108	90,730	3,378	95.2%	88,308	88,037
2. Restitution Regional Office	442,033	57,000	65,039	564,072	562,992	1,080	98.9%	523,356	522,977
3. Restitution Grants	2,508 629	66	168,919	2,677,614	2,677,392	222	100.0%	2,064,320	2,019,224
<b>Total for sub programmes</b>	<b>3,168,208</b>	<b>-</b>	<b>167,586</b>	<b>3,335,794</b>	<b>3,333,114</b>	<b>4,680</b>	<b>99.7%</b>	<b>2,675,984</b>	<b>2,630,238</b>
<b>Economic classification</b>									
<b>Current payments</b>	<b>639,592</b>	<b>(2,922)</b>	<b>(101,107)</b>	<b>535,563</b>	<b>524,273</b>	<b>11,290</b>	<b>97.9%</b>	<b>492,306</b>	<b>491,912</b>
Compensation of employees	336,637	-	-	336,637	325,509	11,128	96.7%	304,798	304,738
Salaries and wages	294,261	(2,665)	-	291,596	281,195	10,401	96.4%	263,058	263,023
Social contributions	42,376	2,665	-	45,041	44,314	727	98.4%	41,740	41,715

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<b>Programme 4: Restitution</b>									
	<b>2016/17</b>							<b>2015/16</b>	
	<b>Adjusted Appropriation</b>	<b>Shifting of Funds</b>	<b>Virement</b>	<b>Final Appropriation</b>	<b>Actual Expenditure</b>	<b>Variance</b>	<b>Expenditure as % of final appropriation</b>	<b>Final Appropriation</b>	<b>Actual expenditure</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
Goods and services	302,955	(2,928)	(101,728)	198,299	198,138	161	99.9%	186,291	185,959
Administrative fees	3,902	3,028	(644)	6,286	6,269		99.7%	5,185	5,173
Advertising	5,908	482	2,987	3,403	3,393	10	99.7%	20,280	20,269
Minor assets	14,157	(413)	(10,371)	3,373	3,367	6	99.8%	2,033	2,022
Audit costs: External	1,152	(130)	(5)	1,017	1,016	1	99.9%	413	407
Catering: Departmental activities	1,132	616	(1,205)	543	538	5	99.0%	2,921	2,909
Communication	11,281	3,004	(2,067)	12,218	12,199	19	99.8%	11,072	11,062
Computer services	1,736	5,898	(3,636)	3,998	3,997	1	100.0%	906	901
Consultants: Business and advisory services	151,148	(77,335)	(51,949)	21,864	21,864	2	100.0%	12,668	12,654
Infrastructure and planning services	543	3	(156)	390	390	1	100.0%	-	-
Legal services	16,936	21,324	(1,149)	37,114	37,109	5	100.0%	29,137	29,129
Contractors	3,269	4,540	(2,425)	5,384	5,380	4	99.9%	7,463	7,455
Agency and support / outsourced services	12,381	5,772	(6,404)	11,749	11,742	7	99.9%	7,889	7,880
Fleet services	3,070	1,745	(1,368)	3,447	3,436	11	99.7%	4,845	4,845
Consumable supplies	1,527	348	(775)	1,110	1,081	19	98.2%	338	329
Consumable: Stationery, printing and office supplies	5,619	2,893	(2,196)	6,316	6,313	3	100.0%	6,139	6,129
Operating leases	4,834	3,746	(130)	8,450	8,445	5	99.9%	9,086	9,078
Property payments	8,759	1,385	(3,459)	6,685	6,681	4	99.9%	5,973	5,963
Transport provided: Departmental activity	741	1,190	(599)	1,332	1,331	1	99.9%	2,016	2,011
Travel and subsistence	40,710	14,698	(6,026)	49,382	49,347	35	99.9%	43,243	43,228
Training and development	759	1,903	(753)	1,909	1,908	1	99.9%	377	369
Operating payments	4,338	(236)	(2,140)	1,962	1,959	3	99.8%	2,568	2,433
Venues and facilities	6,232	2,324	(853)	7,703	7,701	3	100.0%	10,488	10,480
Rental and hiring	2,818	287	(431)	2,674	2,674	-	100.0%	1,251	1,244

**DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM VOTE 39  
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Programme 4: Restitution									
	2016/17							2015/16	
	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
Interest and rent on land	-	6	621	627	626	2	99.7%	1,217	1,215
Interest	-	6	621	627	626	2	99.7%	1,217	1,215
<b>Transfers and subsidies</b>	<b>2,516,080</b>	<b>362</b>	<b>171,420</b>	<b>2,687,862</b>	<b>2,687,629</b>	<b>233</b>	<b>100.0%</b>	<b>2,084,472</b>	<b>2,039,371</b>
Provinces and municipalities	7,170	(103)	2,501	9,568	9,564	4	100.0%	19,073	19,071
Municipalities	7,170	(103)	2,501	9,568	9,564	4	100.0%	19,073	19,071
Municipal bank accounts	7,170	(103)	2,501	9,568	9,564	4	100.0%	19,073	19,071
Households	2,508,910	465	168,919	2,678,294	2,678,065	229	100.0%	2,065,399	2,020,300
Social benefits	281	205	-	486	482	4	99.2%	667	666
Other transfers to households	2,508,629	260	168,919	2,677,808	2,677,583	225	100.0%	2,064,732	2,019,634
<b>Payments for capital assets</b>	<b>12,536</b>	<b>2,560</b>	<b>97,273</b>	<b>112,369</b>	<b>112,343</b>	<b>26</b>	<b>100.0%</b>	<b>98,119</b>	<b>97,868</b>
Machinery and equipment	8,130	2,560	(2,726)	7,964	7,940	24	99.7%	7,565	7,314
Other machinery and equipment	8,130	2,560	(2,726)	7,964	7,940	24	99.7%	7,565	7,314
Land and subsoil assets	4,406	-	99,999	104,405	104,403	2	100.0%	90,554	90,554
<b>Payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,868</b>	<b>(6,868)</b>	<b>-</b>	<b>1,087</b>	<b>1,087</b>
<b>Total</b>	<b>3,168,208</b>	<b>-</b>	<b>167,586</b>	<b>3,335,794</b>	<b>3,331,114</b>	<b>4,680</b>	<b>99.9%</b>	<b>2,675,984</b>	<b>2,630,238</b>

4.1 Restitution National Office									
	2016/17							2015/16	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>	<b>215,896</b>	<b>(58,065)</b>	<b>(66,679)</b>	<b>91,151</b>	<b>86,612</b>	<b>4,540</b>	<b>95.0%</b>	<b>86,541</b>	<b>86,273</b>
Compensation of employees	44,063	(17)	-	44,046	39,544	4,502	89.8%	40,060	40,038
Goods and services	171,833	(58,048)	(66,679)	47,106	47,068	38	99.9%	46,481	46,235
<b>Transfers and subsidies</b>	<b>100</b>	<b>188</b>	<b>-</b>	<b>288</b>	<b>287</b>	<b>1</b>	<b>99.7%</b>	<b>179</b>	<b>177</b>
Provinces and municipalities	100	7	-	107	107	0	99.6%	38	37
Households	-	181	-	181	180	1	99.4%	141	140

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<b>4.1 Restitution National Office</b>									
<b>Economic classification</b>	<b>2016/17</b>							<b>2015/16</b>	
	<b>Adjusted Appropriation</b>	<b>Shifting of Funds</b>	<b>Virement</b>	<b>Final Appropriation</b>	<b>Actual Expenditure</b>	<b>Variance</b>	<b>Expenditure as % of final appropriation</b>	<b>Final Appropriation</b>	<b>Actual expenditure</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
<b>Payments for capital assets</b>	1,550	811	307	2,668	2,663	5	99.8%	1,573	1,572
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	1,550	811	307	2,668	2,663	5	99.8%	1,573	1,572
<b>Payments for financial assets</b>	-	-	-	-	56	(58)		15	15
<b>Total</b>	<b>217,546</b>	<b>(57,066)</b>	<b>(66,372)</b>	<b>94,108</b>	<b>90,730</b>	<b>3,378</b>	<b>96.4%</b>	<b>88,308</b>	<b>88,037</b>

<b>4.2 Restitution Regional Office</b>									
<b>Economic classification</b>	<b>2016/17</b>							<b>2015/16</b>	
	<b>Adjusted Appropriation</b>	<b>Shifting of Funds</b>	<b>Virement</b>	<b>Final Appropriation</b>	<b>Actual Expenditure</b>	<b>Variance</b>	<b>Expenditure as % of final appropriation</b>	<b>Final Appropriation</b>	<b>Actual expenditure</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
<b>Current payments</b>	423,696	55,143	(34,428)	444,411	437,661	6,750	98.5%	405,765	405,639
Compensation of employees	292,574	17	-	292,591	285,965	6,626	97.7%	264,738	264,700
Goods and services	131,122	55,120	(35,049)	151,193	151,070	123	99.9%	139,810	139,724
Interest and rent on land	-	6	621	627	626	2	99.7%	1,217	1,215
<b>Transfers and subsidies</b>	<b>7,351</b>	<b>108</b>	<b>2,501</b>	<b>9,960</b>	<b>9,950</b>	<b>10</b>	<b>99.9%</b>	<b>19,973</b>	<b>19,970</b>
Provinces and municipalities	7,070	(110)	2,501	9,461	9,457	4	100.0%	19,035	19,034
Households	281	218	-	499	493	6	98.8%	938	936
<b>Payments for capital assets</b>	<b>10,986</b>	<b>1,749</b>	<b>96,966</b>	<b>109,701</b>	<b>109,680</b>	<b>21</b>	<b>100.0%</b>	<b>96,546</b>	<b>96,296</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	6,580	1,749	(3,033)	5,296	5,277	19	99.6%	5,992	5,742
Land and subsoil assets	4,406	-	99,999	104,405	104,403	2	100.0%	90,554	90,554
<b>Payments for financial assets</b>	-	-	-	-	5,701	(5,701)	-	1,072	1,072
<b>Total</b>	<b>442,033</b>	<b>57,000</b>	<b>65,039</b>	<b>564,072</b>	<b>562,992</b>	<b>1,080</b>	<b>99.8%</b>	<b>523,356</b>	<b>522,977</b>

**DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM VOTE 39  
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<b>4.3 Restitution Grants</b>									
<b>Economic classification</b>	<b>2016/17</b>							<b>2015/16</b>	
	<b>Adjusted Appropriation</b>	<b>Shifting of Funds</b>	<b>Virement</b>	<b>Final Appropriation</b>	<b>Actual Expenditure</b>	<b>Variance</b>	<b>Expenditure as % of final appropriation</b>	<b>Final Appropriation</b>	<b>Actual expenditure</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
<b>Current payments</b>	-	-	-	-	-	-	-	-	-
Compensation of employees	-	-	-	-	-	-	-	-	-
Goods and services	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>2,508,629</b>	<b>66</b>	<b>168,919</b>	<b>2,677,614</b>	<b>2,677,392</b>	<b>222</b>	<b>100.0%</b>	<b>2,064,320</b>	<b>2,019,224</b>
Households	2,508,629	66	168,919	2,677,614	2,677,392	222	100.0%	2,064,320	2,019,224
<b>Payments for capital assets</b>	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-
<b>Payments for financial assets</b>	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>2,508,629</b>	<b>66</b>	<b>168,919</b>	<b>2,677,614</b>	<b>2,677,392</b>	<b>222</b>	<b>100.0%</b>	<b>2,064,320</b>	<b>2,019,224</b>

<b>Programme 5: Land Reform</b>									
	<b>2016/17</b>							<b>2015/16</b>	
	<b>Adjusted Appropriation</b>	<b>Shifting of Funds</b>	<b>Virement</b>	<b>Final Appropriation</b>	<b>Actual Expenditure</b>	<b>Variance</b>	<b>Expenditure as % of final appropriation</b>	<b>Final Appropriation</b>	<b>Actual expenditure</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
<b>Sub programme</b>									
1. Land Reform National Office	217,878	(3,976)	33,239	247,141	242,878	4,263	98.3%	227,886	227,651
2. Land Reform Provincial Office	452,349	8,656	25,787	486,792	485,553	1,239	99.7%	382,756	382,598
3. Land Reform Grants	539,426	(4,680)	(152,517)	382,229	381,416	813	99.8%	571,247	571,234
4. KwaZulu-Natal Ingonyama Trust Board	18,788	-	-	18,788	18,788	-	100.0%	18,069	18,069
5. Agricultural Land Holding Account	1,502,117	-	-	1,502,117	1,502,117	-	100.0%	1,342,027	1,342,027
6. Office of Valuer-General	14,300	-	6,081	20,381	14,300	6,081	70.2%	5,484	5,484
<b>Total for sub programmes</b>	<b>2,744,858</b>	<b>-</b>	<b>(87,410)</b>	<b>2,657,448</b>	<b>2,645,052</b>	<b>12,396</b>	<b>99.5%</b>	<b>2,547,469</b>	<b>2,547,063</b>
<b>Economic classification</b>									
<b>Current payments</b>	<b>589,591</b>	<b>(4,864)</b>	<b>36,417</b>	<b>621,144</b>	<b>609,015</b>	<b>12,129</b>	<b>98.0%</b>	<b>543,363</b>	<b>542,997</b>
Compensation of employees	320,273	-	-	320,273	308,928	11,345	96.5%	279,243	279,153
Salaries and wages	278,391	(24)	-	278,367	267,706	10,661	96.2%	241,838	241,780
Social contributions	41,882	24	-	41,906	41,222	684	98.4%	37,405	37,373

**Programme 5: Land Reform**

	2016/17							2015/16	
	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
Goods and services	269,318	(4,864)	36,355	300,809	300,026	783	99.7%	263,619	3,343
Administrative fees	10,075	2,197	(1,251)	11,021	10,993	28	99.7%	6,917	6,906
Advertising	4,293	82	-	4,375	4,366	9	99.8%	1,252	1,244
Minor assets	11,158	(9,355)	-	1,803	1,751	52	97.1%	3,743	3,727
Audit costs:	975	(377)	-	598	597	1	99.8%	-	-
External Bursaries:	91	(91)	-	-	-	-	-	-	-
Employees Catering:	2,025	(345)	-	1,680	1,666	14	99.2%	1,790	1,770
Departmental activities									
Communication	17,827	3,011	-	20,838	20,792	46	99.8%	15,826	15,807
Computer services	3,333	(1,948)	-	1,385	1,381	4	99.7%	4,842	4,836
Consultants:	26,573	(24,925)	-	1,648	1,645	3	99.8%	11,534	11,522
Business and advisory services									
Infrastructure and planning services	559	(341)	-	218	216	2	99.3%	292	
Legal services	93,376	2,047	36,764	132,187	132,183	3	100.0%	124,012	124,007
Contractors	1,212	(112)	-	1,100	1,1085	15	98.7%	1,053	1,036
Agency and support / outsourced services	3,108	(1,279)	-	1,829	1,821	8	99.6%	963	
Fleet services	4,230	989	-	5,219	5,193	26	99.5%	5,557	5,549
Consumable supplies	2,853	(816)	-	2,037	1,944	93	95.5%	1,815	1,784
Consumable: Stationery, printing and office supplies	10,151	(4,512)	-	5,639	5,580	59	99.0%	5,161	5,147
Operating leases	10,108	(618)	3,844	13,334	13,315	19	99.9%	13,731	13,720
Property payments	9,642	(1,032)	-	8,610	8,587	23	99.7%	7,062	7,058
Transport provided:	1,177	387	-	1,564	1,560	4	99.7%	336	
Departmental activity									
Travel and subsistence	41,751	20,701	2,263	64,715	64,413	302	99.5%	43,944	43,913
Training and development	641	(589)	-	52	49	3	53.6%	512	
Operating payments	4,687	(1,989)	-	2,698	2,658	40	98.5%	3,600	3,583
Venues and facilities	9,121	12,923	(5,265)	16,779	16,757	22	99.95	8,734	8,717
Rental and Hiring	352	1,128	-	1,480	1,480	5	99.7%	943	

**DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM VOTE 39  
APPROPRIATION STATEMENT  
for the year ended 31 March 2017**

<b>Programme 5: Land Reform</b>									
<b>2016/17</b>	<b>2016/17</b>							<b>2015/16</b>	
	<b>Adjusted Appropriation</b>	<b>Shifting of Funds</b>	<b>Virement</b>	<b>Final Appropriation</b>	<b>Actual Expenditure</b>	<b>Variance</b>	<b>Expenditure as % of final appropriation</b>	<b>Final Appropriation</b>	<b>Actual expenditure</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
Interest and rent on land-	-	-	62	62	61	1	99.0%	501	501
Interest	-	-	62	62	61	1	90.0%	-	-
Rent on land	-	-	-	-	-	-	-	501	501
<b>Transfers and subsidies</b>	<b>2,146,615</b>	<b>4,864</b>	<b>(127,580)</b>	<b>2,023,899</b>	<b>2,023,070</b>	<b>829</b>	<b>100.0%</b>	<b>1,994,821</b>	<b>1,994,783</b>
Provinces and municipalities	86,065	1,195	18,486	105,746	105,740	6	100.0%	57,655	57,652
Municipalities	86,065	1,195	18,486	105,746	105,740	6	100.0%	57,655	57,652
Municipal bank accounts	86,065	1,195	18,486	105,746	105,740	6	100.0%	57,655	57,652
Departmental agencies and accounts	1,520,905	8,219	6,083	1,535,207	1,535,207	-	100.0%	1,365,580	1,365,580
Social security funds	-	-	-	-	-	-	-	-	-
Departmental agencies	1,520,905	8,219	6,083	1,535,207	1,535,207	-	100.0%	1,365,580	1,365,580
Public corporations and private enterprises	1	-	-	1	-	1	-	1	-
Public corporations	1	-	-	1	-	1	-	1	-
Subsidies on products and production	1	-	-	1	-	1	-	-	-
Other transfers to public corporations	-	-	-	-	-	-	-	1	-
Households	539,644	(4,550)	(152,149)	382,945	382,123	822	99.8%	571,585	571,551
Social benefits	218	128	368	714	706	8	98.9%	288	277
Other transfers to households	529,426	(4,678)	(152,517)	381,231	381,417	814	99.8%	571,297	571,274

**DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM VOTE 39  
APPROPRIATION STATEMENT  
for the year ended 31 March 2017**

<b>Programme 5: Land Reform</b>									
	<b>2016/17</b>							<b>2015/16</b>	
	<b>Adjusted Appropriation</b>	<b>Shifting of Funds</b>	<b>Virement</b>	<b>Final Appropriation</b>	<b>Actual Expenditure</b>	<b>Variance</b>	<b>Expenditure as % of final appropriation</b>	<b>Final Appropriation</b>	<b>Actual expenditure</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
<b>Payments for capital assets</b>	8,652	-	3,753	12,405	12,343	62	99.5%	<b>8,931</b>	<b>8,929</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	93	92
Other fixed structures	-	-	-	-	-	-	-	93	92
Machinery and equipment	8,652	-	3,753	12,405	12,343	62	99.5%	8,838	8,837
Transport equipment	-	43	-	43	42	62	99.5%	-	-
Other machinery and equipment	6,652	(43)	3,753	12,362	12,301	61	99.5%	8,838	8,837
<b>Payments for financial assets</b>	-	-	-	-	-	-	-	-	-
	-	-	-	-	625	(624)	-	354	354
<b>Total</b>	<b>2,744,858</b>	<b>-</b>	<b>(87,410)</b>	<b>2,657,448</b>	<b>2,645,052</b>	<b>12,396</b>	<b>99.5%</b>	<b>2,547,469</b>	<b>2,547,063</b>

<b>5.1 Land Reform National Office</b>									
	<b>2016/17</b>							<b>2015/16</b>	
	<b>Adjusted Appropriation</b>	<b>Shifting of Funds</b>	<b>Virement</b>	<b>Final Appropriation</b>	<b>Actual Expenditure</b>	<b>Variance</b>	<b>Expenditure as % of final appropriation</b>	<b>Final Appropriation</b>	<b>Actual expenditure</b>
<b>Economic classification</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
<b>Current payments</b>	216,855	(4,061)	32,511	245,305	241,020	4,285	98.3%	226,531	226,304
Compensation of employees	71,374	(103)	-	71,271	67,263	4,008	94.4%	69,641	69,570
Goods and services	145,481	(3,958)	32,511	174,034	173,757	277	99.8%	156,890	156,734
<b>Transfers and subsidies</b>	101	128	63	292	287	5	98.3%	66	59
Public corporations and private enterprises	1	-	-	1	-	1	-	1	-
Households	100	128	63	291	287	4	98.6%	65	59
<b>Payments for capital assets</b>	<b>922</b>	<b>(43)</b>	<b>665</b>	<b>1,544</b>	<b>1,528</b>	<b>16</b>	<b>99.0%</b>	<b>1,209</b>	<b>1,208</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	922	(43)	665	1,544	1,528	16	99.0%	1,209	1,208
<b>Payments for financial assets</b>	-	-	-	-	43	(43)	-	80	80
<b>Total</b>	<b>217,878</b>	<b>(3,976)</b>	<b>33,239</b>	<b>247,141</b>	<b>242,878</b>	<b>4,263</b>	<b>98.3%</b>	<b>227,886</b>	<b>227,651</b>

**DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM VOTE 39  
APPROPRIATION STATEMENT  
for the year ended 31 March 2017**

<b>5.2 Land Reform Provincial</b>									
<b>Economic classification</b>	<b>2016/17</b>							<b>2015/16</b>	
	<b>Adjusted Appropriation</b>	<b>Shifting of Funds</b>	<b>Virement</b>	<b>Final Appropriation</b>	<b>Actual Expenditure</b>	<b>Variance</b>	<b>Expenditure as % of final appropriation</b>	<b>Final Appropriation</b>	<b>Actual expenditure</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
<b>Current payments</b>	<b>358,436</b>	<b>7,416</b>	<b>3,906</b>	<b>369,758</b>	<b>367,995</b>	<b>1,763</b>	<b>99.5%</b>	<b>316,832</b>	<b>316,693</b>
Compensation of employees	242,818	103	-	242,921	241,665	1,256	99.5%	209,602	209,583
Goods and services	115,618	7,313	3,844	126,775	126,269	506	99.6%	106,729	106,609
Interest and rent on land	-	-	62	62	61	1	99.0%	501	501
<b>Transfers and subsidies</b>	<b>86,183</b>	<b>1,197</b>	<b>18,793</b>	<b>106,173</b>	<b>106,162</b>	<b>11</b>	<b>100.0%</b>	<b>57,928</b>	<b>57,910</b>
Provinces and municipalities	86,065	1,195	18,486	105,746	105,740	6	100.0%	57,655	57,652
Departmental agencies and accounts	-	-	2	2	2	-	100.0%	-	-
Households	118	2	305	425	420	5	98.8%	273	258
<b>Payments for capital assets</b>	<b>7,730</b>	<b>43</b>	<b>3,088</b>	<b>10,861</b>	<b>10,815</b>	<b>46</b>	<b>99.6%</b>	<b>7,722</b>	<b>7,721</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	93	92
Machinery and equipment	7,730	43	3,08	10,861	10,815	46	99.6%	7,629	7,629
<b>Payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>581</b>	<b>(581)</b>	<b>-</b>	<b>274</b>	<b>274</b>
<b>Total</b>	<b>452,349</b>	<b>8,656</b>	<b>25,787</b>	<b>486,792</b>	<b>485,553</b>	<b>1,239</b>	<b>99.7%</b>	<b>382,756</b>	<b>382,598</b>

<b>5.3 Land Reform Grants</b>									
<b>Economic classification</b>	<b>2016/17</b>							<b>2015/16</b>	
	<b>Adjusted Appropriation</b>	<b>Shifting of Funds</b>	<b>Virement</b>	<b>Final Appropriation</b>	<b>Actual Expenditure</b>	<b>Variance</b>	<b>Expenditure as % of final appropriation</b>	<b>Final Appropriation</b>	<b>Actual expenditure</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
<b>Transfers and subsidies</b>	<b>539,426</b>	<b>(4,680)</b>	<b>(152,517)</b>	<b>382,229</b>	<b>381,416</b>	<b>813</b>	<b>99.8%</b>	<b>571,247</b>	<b>571,234</b>
Households	539,426	(4,680)	(152,517)	382,229	381,416	813	99.8%	571,247	571,234
<b>Total</b>	<b>539,426</b>	<b>(4,680)</b>	<b>(152,517)</b>	<b>382,229</b>	<b>381,416</b>	<b>813</b>	<b>99.8%</b>	<b>571,247</b>	<b>571,234</b>

**DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM VOTE 39  
APPROPRIATION STATEMENT  
for the year ended 31 March 2017**

<b>5.4 KwaZulu-Natal Ingonyama Trust Board</b>									
<b>Economic classification</b>	<b>2016/17</b>							<b>2015/16</b>	
	<b>Adjusted Appropriation</b>	<b>Shifting of Funds</b>	<b>Virement</b>	<b>Final Appropriation</b>	<b>Actual Expenditure</b>	<b>Variance</b>	<b>Expenditure as % of final appropriation</b>	<b>Final Appropriation</b>	<b>Actual expenditure</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
<b>Transfers and subsidies</b>	<b>18,788</b>	-	-	<b>18,788</b>	<b>18,788</b>	-	<b>100.0%</b>	<b>18,069</b>	<b>18,069</b>
Departmental agencies and accounts	18,788	-	-	18,788	18,788	-	100.0%	18,069	18,069
<b>Total</b>	<b>18,788</b>	<b>-</b>	<b>-</b>	<b>18,788</b>	<b>18,788</b>	<b>-</b>	<b>100.0%</b>	<b>18,069</b>	<b>18,069</b>

<b>5.5 Grants Agricultural Land Holdings Account</b>									
<b>Economic classification</b>	<b>2016/17</b>							<b>2015/16</b>	
	<b>Adjusted Appropriation</b>	<b>Shifting of Funds</b>	<b>Virement</b>	<b>Final Appropriation</b>	<b>Actual Expenditure</b>	<b>Variance</b>	<b>Expenditure as % of final appropriation</b>	<b>Final Appropriation</b>	<b>Actual expenditure</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
<b>Transfers and subsidies</b>	<b>1,502,117</b>	-	-	<b>1,502,117</b>	<b>1,502,117</b>	-	<b>100.0%</b>	<b>1,342,027</b>	<b>1,342,027</b>
Provinces and municipalities								-	-
Departmental agencies and accounts	1,502,117	-	-	1,502,117	1,502,117	-	100.0%	1,342,027	1,342,027
<b>Total</b>	<b>1,502,117</b>	<b>-</b>	<b>-</b>	<b>1,502,117</b>	<b>1,502,117</b>	<b>-</b>	<b>100.0%</b>	<b>1,342,027</b>	<b>1,342,027</b>

**DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM VOTE 39  
APPROPRIATION STATEMENT  
for the year ended 31 March 2017**

**5.6 Office of Valuer General**

Economic classification	2016/17							2015/16	
	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
<b>Current payments</b>	<b>14,300</b>	<b>(8,219)</b>	-	<b>6,081</b>	-	<b>6,081</b>	-	-	-
Compensation of employees	6,081	-	-	6,081	-	6,081	-	-	-
Goods and services	8,219	(8,219)	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	-	<b>8,219</b>	<b>6,081</b>	<b>14,300</b>	<b>14,300</b>	-	<b>100.0%</b>	<b>5,484</b>	<b>5,484</b>
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	8,219	6,081	14,300	14,300	-	100.0%	5,484	5,484
<b>Total</b>	<b>14,300</b>	<b>-</b>	<b>6,081</b>	<b>20,381</b>	<b>14,300</b>	<b>6,081</b>	<b>70.2%</b>	<b>5,484</b>	<b>5,484</b>

# DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM VOTE 39

## NOTES TO THE APPROPRIATION STATEMENT

### for the year ended 31 March 2017

#### 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 1 (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 1 (Annual Appropriation) to the Annual Financial Statements.

#### 3. Detail on payments for financial assets

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

#### 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
Administration	1,621,877	1,607,482	14,395	99.1%
Geomatics Management Services	676,947	668,582	8,365	99.0%
Rural Development	1,832,279	1,814,769	17,510	99.0%
Restitution	3,335,794	3,331,114	4,680	99.7%
Land Reform	2,657,448	2,645,052	12,396	99.5%
<b>4.2 Per economic classification</b>	<b>Final Appropriation</b>	<b>Actual Expenditure</b>	<b>Variance</b>	<b>Variance as a % of Final Appropriation</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
<b>Current payments</b>	<b>3,826,631</b>	<b>3,746,038</b>	<b>80,593</b>	<b>98.0%</b>
Compensation of employees	2,142,593	2,065,290	77,303	96.4%
Goods and services	1,683,230	1,679,942	3,288	99.8%
Interest and rent on land	808	806	3	99.7%
<b>Transfers and subsidies</b>	<b>5,565,213</b>	<b>5,563,969</b>	<b>1,244</b>	<b>100.0%</b>
Provinces and municipalities	115,344	115,330	14	100.0%
Departmental agencies and accounts	1,539,208	1,539,207	1	100.0%
Public corporations and private enterprises	1	-	1	-
Foreign governments and international organisations	2,360	2,333	27	98.9%
Non-profit institutions	3,326	3,326	-	100.0%
Households	3,904,974	3,903,773	1,201	100.0%
<b>Payments for capital assets</b>	<b>732,501</b>	<b>732,278</b>	<b>223</b>	<b>100.0%</b>
Buildings and other fixed structures	568,868	568,866	2	100.0%
Machinery and equipment	59,228	59,009	219	100.0%
Land and subsoil assets	104,405	104,403	2	100.0%
<b>Payments for financial assets</b>	<b>-</b>	<b>24,714</b>	<b>(24,714)</b>	<b>-</b>

**DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM VOTE 39**  
**STATEMENT OF FINANCIAL PERFORMANCE**  
for the year ended 31 March 2017

		2017	2016
	Notes	R'000	R'000
<b>REVENUE</b>			
Annual appropriation	1	10,124,345	9,197,361
Departmental revenue	2	89,761	54,643
Aid assistance	3	26,979	35,785
<b>TOTAL REVENUE</b>		<b>10,241,085</b>	<b>9,287,789</b>
<b>EXPENDITURE</b>			
<b>Current expenditure</b>			
Compensation of employees	4	2,065,290	1,937,159
Goods and services	5	1,679,942	1,396,265
Interest and rent on land	6	806	2,109
Aid assistance	3	23,878	22,130
<b>Total current expenditure</b>		<b>3,769,916</b>	<b>3,357,663</b>
<b>Transfers and subsidies</b>			
Transfers and subsidies	8	5,563,967	5,018,423
<b>Total transfers and subsidies</b>		<b>5,563,967</b>	<b>5,018,423</b>
<b>Expenditure for capital assets</b>			
Tangible assets	9	732,280	758,932
<b>Total expenditure for capital assets</b>		<b>732,280</b>	<b>758,932</b>
Unauthorised expenditure approved without funding		-	-
<b>Payments for financial assets</b>	7	24,714	5,159
<b>TOTAL EXPENDITURE</b>		<b>10,090,877</b>	<b>9,140,177</b>
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>150,208</b>	<b>147,612</b>
<b>Reconciliation of Net Surplus/(Deficit) for the year</b>			
Voted funds		57,346	79,314
Annual appropriation		57,346	79,314
Conditional grants		-	-
Departmental revenue and NRF Receipts	15	89,761	54,643
Aid assistance	3	3,101	13,655
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>150,208</b>	<b>147,612</b>

**DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM VOTE 39**  
**STATEMENT OF FINANCIAL POSITION**  
as at 31 March 2017

		2017	2016
	Notes	R'000	R'000
<b>ASSETS</b>			
<b>Current assets</b>		327,109	265,010
Cash and cash equivalents	10	147,785	249,465
Prepayments and advances	11	28,967	9,573
Receivables	12	150,357	5,972
<b>Non-current assets</b>		13,251	31,146
Investments	13	-	16,112
Receivables	12	13,251	15,034
<b>TOTAL ASSETS</b>		<b>340,360</b>	<b>296,156</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>		326,865	268,615
Voted funds to be surrendered to the Revenue Fund	14	57,346	79,314
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	15	25,186	8,810
Payables	16	241,232	166,836
Aid assistance repayable	3	3,101	13,655
<b>TOTAL LIABILITIES</b>		<b>326,865</b>	<b>268,615</b>
<b>NET ASSETS</b>		<b>13,495</b>	<b>27,541</b>
<b>Represented by:</b>			
Capitalisation reserve		-	16,112
Recoverable revenue		13,495	11,429
Retained funds		-	-
Revaluation reserves		-	-
<b>TOTAL</b>		<b>13,495</b>	<b>27,541</b>

**DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM VOTE 39**  
**STATEMENT OF CHANGES IN NET ASSET**  
as at 31 March 2017

	2017	2016
Notes	R'000	R'000
<b>Capitalisation Reserves</b>		
Opening balance	16,112	16,112
Transfers:		
Other movements	(16,112)	-
Closing balance	<u>-</u>	<u>16,112</u>
<b>Recoverable revenue</b>		
Opening balance	11,429	8,582
Transfers:	<b>2,066</b>	<b>2,847</b>
Debts recovered (included in departmental receipts)	(7,572)	(2,240)
Debts raised	9,638	5,087
Closing balance	<u>13,495</u>	<u>11,429</u>
<b>TOTAL</b>	<u><u>3,495</u></u>	<u><u>27,541</u></u>

**DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM VOTE 39**  
**STATEMENT OF CASH FLOW**  
**for the year ended 31 March 2017**

		2017	2016
	Notes	R'000	R'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts		10,240,646	9,286,999
Annual appropriated funds received	1.1	10,124,345	9,197,361
Departmental revenue received	2	69,995	38,096
Interest received	2.2	19,327	15,757
Aid assistance received	3	26,979	35,785
Net (increase)/decrease in working capital		(87,600)	(114,618)
Surrendered to Revenue Fund		(152,701)	(131,332)
Surrendered to RDP Fund/Donor		(13,655)	(18,412)
Current payments		(3,769,110)	(3,355,813)
Interest paid	6	(806)	(1,608)
Payments for financial assets		(24,714)	(5,159)
Transfers and subsidies paid		(5,563,967)	(5,018,423)
<b>Net cash flow available from operating activities</b>	17	<b>628,093</b>	<b>641,634</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for capital assets	9	(732,280)	(758,932)
Proceeds from sale of capital assets	2.3	439	790
(Increase)/decrease in investments		16,112	-
<b>Net cash flows from investing activities</b>		<b>(715,729)</b>	<b>(758,142)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Distribution/dividend received		-	-
Increase/(decrease) in net assets		(14,046)	2,847
<b>Net cash flows from financing activities</b>		<b>(14,046)</b>	<b>2,847</b>
Net increase/(decrease) in cash and cash equivalents		(101,680)	(113,903)
Cash and cash equivalents at beginning of period		249,465	363,368
<b>Cash and cash equivalents at end of period</b>	10	<b>147,785</b>	<b>249,465</b>

# DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM VOTE 39

## ACCOUNTING POLICIES

### for the year ended 31 March 2017

#### Summary of significant accounting policies

The financial statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. Management has concluded that the financial statements present fairly the department's primary and secondary information.

The historical cost convention has been used, except where otherwise indicated. Management has used assessments and estimates in preparing the annual financial statements. These are based on the best information available at the time of preparation.

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 (PFMA), Act No. 1 of 1999 (as amended by Act No. 29 of 1999), and the Treasury Regulations issued in terms of the PFMA and the annual Division of Revenue Act.

<b>1</b>	<b>Basis of preparation</b> The financial statements have been prepared in accordance with the Modified Cash Standard.
<b>2</b>	<b>Going concern</b> The financial statements have been prepared on a going concern basis.
<b>3</b>	<b>Presentation currency</b> Amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the department.
<b>4</b>	<b>Rounding</b> Unless otherwise stated financial figures have been rounded to the nearest one thousand Rand (R'000).
<b>5</b>	<b>Foreign currency translation</b> Cash flows arising from foreign currency transactions are translated into South African Rands using the spot exchange rates prevailing at the date of payment / receipt.
<b>6</b>	<b>Comparative information</b>
<b>6.1</b>	<b>Prior period comparative information</b> 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.
<b>6.2</b>	<b>Current year comparison with budget</b> A comparison between the approved, final budget and actual amounts for each programme and economic classification is included in the appropriation statement.
<b>7</b>	<b>Revenue</b>
<b>7.1</b>	<b>Appropriated funds</b> Appropriated funds comprises of departmental allocations as well as direct charges against the revenue fund (i.e. statutory appropriation). Appropriated funds are recognised in the statement of financial performance on the date the appropriation becomes effective. Adjustments made in terms of the adjustments budget process are recognised in the statement of financial performance on the date the adjustments become effective. The net amount of any appropriated funds due to / from the relevant revenue fund at the reporting date is recognised as a payable / receivable in the statement of financial position.
<b>7.2</b>	<b>Departmental revenue</b> Departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the relevant revenue fund, unless stated otherwise. Any amount owing to the relevant revenue fund at the reporting date is recognised as a payable in the statement of financial position.

**DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM VOTE 39**  
**ACCOUNTING POLICIES**  
**for the year ended 31 March 2017**

<b>7.3</b>	<p><b>Accrued departmental revenue</b></p> <p>Accruals in respect of departmental revenue (excluding tax revenue) are recorded in the notes to the financial statements when:</p> <ul style="list-style-type: none"> <li>• it is probable that the economic benefits or service potential associated with the transaction will flow to the department; and</li> <li>• the amount of revenue can be measured reliably.</li> </ul> <p>The accrued revenue is measured at the fair value of the consideration receivable.  Accrued tax revenue (and related interest and / penalties) is measured at amounts receivable from collecting agents.  Write-offs are made according to the department's debt write-off policy.</p>
<b>8</b>	<b>Expenditure</b>
<b>8.1</b>	<b>Compensation of employees</b>
<b>8.1.1</b>	<p><b>Salaries and wages</b></p> <p>Salaries and wages are recognised in the statement of financial performance on the date of payment.</p>
<b>8.1.2</b>	<p><b>Social contributions</b></p> <p>Social contributions made by the department in respect of current employees are recognised in the statement of financial performance on the date of payment.</p> <p>Social contributions made by the department in respect of ex-employees are classified as transfers to households in the statement of financial performance on the date of payment.</p>
<b>8.2</b>	<p><b>Other expenditure</b></p> <p>Other expenditure (such as goods and services, transfers and subsidies and payments for capital assets) is recognised in the statement of financial performance on the date of payment. The expense is classified as a capital expense if the total consideration paid is more than the capitalisation threshold.</p>
<b>8.3</b>	<p><b>Accruals and payables not recognised</b></p> <p>Accruals and payables not recognised are recorded in the notes to the financial statements when the goods are received or, in the case of services, when they are rendered to the department or in the case of transfers and subsidies when they are due and payable.  Accruals and payables not recognised are measured at cost.</p>
<b>8.4</b>	<b>Leases</b>
<b>8.4.1</b>	<p><b>Operating leases</b></p> <p>Operating lease payments made during the reporting period are recognised as current expenditure in the statement of financial performance on the date of payment.  The operating lease commitments are recorded in the notes to the financial statements.</p>
<b>8.4.2</b>	<p><b>Finance leases</b></p> <p>Finance lease payments made during the reporting period are recognised as capital expenditure in the statement of financial performance on the date of payment.  The finance lease commitments are recorded in the notes to the financial statements and are not apportioned between the capital and interest portions.  Finance lease assets acquired at the end of the lease term are recorded and measured at the lower of:</p> <ul style="list-style-type: none"> <li>• cost, being the fair value of the asset; or</li> <li>• the sum of the minimum lease payments made, including any payments made to acquire ownership at the end of the lease term, excluding interest</li> </ul>
<b>9</b>	<b>Aid Assistance</b>
<b>9.1</b>	<p><b>Aid assistance received</b></p> <p>Aid assistance received in cash is recognised in the statement of financial performance when received. In-kind aid assistance is recorded in the notes to the financial statements on the date of receipt and is measured at fair value.  Aid assistance not spent for the intended purpose and any unutilised funds from aid assistance that are required to be refunded to the donor are recognised as a payable in the statement of financial position.</p>

**DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM VOTE 39**  
**ACCOUNTING POLICIES**  
**for the year ended 31 March 2017**

<b>9.2</b>	<p><b>Aid assistance paid</b>  Aid assistance paid is recognised in the statement of financial performance on the date of payment. Aid assistance payments made prior to the receipt of funds are recognised as a receivable in the statement of financial position.</p>
<b>10</b>	<p><b>Cash and cash equivalents</b>  Cash and cash equivalents are stated at cost in the statement of financial position. Bank overdrafts are shown separately on the face of the statement of financial position as a current liability. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held, other short-term highly liquid investments and bank overdrafts.</p>
<b>11</b>	<p><b>Prepayments and advances</b>  Prepayments and advances are recognised in the statement of financial position when the department receives or disburses the cash.</p>
<b>12</b>	<p><b>Loans and receivables</b>  Loans and receivables are recognised in the statement of financial position at cost plus accrued interest, where interest is charged, less amounts already settled or written-off. Write-offs are made according to the department's write-off policy.</p>
<b>13</b>	<p><b>Investments</b>  Investments are recognised in the statement of financial position at cost.</p>
<b>14</b>	<p><b>Financial assets</b></p>
<b>14.1</b>	<p><b>Financial assets (not covered elsewhere)</b>  A financial asset is recognised initially at its cost plus transaction costs that are directly attributable to the acquisition or issue of the financial.  At the reporting date, a department shall measure its financial assets at cost, less amounts already settled or written-off, except for recognised loans and receivables, which are measured at cost plus accrued interest, where interest is charged, less amounts already settled or written-off.</p>
<b>14.2</b>	<p><b>Impairment of financial assets</b>  Where there is an indication of impairment of a financial asset, an estimation of the reduction in the recorded carrying value, to reflect the best estimate of the amount of the future economic benefits expected to be received from that asset, is recorded in the notes to the financial statements.</p>
<b>15</b>	<p><b>Payables</b>  Loans and payables are recognised in the statement of financial position at cost.</p>
<b>16</b>	<p><b>Capital Assets</b></p>
<b>16.1</b>	<p><b>Immovable capital assets</b>  Immovable capital assets are initially recorded in the notes to the financial statements at cost. Immovable capital assets acquired through a non-exchange transaction are measured at fair value as at the date of acquisition.  Where the cost of immovable capital assets cannot be determined reliably, the immovable capital assets are measured at fair value for recording in the asset register.  Immovable capital assets are subsequently carried at cost and are not subject to depreciation or impairment.  Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the immovable asset is recorded by another department in which case the completed project costs are transferred to that department.</p>
<b>16.2</b>	<p><b>Movable capital assets</b>  Movable capital assets are initially recorded in the notes to the financial statements at cost. Movable capital assets acquired through a non-exchange transaction is measured at fair value as at the date of acquisition.  Where the cost of movable capital assets cannot be determined reliably, the movable capital assets are measured at fair value and where fair value cannot be determined; the movable assets are measured at R1.  All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1.  Movable capital assets are subsequently carried at cost and are not subject to depreciation or impairment.  Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the movable asset is recorded by another department/entity in which case the completed project costs are transferred to that department.</p>

**DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM VOTE 39**  
**ACCOUNTING POLICIES**  
**for the year ended 31 March 2017**

<b>16.3</b>	<p><b>Intangible assets</b></p> <p>Intangible assets are initially recorded in the notes to the financial statements at cost. Intangible assets acquired through a non-exchange transaction are measured at fair value as at the date of acquisition. Internally generated intangible assets are recorded in the notes to the financial statements when the department commences the development phase of the project.</p> <p>Where the cost of intangible assets cannot be determined reliably, the intangible capital assets are measured at fair value and where fair value cannot be determined; the intangible assets are measured at R1.</p> <p>All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1.</p> <p>Intangible assets are subsequently carried at cost and are not subject to depreciation or impairment. Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the intangible asset is recorded by another department/entity in which case the completed project costs are transferred to that department.</p>
<b>17</b>	<p><b>Provisions and Contingents</b></p>
<b>17.1</b>	<p><b>Provisions</b></p> <p>Provisions are recorded in the notes to the financial statements 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 or service potential will be required to settle the obligation and a reliable estimate of the obligation can be made. The provision is measured as the best estimate of the funds required to settle the present obligation at the reporting date.</p>
<b>17.2</b>	<p><b>Contingent liabilities</b></p> <p>Contingent liabilities are recorded in the notes to the financial statements when there 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 within the control of the department or when there is a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured reliably.</p>
<b>17.3</b>	<p><b>Contingent assets</b></p> <p>Contingent assets are recorded in the notes to the financial statements when a possible asset arises from past events, and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department.</p>
<b>17.4</b>	<p><b>Commitments</b></p> <p>Commitments (other than for transfers and subsidies) are recorded at cost in the notes to the financial statements when there is a contractual arrangement or an approval by management in a manner that raises a valid expectation that the department will discharge its responsibilities thereby incurring future expenditure that will result in the outflow of cash.</p>
<b>18</b>	<p><b>Unauthorised expenditure</b></p> <p>Unauthorised expenditure is recognised in the statement of financial position until such time as the expenditure is either:</p> <ul style="list-style-type: none"> <li>• approved by Parliament or the Provincial Legislature with funding and the related funds are received; or</li> <li>• approved by Parliament or the Provincial Legislature without funding and is written off against the appropriation in the statement of financial performance; or</li> <li>• transferred to receivables for recovery.</li> </ul> <p>Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure.</p>

**DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM VOTE 39**  
**ACCOUNTING POLICIES**  
**for the year ended 31 March 2017**

<b>19</b>	<p><b>Fruitless and wasteful expenditure</b></p> <p>Fruitless and wasteful expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the total value of the fruitless and or wasteful expenditure incurred.</p> <p>Fruitless and wasteful expenditure is removed from the notes to the financial statements when it is resolved or transferred to receivables for recovery.</p> <p>Fruitless and wasteful expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.</p>
<b>20</b>	<p><b>Irregular expenditure</b></p> <p>Irregular expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the value of the irregular expenditure incurred unless it is impracticable to determine, in which case reasons therefor are provided in the note.</p> <p>Irregular expenditure is removed from the note when it is either condoned by the relevant authority, transferred to receivables for recovery or not condoned and is not recoverable.</p> <p>Irregular expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.</p>
<b>21</b>	<p><b>Changes in accounting policies, accounting estimates and errors</b></p> <p>Changes in accounting policies that are effected by management have been applied retrospectively in accordance with MCS requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such instances the department shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.</p> <p>Changes in accounting estimates are applied prospectively in accordance with MCS requirements.</p> <p>Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with MCS requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the department shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.</p>
<b>22</b>	<p><b>Events after the reporting date</b></p> <p>Events after the reporting date that are classified as adjusting events have been accounted for in the financial statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the financial statements.</p>
<b>23</b>	<p><b>Principal-Agent arrangements</b></p> <p>Principal Agent details under Note 32.</p>
<b>24</b>	<p><b>Departures from the MCS requirements</b></p> <p>There were no departures from the MCS requirements.</p>
<b>25</b>	<p><b>Capitalisation reserve</b></p> <p>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/Provincial Revenue Fund when the underlying asset is disposed and the related funds are received.</p>
<b>26</b>	<p><b>Recoverable revenue</b></p> <p>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/Provincial Revenue Fund when recovered or are transferred to the statement of financial performance when written-off.</p>

**DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM VOTE 39**  
**ACCOUNTING POLICIES**  
**for the year ended 31 March 2017**

<b>27</b>	<p><b>Related party transactions</b></p> <p>A related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party. Related party transactions within the Minister/MEC's portfolio are recorded in the notes to the financial statements when the transaction is not at arm's length.</p> <p>Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the department. The number of individuals and their full compensation is recorded in the notes to the financial statements.</p>
<b>28</b>	<p><b>Inventories</b></p> <p>At the date of acquisition, inventories are recorded at cost price in the statement of financial performance. Where inventories are acquired as part of a non-exchange transaction, the cost of inventory is its fair value at the date of acquisition.</p> <p>Inventories are subsequently measured at the lower of cost and net realisable value or the lower of cost and current replacement value.</p> <p>Subsequent measurement of the cost of inventory is determined on the weighted average basis.</p>
<b>29</b>	<p><b>Public-Private Partnerships</b></p> <p>Public Private Partnerships are accounted for based on the nature and or the substance of the partnership. The transaction is accounted for in accordance with the relevant accounting policies.</p> <p>A summary of the significant terms of the PPP agreement, the parties to the agreement, and the date of commencement thereof together with the description and nature of the concession fees received, the unitary fees paid, rights and obligations of the department are recorded in the notes to the financial statements.</p>
<b>30</b>	<p><b>Employee benefits</b></p> <p>The value of each major class of employee benefit obligation (accruals, payables not recognised and provisions) is disclosed in the Employee benefits note.</p>

**DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM VOTE 39**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 March 2017**

**1. Annual Appropriation**

**1.1 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:

	2016/17 Final Appropriation	Actual Funds Received	Funds not requested/ not received	2015/16 Final Appropriation	Appropriation received
	R'000	R'000	R'000	R'000	R'000
Administration	1,621,877	1,621,877	-	1,340,960	1,340,960
Geospatial and Cadastral Services	676,947	676,947	-	701,279	701,279
Rural Development	1,832,279	1,832,279	-	1,931,669	1,931,669
Restitution	3,335,794	3,335,794	-	2,675,984	2,675,984
Land Reform	2,657,448	2,657,448	-	2,547,469	2,547,469
<b>Total</b>	<b>10,124,345</b>	<b>10,124,345</b>	<b>-</b>	<b>9,197,361</b>	<b>9,197,361</b>

**2. Departmental revenue**

		2016/17	2015/16
	Notes	R'000	R'000
Sales of goods and services other than capital assets	2.1	21,652	23,695
Interest, dividends and rent on land	2.2	29,761	20,947
Sales of capital assets	2.3	439	790
Transactions in financial assets and liabilities	2.4	37,909	9,211
Total revenue collected		<u>89,761</u>	<u>54,643</u>
<b>Departmental revenue collected</b>		<b><u>89,761</u></b>	<b><u>54,643</u></b>

**2.1 Sales of goods and services other than capital assets**

	2		
Sales of goods and services produced by the department		21,649	23,693
Sales by market establishment		799	736
Administrative fees		17,240	18,068
Other sales		3,610	4,889
Sales of scrap, waste and other used current goods		3	2
<b>Total</b>		<b><u>21,652</u></b>	<b><u>23,695</u></b>

**2.2 Interest, dividends and rent on land**

	2		
Interest		19,327	15,757
Dividends		-	-
Rent on land		10,434	5,190
<b>Total</b>		<b><u>29,761</u></b>	<b><u>20,947</u></b>

**2.3 Sale of capital assets**

	2		
<b>Tangible assets</b>		439	790
Machinery and equipment	30	439	574
Land and subsoil assets	31	-	216
Machinery and equipment			
Land and subsoil assets			
<b>Total</b>		<b><u>439</u></b>	<b><u>790</u></b>

**DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM VOTE 39**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 March 2017

		2016/17	2015/16
	Notes	R'000	R'000
<b>2.4 Transactions in financial assets and liabilities</b>			
	2		
Receivables		5,705	988
Other Receipts including Recoverable Revenue		32,204	8,223
<b>Total</b>		<u><u>37,909</u></u>	<u><u>9,211</u></u>
<b>3. Aid assistance</b>			
Opening Balance		13,655	18,412
Prior period error		-	-
As restated		13,655	18,412
Transferred from statement of financial performance		3,101	13,655
Transfers to or from retained funds		-	-
Paid during the year		(13,655)	(18,412)
<b>Closing Balance</b>		<u><u>3,101</u></u>	<u><u>13,655</u></u>
<b>3.1 Analysis of balance by source</b>			
Aid assistance from RDP	3	3,101	13,655
Aid assistance from other sources		-	-
CARA		-	-
<b>Closing balance</b>		<u><u>3,101</u></u>	<u><u>13,655</u></u>
<b>3.2 Analysis of balance</b>			
Aid assistance repayable	3	3,101	13,655
<b>Closing balance</b>		<u><u>3,101</u></u>	<u><u>13,655</u></u>
<b>4. Compensation of employees</b>			
<b>4.1 Salaries and Wages</b>			
Basic salary		1,435,407	1,349,574
Performance award		30,630	25,724
Service Based		1,549	2,462
Compensative/circumstantial		48,343	41,923
Periodic payments		250	319
Other non-pensionable allowances		289,952	269,081
<b>Total</b>		<u><u>1,806,131</u></u>	<u><u>1,689,083</u></u>
<b>4.2 Social contributions</b>			
<b>Employer contributions</b>			
Pension		180,081	171,054
Medical		78,743	76,143
UIF		-	-
Bargaining council		335	879
Official unions and associations		-	-
Insurance		-	-
<b>Total</b>		<u><u>259 159</u></u>	<u><u>248,076</u></u>

**DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM VOTE 39**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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		2016/17	2015/16
	Notes	R'000	R'000
<b>Total compensation of employees</b>		<b>2,065,290</b>	<b>1,937,159</b>
Average number of employees		<b>4,411</b>	<b>4,406</b>
<b>5. Goods and services</b>			
Administrative fees		31,096	20,116
Advertising		16,840	41,902
Minor assets	5.1	10,487	10,210
Bursaries (employees)		4,149	3,479
Catering		5,002	8,973
Communication		63,613	57,361
Computer services	5.2	227,312	156,165
Consultants: Business and advisory services		188,702	134,283
Infrastructure and planning services		707	765
Laboratory services		-	-
Scientific and technological services		-	-
Legal services		193,715	163,518
Contractors		30,655	32,142
Agency and support / outsourced services		27,342	31,703
Entertainment		-	-
Audit cost – external	5.3	18,815	17,178
Fleet services		17,734	22,913
Inventory	5.4	-	-
Consumables	5.5	36,970	34,427
Housing		-	-
Operating leases		263,685	250,048
Property payments	5.6	136,765	115,773
Rental and hiring		6,810	3,374
Transport provided as part of the departmental activities		2,890	2,406
Travel and subsistence	5.7	300,548	231,799
Venues and facilities		69,994	36,079
Training and development		12,999	7,898
Other operating expenditure	5.8	13,112	13,753
<b>Total</b>		<b>1,679,942</b>	<b>1,396,265</b>
<b>5.1 Minor assets</b>			
	5		
<b>Tangible assets</b>		<b>10,487</b>	<b>10,210</b>
Buildings and other fixed structures		-	-
Machinery and equipment		10,487	10,209
Transport assets		-	1
<b>Total</b>		<b>10,487</b>	<b>10,210</b>
<b>5.2 Computer services</b>			
	5		
SITA computer services		99,670	34,881
External computer service providers		127,642	121,284
<b>Total</b>		<b>227,312</b>	<b>156,165</b>

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		2016/17	2015/16
	Notes	R'000	R'000
<b>5.3 Audit cost- External</b>			
	5		
Regularity audits		18,815	17,178
<b>Total</b>		<u><u>18,815</u></u>	<u><u>17,178</u></u>
<b>5.4 Consumables</b>			
	5		
Consumable supplies		7,068	6,828
Uniform and clothing		461	675
Household supplies		3,909	2,980
Building material and supplies		-	-
Communication accessories		10	5
IT consumables		456	820
Other consumables		2,232	2,348
Stationery, printing and office supplies		29,902	27,599
<b>Total</b>		<u><u>36,970</u></u>	<u><u>34,427</u></u>
<b>5.5 Property payments</b>			
	5		
Municipal services		46,057	39,819
Other		90,708	75,954
<b>Total</b>		<u><u>136,765</u></u>	<u><u>115,773</u></u>
<b>5.6 Travel and subsistence</b>			
	5		
Local		295,798	223,503
Foreign		4,750	8,296
<b>Total</b>		<u><u>300,548</u></u>	<u><u>231,799</u></u>
<b>5.7 Other operating expenditure</b>			
	5		
Professional bodies, membership and subscription fees		127	232
Resettlement costs		3,293	3,443
Other		9,692	10,078
<b>Total</b>		<u><u>13,112</u></u>	<u><u>13,753</u></u>
<b>6. Interest and rent on land</b>			
Interest paid		806	1,608
Rent on land		-	501
<b>Total</b>		<u><u>806</u></u>	<u><u>2,109</u></u>

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		2016/17	2015/16
	Notes	R'000	R'000
<b>7. Payments for financial assets</b>			
Other material losses written off	7.1	18,947	4,799
Debts written off	7.2	5,767	360
<b>Total</b>		<b>24,714</b>	<b>5,159</b>
<b>7.1 Other material losses written off</b>			
	7		
<b>Nature of losses</b> (Group major categories, but list material items)			
Damaged rental vehicles- officials did not forfeit state		2,790	4,785
No Show accommodation-officials did not forfeit state		45	14
Inala investment		16,112	-
<b>Total</b>		<b>18,947</b>	<b>4,799</b>
<b>7.2 Debts written off</b>			
	7		
Other debt written off			
Salary Debt		528	59
Telephone Debts		-	-
Breach of contract		5,009	234
Other		60	33
Tax debt		96	34
Suppliers		74	-
Subsidised transport		-	-
<b>Total</b>		<b>5,767</b>	<b>360</b>
<b>Total debt written off</b>		<b>5,767</b>	<b>360</b>
<b>8. Transfers and subsidies</b>			
	Note		
Provinces and municipalities	Annex 1A	115,330	76,741
Departmental agencies and accounts	Annex 1B	1,539,207	1,381,512
Foreign governments and international organisations	Annex 1E	2,333	2,596
Non-profit institutions	Annex 1F	3,326	3,159
Households	Annex 1G	3,903,772	3,554,415
<b>Total</b>		<b>5,563,968</b>	<b>5,018,423</b>
<b>9. Expenditure for capital assets</b>			
	Note		
<b>Tangible assets</b>		732,280	758,932
Buildings and other fixed structures	41	568,868	601,199
Machinery and equipment	30	59,009	67,179
Land and subsoil assets	41	104,403	90,554
<b>Total</b>		<b>732,280</b>	<b>758,932</b>

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	2016/17	2015/16
Notes	R'000	R'000

**9.1 Analysis of funds utilised to acquire capital assets - 2016/17**

	Voted funds R'000	Aid assistance R'000	Total R'000
<b>Tangible assets</b>	732,280	-	732,280
Buildings and other fixed structures	568,868	-	568,868
Machinery and equipment	59,009	-	59,009
Land and subsoil assets	104,403	-	104,403
<b>Total</b>	<u>732,280</u>	<u>-</u>	<u>732,280</u>

**9.2 Analysis of funds utilised to acquire capital assets - 2015/16**

	Voted funds R'000	Aid assistance R'000	Total R'000
<b>Tangible assets</b>	758,932	-	758,932
Buildings and other fixed structures	601,199	-	601,199
Machinery and equipment	67,179	-	67,179
Land and subsoil assets	90,554	-	90,554
<b>Total</b>	<u>758,932</u>	<u>-</u>	<u>758,932</u>

**9.3 Finance lease expenditure included in Expenditure for capital assets**

	2016/17 R'000	2015/16
<b>Tangible assets</b>		
Machinery and equipment	8,760	8,312
<b>Total</b>	<u>8,760</u>	<u>8,312</u>

**10. Cash and cash equivalents**

	2016/17 R'000	2015/16 R'000
Consolidated Paymaster General Account	147,656	249,335
Cash receipts	-	(1)
Disbursements	-	(5)
Cash on hand	129	136
<b>Total</b>	<u>147,785</u>	<u>249,465</u>

**11. Prepayments and advances**

	2016/17 R'000	2015/16 R'000
Travel and subsistence	53	41
Advances paid (Not expensed) 11.1	28,914	9,532
<b>Total</b>	<u>28,967</u>	<u>9,573</u>

**11.1 Advances paid (Not expensed)**

	2016/17 R'000	2015/16 R'000
National departments Annex 8A	8,349	8,349
Public entities Annex 8A	20,565	1,183
<b>Total</b>	<u>28,914</u>	<u>9,532</u>

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		2016/17			2015/16		
		Notes	R'000		R'000		
<b>12. Receivables</b>							
			<b>2016/17</b>			<b>2015/16</b>	
		<b>Current</b>	<b>Non-current</b>	<b>Total</b>	<b>Current</b>	<b>Non-current</b>	<b>Total</b>
		<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
	Note						
Claims recoverable	12.1	141,754		141,754	98	284	382
Recoverable expenditure	12.2	1,765	3,843	5,608	641	6,119	6,762
Staff debt	12.3	6,310	9,378	15,688	4,980	8,580	13,560
Other debtors	12.4	528	30	558	253	51	302
<b>Total</b>		<b>150,357</b>	<b>13,251</b>	<b>163,608</b>	<b>5,972</b>	<b>15,034</b>	<b>21,006</b>
<b>12.1 Claims recoverable</b>							
			Note		<b>2016/17</b>		<b>2015/16</b>
			12 and		<b>R'000</b>		<b>R'000</b>
			Annex 4				
Provincial departments					73		98
Public entities					141,681		284
<b>Total</b>					<b>141,754</b>		<b>382</b>
<b>12.2 Recoverable expenditure (disallowance accounts)</b>							
			Note		<b>2016/17</b>		<b>2015/16</b>
			12		<b>R'000</b>		<b>R'000</b>
Sal: Disallowance Account: CA					-		157
Disallowance: Damaged GG vehicle					5,259		6,553
Sal: Tax debt					41		50
Sal: Reversal Control: CA					124		-
Sal: GEHS refund control acc : CA					183		-
Disallowances Damages & Losses					1		-
<b>Total</b>					<b>5,608</b>		<b>6,760</b>
<b>12.3 Staff debt</b>							
			Note		<b>2016/17</b>		<b>2015/16</b>
			12		<b>R'000</b>		<b>R'000</b>
Salary debt					662		894
Bursary debt					12,670		10,567
Subsidised Motor scheme					46		57
Tax debt					103		127
Telephone Debt					40		2
Suppliers					-		68
Misconduct					1,067		1,172
Government Garage Motor Vehicle Accident					573		260
Other debts					508		387
SG Debtor					19		26
<b>Total</b>					<b>15,688</b>		<b>13,560</b>
<b>12.4 Other debtors</b>							
			Note		<b>2016/17</b>		<b>2015/16</b>
			12		<b>R'000</b>		<b>R'000</b>
Transport Payment Suspense: CL					460		122
Pension Recoverable Acc					98		182
<b>Total</b>					<b>558</b>		<b>304</b>

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	2016/17	2015/16
Notes	R'000	R'000
<b>12.5 Impairment of receivables</b>		
Estimate of impairment of receivables	11,611	11,785
<b>Total</b>	<b>11,611</b>	<b>11,785</b>
<b>13. Investments</b>		
<b>Non-Current</b>		
<b>Shares and other equity</b>		16,112
*Inala Farms (Pty) Ltd	-	<b>16,112</b>
<b>Total</b>	-	<b>16,112</b>
<b>Total non-current</b>	-	<b>16,112</b>
<b>Analysis of non-current investments</b>		
Opening balance	16,112	16,112
Additions in cash	-	-
Additions in cash	-	-
Disposals for cash	-	-
Non-cash movements	(16,112)	-
<b>Closing balance</b>	-	<b>16,112</b>
<b>13.1 Impairment of investments</b>		
Estimate of impairment of impairment	-	16,112
<b>Total</b>	-	<b>16,112</b>
<b>14. Voted funds to be surrendered to the Revenue Fund</b>		
Opening balance	79,314	59,550
Transfer from statement of financial performance (as restated)	57,346	79,314
Paid during the year	(79,314)	(59,550)
<b>Closing balance</b>	<b>57,346</b>	<b>79,314</b>
<b>15. Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund</b>		
Opening balance	8,810	25,949
Transfer from Statement of Financial Performance (as restated)	89,761	54,643
Paid during the year	(73,385)	(71,782)
<b>Closing balance</b>	<b>25,186</b>	<b>8,810</b>

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		2016/17	2015/16
	Notes	R'000	R'000
<b>16. Payables – current</b>			
Advances received	16.1	344	41,184
Clearing accounts	16.2	37,116	48,000
Other payables	16.3	203,772	77,652
<b>Total</b>		<b><u>241,232</u></b>	<b><u>166,836</u></b>
<b>16.1 Advances received</b>			
National departments		344	41,184
	Annex 8B	<u>344</u>	<u>41,184</u>
<b>Total</b>			
<b>16.2 Clearing accounts</b>			
Payables: (Restitution claims returned)	Annex 8B	<u>37,116</u>	<u>48,000</u>
<b>Total</b>		<b><u>37,116</u></b>	<b><u>48,000</u></b>
<b>16.3 Other payables</b>			
	Annex 8B		
Salaries: Pension Fund: CL		20	
Salaries: Housing		-	17
Transport Suspense Account: CL		273	5
Sal: Income Tax		1,025	947
Sal: ACB Recalls: CL		-	144
<b>Restitution projects accounts - ABSA</b>		202,449	76,520
Lease -ABSA		5	11
<b>Total</b>		<b><u>203,772</u></b>	<b><u>77,652</u></b>

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	2016/17	2015/16
Notes	R'000	R'000

**17. Net cash flow available from operating activities**

Net surplus/(deficit) as per Statement of Financial Performance	150,208	147,612
Add back non - cash/cash movements not deemed operating activities	477,887	493,780
(Increase)/decrease in receivables – current	(142,602)	4,269
(Increase)/decrease in prepayments and advances	(19,394)	39,651
Increase/(decrease) in payables – current	74,396	(158,538)
Proceeds from sale of capital assets	(439)	(790)
Expenditure on capital assets	732,280	758,932
Surrenders to Revenue Fund	(152,699)	(131,332)
Surrenders to RDP Fund/Donor	(13,655)	(18,412)
<b>Net cash flow generated by operating activities</b>	<b>628,095</b>	<b>641,392</b>

**18. Reconciliation of cash and cash equivalents for cash flow purpose**

Consolidated Paymaster General account	147,656	249,335
Cash receipts	-	(1)
Disbursements	-	(5)
Cash on hand	129	136
<b>Total</b>	<b>147,785</b>	<b>249,465</b>

**19. Contingent liabilities and contingent assets**

**19.1 Contingent liabilities**

		Note		
Liable to	Nature			
Housing loan guarantees	Employees	Annex 3A	437	735
Claims against the department		Annex 3B	2,028 739	2,426,117
Intergovernmental payables (unconfirmed balances)		Annex 5	61,093	345,734
Other		Annex 3B	2,533	214,342
<b>Total</b>			<b>2,092,802</b>	<b>2,986,928</b>

\*Other Restitution claims which are still at validation stage. The validation of the merits of the claim may result in a possible obligation which can be confirmed after the negotiation process. After finalisation of negotiations an award may be made by the Minister in accordance with S42D of the Restitution of Land Rights Act. The award may constitute restoration of land, financial compensation or a combination of both options. The submissions which have been vetted for substantial compliance and which are ready for Minister's consideration are valued at R 2 533 000 as at 31 March 2017. Upon approval, this will result in a commitment to the department.

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

There are some claims brought against the department that are not sounding in money and which are therefore not quantifiable due to the nature of the claims not sounding in money.

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	2016/17	2015/16
Notes	R'000	R'000

**19.2 Contingent assets**

**Nature of contingent asset**

Legal claims by the Department	133,410	131,856
Assets seized during forfeiture order by the Forfeiture Unit (AFU)	115,279	44,829
<b>Total</b>	<b>248,689</b>	<b>176,685</b>

**20. Commitments**

**Current expenditure**

Approved and contracted	724,713	43,827
Approved but not yet contracted	1,069,210	1,437,846
	1,793,924	1,481,673

**Capital expenditure**

Approved and contracted	1,042,445	840,397
Approved but not yet contracted	5,621,675	5,401,225
	6,664,120	6,241,622

<b>Total Commitments</b>	<b>8,458,044</b>	<b>7,723,295</b>
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**21. Accruals and payables not recognised**

**21.1 Accruals**

**Listed by economic classification**

	30 Days	30+ Days	Total	Total
Goods and services	6,414	430,489	436,903	120,864
Transfers and subsidies	47	65	112	13,152
Other	-	-	-	169
<b>Total</b>	<b>6,461</b>	<b>430,554</b>	<b>R437 015</b>	<b>134,185</b>

**Listed by programme level**

Administration	64,113	63,078
Geospatial and Cadastral Surveys	6,987	4,058
Rural Development	5,562	34,670
Restitution	2,118	10,346
Land Reform	357,235	22,033
<b>Total</b>	<b>437,015</b>	<b>134,185</b>

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	2016/17	2015/16
Notes	R'000	R'000

**21.2 Payables not recognised**

**Listed by economic classification**

	30 Days	30+ Days	Total	Total
Goods and services	42,922	33,502	76,424	64,128
Transfers and subsidies	45	21,326	21,371	75,748
Other	-	-	-	66
<b>Total</b>	<b><u>42,967</u></b>	<b><u>54,828</u></b>	<b><u>97,795</u></b>	<b><u>139,942</u></b>

**Listed by programme level**

Programme 1: Administration	13,656	17,233
Programme 2: Geospatial and Cadastral Surveys	1,596	3,857
Programme 3: Rural Development	35,152	30,813
Programme 4: Restitution	5,061	51,902
Programme 5: Land Reform	42,330	36,137
<b>Total</b>	<b><u>97,795</u></b>	<b><u>139,942</u></b>

**Included in the above totals are the following:**

	Note		
Confirmed balances with other departments	Annex 5	348,045	-
Confirmed balances with other government entities	Annex 5	13,695	7,841
<b>Total</b>		<b><u>361,740</u></b>	<b><u>7,841</u></b>

**22. Employee benefits**

*Leave entitlement	81,517	69,121
Service bonus (Thirteenth cheque)	56,717	54,808
Performance awards	32,919	31,739
Capped leave commitments	31,574	31,767
Other	37	44
<b>Total</b>	<b><u>202,764</u></b>	<b><u>187,479</u></b>

\*Included in the Leave entitlement balance are negative balances of R2 009 985.83 which resulted from the following:

At the beginning of the year the officials are allocated 22 days of vacation leave for the whole year which is pro-rated from month to month. Sometimes there are delays in terms of capturing the leave and which then result in the pro-rated days of that particular month being exceeded hence the negative balances.

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	2016/17	2015/16
Notes	R'000	R'000

**23. Lease commitments**

**23.1 Operating leases expenditure**

	Buildings and other fixed structures	Machinery and equipment	Total
<b>2016/17</b>			
Not later than 1 year	145,747	25,766	171,513
Later than 1 year and not later than 5 years	155,410	1,679	157,089
Later than five years	-	-	-
<b>Total lease commitments</b>	<b>301,157</b>	<b>27,445</b>	<b>328,602</b>

	Buildings and other fixed structures	Machinery and equipment	Total
<b>2015/16</b>			
Not later than 1 year	142,213	35,005	177,218
Later than 1 year and not later than 5 years	238,433	25,752	264,185
Later than five years	-	-	-
<b>Total lease commitments</b>	<b>380,646</b>	<b>60,757</b>	<b>441,403</b>

**23.2 Finance leases expenditure**

	Buildings and other fixed structures	Machinery and equipment	Total
<b>2016/17</b>			
Not later than 1 year	-	5,500	5,500
Later than 1 year and not later than 5 years	-	3,585	3,585
Later than five years	-	-	-
<b>Total lease commitments</b>	<b>-</b>	<b>9,085</b>	<b>9,085</b>

	Buildings and other fixed structures	Machinery and equipment	Total
<b>2015/16</b>			
Not later than 1 year	-	6,521	6,521
Later than 1 year and not later than 5 years	-	3,989	3,989
Later than five years	-	-	-
<b>Total lease commitments</b>	<b>-</b>	<b>10,510</b>	<b>10,510</b>

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	2016/17	2015/16
Notes	R'000	R'000

**23.3 Operating lease revenue**

	Land	Buildings and other fixed structures	Machinery and equipment	Total
<b>2016/17</b>				
Not later than 1 year	6,588	4	-	6,592
Later than 1 year and not later than 5 years	17,377	-	-	17,377
Later than five years	27,155	-	-	27,155
<b>Total operating lease revenue receivable</b>	<b>51,120</b>	<b>4</b>	<b>-</b>	<b>51,124</b>
<b>2015/16</b>				
Not later than 1 year	7,681	95	-	7,776
Later than 1 year and not later than 5 years	23,773	5	-	23,778
Later than five years	27,175	-	-	27,175
<b>Total operating lease revenue receivable</b>	<b>58,629</b>	<b>100</b>	<b>-</b>	<b>58,729</b>

**24. Accrued departmental revenue**

Interest, dividends and rent on land	138,597	145,608
Transfers received	198,368	178,456
Other	-	-
<b>Total</b>	<b>336,965</b>	<b>324,064</b>

**24.1 Analysis of accrued departmental revenue**

Opening balance	324,064	76,016
Less: amounts received	234,816	47,086
Add: amounts recognised	247,723	295,176
Less: amounts written-off/reversed as irrecoverable	6	42
<b>Closing balance</b>	<b>336,965</b>	<b>324,064</b>

**24.2 Impairment of accrued departmental revenue**

Estimate of impairment of accrued departmental revenue	73,223	98,993
<b>Total</b>	<b>73,223</b>	<b>98,993</b>

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	2016/17	2015/16
Notes	R'000	R'000

**25. Irregular expenditure**

**25.1 Reconciliation of irregular expenditure**

	2016/17 R'000	2015/16 R'000
Opening balance	21,101	16,645
Prior period error	4,086	-
As restated	25,187	16,645
<b>Add: Irregular expenditure - added current year</b>	41,608	4,456
Less: Prior year amounts condoned	(19,900)	-
Less: Current year amounts condoned	-	-
Less: Amounts not condoned and recoverable	-	-
Less: Amounts not condoned and not recoverable	-	-
<b>Closing balance</b>	<b>46,895</b>	<b>21,101</b>

**Analysis of awaiting condonation per age classification**

Current year	41,608	8,542
Prior years	5,287	16,645
<b>Total</b>	<b>46,895</b>	<b>25,187</b>

**25.2 Details of irregular expenditure added current year (relating to current and prior years)**

Incident	Disciplinary steps taken/criminal proceedings
Non-compliance with Supply Chain	41,510
Restitution Overspending	64
Non-compliance with Travel Policy	34
<b>Total</b>	<b>41,608</b>

**25.3 Details of irregular expenditure condoned**

Incident	Condoned by (condoning authority)
Non-compliance for Supply Chain NARYSEC	(19,610)
	(290)
<b>Total</b>	<b>19,900</b>

**25.4 Prior period error**

	2015/16 R'000
<b>Nature of prior period error</b>	
Relating to 2015/16	4,086
Prior year irregular expenditure identified during the current year	4,086
<b>Total prior period errors</b>	<b>4,086</b>

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	2016/17	2015/16
Notes	R'000	R'000

**26. Fruitless and wasteful expenditure**

**26.1 Reconciliation of fruitless and wasteful expenditure**

Opening balance	27,533	15,677
Prior period error	-	-
As restated	<u>27,533</u>	<u>15,677</u>
Fruitless and wasteful expenditure – relating to prior year		-
Fruitless and wasteful expenditure – relating to current year	852	11,856
Less: Amounts resolved	(26,478)	-
Less: Amounts transferred to receivables for recovery		-
<b>Closing balance</b>	<u><b>1,907</b></u>	<u><b>27,533</b></u>

**26.2 Analysis of awaiting resolution per economic classification**

Current Capital	1,907	27,533
Transfers and subsidies		
<b>Total</b>	<u><b>1,907</b></u>	<u><b>27,533</b></u>

**26.3 Analysis of Current year's fruitless and wasteful expenditure**

Incident	Disciplinary steps taken/criminal proceedings	
Interest paid on late payments		688
Pension Interest paid to former Deputy Minister		118
Overpayment on Restitution		46
<b>Total</b>		<u><u><b>852</b></u></u>

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	2016/17	2015/16
Notes	R'000	R'000

**27. Related party transactions**

**Year end balances arising from revenue/payments**

Receivables from related parties	141,681	348
Payables to related parties	(13,695)	(7,841)
<b>Total</b>	<b>127,986</b>	<b>(7,493)</b>

**In kind goods and services provided/received**

Agricultural Land Holdings: Account falls under the administration of the Department of Rural Development and Land Reform. The executives 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 on this regard. The department paid for the office space for the Deeds Registration Trading Account.	(13,624)	(10,854)
Deeds Registration Trading Account has rendered services (it was the bulk information searches for properties) to Surveyor General searches for the properties to the Department (Surveyor General)	107,152	275,783
Travel with Flair (travelling expenses paid on behalf of deeds)	(339)	
<b>Total</b>	<b>38,474</b>	<b>207,485</b>

**28. Key management personnel**

	No. of Individuals		
Political office bearers (provide detail below)	3	6,113	5,876
Officials:			
Level 15 to 16	12	17,146	17,973
Level 14 (incl. CFO if at a lower level)	75	80,958	71,309
Family members of key management personnel	7	5,141	3,243
<b>Total</b>		<b>109,358</b>	<b>98,401</b>

**29. Provisions**

Other: Upgrades of Level 9 & 11	-	2,555
Other: Occupational Specific Dispensation	1,160	10,251
Other: Rates claims	-	11,442
Cheadle Thompson and Haysom	-	14,265
State Land Payables	6,565	5,555
SIU	53,437	53,266
<b>Total</b>	<b>61,162</b>	<b>85,892</b>

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	2016/17				2015/16
	Notes	R'000			R'000
<b>29.1 Reconciliation of movement in provisions – 2016/17</b>					
	Other	Rates claims	Maenetja	State Land Payables	Total provisions
	R'000	R'000	R'000		R'000
Opening balance	66,072	-	14,265	5,555	85,892
Increase in provision	171			1,010	1,181
Settlement of provision	(2,888)		(14,265)		(17,153)
Unused amount reversed	(8,758)				(8,758)
Reimbursement expected from third party		-	-		-
Change in provision due to change in estimation of inputs		-			-
<b>Closing balance</b>	<b>54,597</b>	<b>-</b>	<b>-</b>	<b>6,565</b>	<b>61,162</b>

**Reconciliation of movement in provisions – 2015/16**

	Other	Rates claims	Maenetja	Land payables	Total provisions
	R'000		R'000	R'000	R'000
Opening balance	-	-	17,612	4,761	22,373
Increase in provision	66,072	-	10,374	5,555	82,001
Settlement of provision	-	-	(11,829)	(4,761)	(16,590)
Unused amount reversed	-	-	(1,892)	-	(1,892)
Reimbursement expected from third party	-	-	-		-
Change in provision due to change in estimation of inputs	-	-	-	-	-
<b>Closing balance</b>	<b>66,072</b>	<b>-</b>	<b>14,265</b>	<b>5,555</b>	<b>85,892</b>

**30. Movable Tangible Capital Assets**

	Opening balance	Value adjustments	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
<b>MACHINERY AND EQUIPMENT</b>	567,199	-	49,104	(11,015)	605,288
Transport assets	39,324	-	3,640	(1,866)	41,098
Computer equipment	386,978	-	21,777	(6,529)	402,226
Furniture and office equipment	69,347	-	4,7831	(768)	83,362
Other machinery and equipment	71,550	-	8,904	(1,852)	78,602
<b>Capital Work-in-progress</b>	8,312	8,760	8,312	-	25,384
<b>TOTAL MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>575,511</b>	<b>8,760</b>	<b>57,416</b>	<b>(11,015)</b>	<b>630,672</b>

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	2016/17	2015/16
Notes	R'000	R'000

**30.1 Additions**

**ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2017**

	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
<b>MACHINERY AND EQUIPMENT</b>	<b>59,009</b>		<b>(8,810)</b>	<b>(1,095)</b>	<b>49,104</b>
Transport assets	3,640				3,640
Computer equipment	22,955		0	(1,178)	21,777
Furniture and office equipment	14,787		(50)	46	14,783
Other machinery and equipment	17,627		(8,760)	37	8,904
<b>TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>59,009</b>	<b>-</b>	<b>(8,810)</b>	<b>(1,095)</b>	<b>49,104</b>

**30.2 Disposals**

**DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2017**

	Sold for cash	Non- Cash disposal	Total disposals	Cash Received Actual
	R'000	R'000	R'000	R'000
<b>MACHINERY AND EQUIPMENT</b>	<b>1,866</b>	<b>9,149</b>	<b>11,015</b>	<b>528</b>
Transport assets	1,866	-	1,866	528
Computer equipment	-	6,529	6,529	-
Furniture and office equipment	-	768	768	-
Other machinery and equipment	-	1,852	1,852	-
<b>TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>1,866</b>	<b>9,149</b>	<b>11,015</b>	<b>528</b>

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	2016/17	2015/16
Notes	R'000	R'000

**30.3 Movement for 2015/16**

**MOVEMENT IN TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2016**

	Opening balance	Prior period error	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
<b>MACHINERY AND EQUIPMENT</b>	515,990		60,282	(9,073)	567,199
Transport assets	39,537		1,836	(2,049)	39,324
Computer equipment	349,204		43,738	(5,964)	386,978
Furniture and office equipment	60,064		10,104	(821)	69,347
Other machinery and equipment	67,185		4,604	(239)	71,550
<b>Capital Work-in-progress</b>	-		-	-	-
<b>TOTAL MOVABLE TANGIBLE CAPITAL ASSETS</b>	515,990	-	60,282	(9,073)	567,199

**30.3.1 Prior period error**

**Nature of prior period error**

Relating to 2014/15 [affecting the opening balance]

2015/16  
R'000

Relating to 2015/16

2 116

Total prior period errors

2 116

**2,116**

**30.4 Minor assets**

**MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2017**

	Machinery and equipment	Total
	R'000	R'000
Opening balance	82,085	82,088
Additions	10,388	10,388
Disposals	(1,511)	(1,511)
<b>TOTAL MINOR ASSETS</b>	<b>90,962</b>	<b>90,962</b>
Number of R1 minor assets	26	26
Number of minor assets at cost	46	46
<b>TOTAL NUMBER OF MINOR ASSETS</b>	<b>72</b>	<b>72</b>

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	2016/17	2015/16
Notes	R'000	R'000

**MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2016**

	<b>Machinery and equipment R'000</b>	<b>Total R'000</b>
Opening balance	72,897	72,897
Prior period error	-3	-3
Additions	10,405	10,405
Disposals	1,214	1,214
<b>TOTAL MINOR ASSETS</b>	<b>82,085</b>	<b>82,085</b>

	<b>Machinery and equipment</b>	<b>Total</b>
Number of R1 minor assets	27	27
Number of minor assets at cost	43	43
<b>TOTAL NUMBER OF MINOR ASSETS</b>	<b>70</b>	<b>70</b>

**30.4.1 Prior period error**

	<b>2015/16 R'000</b>
<b>Nature of prior period error</b>	(3)
Relating to 2015/16 [affecting the opening balance]	(3)
	(3)

Total prior period errors

**31. Immovable Tangible Capital Assets**

**MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2017**

	Opening balance R'000	Value adjustments	Additions R'000	Disposals R'000	Closing Balance R'000
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>	554,745	-	250,991	462,418	343,318
Other fixed structures	554,745	-	250,991	462,418	343,318
<b>LAND AND SUBSOIL ASSETS</b>	1,253,764	22,061	158,533	115,644	1,318,714
Land	1,253,764	22,061	158,533	115,644	1,318,714
<b>Capital Work-in-progress</b>	844,269	-	473,629	97,006	1,220,892
<b>TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>2,652,778</b>	<b>22,061</b>	<b>883,153</b>	<b>675,068</b>	<b>2,882,924</b>

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	2016/17	2015/16
Notes	R'000	R'000

### 31.1 Additions

**ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2017**

	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
<b>BUILDING AND OTHER FIXED STRUCTURES</b>	566,165	250,991	(566,165)		250,991
Other fixed structures	566,165	250,991	(566,165)		250,991
<b>LAND AND SUBSOIL ASSETS</b>	104,403	93,936	(73,232)	33,426	158,533
Land	104,403	93,936	(73,232)	33,426	158,533
<b>TOTAL ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>670,568</b>	<b>344,927</b>	<b>(639,397)</b>	<b>33,426</b>	<b>409,524</b>

### 31.2 Disposals

**DISPOSALS OF IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2017**

	Sold for cash	Non-cash disposal	Total disposals	Cash Received Actual
	R'000	R'000	R'000	R'000
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>		462,418	462,418	
Other fixed structures		462,418	462,418	
<b>LAND AND SUBSOIL ASSETS</b>		<b>115,644</b>	<b>115,644</b>	
Land		115,644	115,644	
<b>TOTAL DISPOSALS OF IMMOVABLE TANGIBLE CAPITAL ASSETS</b>		<b>578,062</b>	<b>578,062</b>	

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	2016/17	2015/16
Notes	R'000	R'000

**31.3 Movement for 2015/16**

**MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2016**

	Opening balance R'000	Prior period error R'000	Additions R'000	Disposals R'000	Closing Balance R'000
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>	736,631	(498,350)	671,034	354,570	554,745
Other fixed structures	736,631	(498,350)	671,034	354,570	554,745
<b>LAND AND SUBSOIL ASSETS</b>	1,324,295	-	146,133	216,664	1,253,764
Land	1,324,295	-	146,133	216,664	1,253,764
Capital Work in progress (Effective 1 April 2016)	-	-	-	-	-
<b>TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>2,060,926</b>	<b>(498,350)</b>	<b>817,167</b>	<b>571,234</b>	<b>1,808,509</b>

**31.3.1 Prior period error**

	2015/16 R'000
<b>Nature of prior period error</b>	
Relating to prior years	(498,350)
Other Fixed Structures (Disposals)	(498,350)
Relating to 2015/16	77,461
Land and Subsoil (Disposal)	(3,481)
Other Fixed Structures (Completed)	210,534
Adjustments/Disposal- Other Fixed Structures	(129,592)
Total prior period errors	<b>(420,889)</b>

**31.4 Immovable assets valued at R1**

**IMMOVABLE ASSETS VALUED AT R1 IN THE ASSET REGISTER AS AT 31 MARCH 2017**

	Land and subsoil assets R'000	Total R'000
R1 Immovable assets	22	22
<b>TOTAL</b>	<b>22</b>	<b>22</b>

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	2016/17	2015/16
Notes	R'000	R'000

**31.5 S42 Immovable assets**

**Assets subjected to transfer in terms of S42 of the PFMA 2016/17**

	Number of assets	Value of assets R'000
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>		
Other fixed structures	149	444,864
<b>TOTAL</b>	<b>149</b>	<b>444,864</b>

**Assets subjected to transfer in terms of S42 of the PFMA - 2015/16**

	Number of assets	Value of assets R'000
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>	424	224,978
Other fixed structures	424	224,978
<b>TOTAL</b>	<b>424</b>	<b>224,978</b>

**31.6 Immovable assets additional information**

		2016/17	2015/16
<b>a) Properties deemed vested</b>			
Land parcels	<i>Annexure 9</i>	Number 6,752	Number 7,387
<b>b) Facilities on unsurveyed land</b>	Duration of use		
	<i>Annexure 9</i>	Number	Number
Schools		4,472	4,472
Clinics		446	446
Hospitals		25	25
Office buildings		175	175
Dwellings		296	296
Storage facilities		-	
Other		318	

**32. Principal agent arrangements**

**32.1 Department acting as the principal**

	Fee paid 2016/17 R'000	2015/16 R'000
Agricultural Research Council	62,889	117,541
National Agricultural Marketing Council	39,544	20,680
National Wool Growers Assoc. of SA	11,254	9,976
Agribusiness in Sustainable Natural Plant (ASNAP)	-	4,877
CSIR	39,817	50,196
Maenetja	-	18,526
Other	40,419	305,698
Co-operative bank	10,000	-
Department of Defence	57,381	-
<b>Total</b>	<b>261,304</b>	<b>527,494</b>

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	<b>Nature</b>	<b>Circumstances</b>	<b>Significant judgement applied</b>	<b>Significant terms and conditions</b>	<b>Significant risk and benefits</b>	<b>Resources or Cost implication for termination</b>	<b>Resources under the custodianship</b>
<b>ARC</b>	As a Research Institute and specialists in agriculture the entity project manages, provides technical support, training, enterprise development, and market access for the enterprises.	Against a pre-existing limited capacity in the branch, also the shift in mandate from STRIF to REID forced the branch to enter into an SLA with ARC as specialist in the Agricultural sector to deliver on various value chain projects (PVC, DVC, Horticulture, cotton, etc.).	Department entered into an MOA with ARC in 2012 as an entity of DAFF. By virtue of the nature and core business of the entity and given the perceived reputation at face value.	The contract is very clear to say that in the event of poor performance and non-delivery there should be a review and if poor performance persists the department should terminate. Issues of intellectual property rights are captured and both parties are entitled and have access to the intellectual property emanating from these projects.	Benefits- Skills transfer from entity to the beneficiaries, job creation and improved sustainable enterprises. Risk - non delivery on the project and inability to establish sustainable agricultural enterprise from the pre-selected farmers.		Vehicles, cameras, Vopi building.

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	<b>Nature</b>	<b>Circumstances</b>	<b>Significant judgement applied</b>	<b>Significant terms and conditions</b>	<b>Significant risk and benefits</b>	<b>Resources or Cost implication for termination</b>	<b>Resources under the custodianship</b>
<b>NWGA</b>	This entity is wool Industry Commodity Group that provides genetic improvement of the rams in order to improve the quality of the breed and the wool from the rams. The entity also provides training and technical support to the farmers on sheep shearing, grading of wool, and market access for the rural enterprises.	The majority of sheep in the Eastern Cape is in communal areas. However, the genetic make-up of the wool sheep in communal areas is predominantly poor and leaves farmers locked at subsistence level not able to participate at commercial level. The programme sought to address wool quality, quantity and participation of small scale black farmers in the commercial wool industry. This can only be achieved by improving the genetic make-up of the rams to promote pure breed mating to improve the wool quantities and quality in order to be able to participate in wool commercial industry.	Department has an existing MOA with NWGA from 2013. Significant judgement was indeed applied as all wool sheep breeders affiliate to the stud association which is monitored by the commodity association, in this case the Wool Growers Association. Furthermore, the NWGA has registered wool brokers who negotiate the price for farmers for better prices to the benefit of the farmers.	Penalty clauses are raised in the contract for non-performance.	Risk: Readiness of the communal farmers to receive the rams, provide a favourable environment for breeding performance as well as mate at the right times or periods of the year. Benefits: Improved stock for communal farmers, increased income from wool produce, job creation and skills transfer.	The NWGA has contracted registered breeders until 2018 as such any termination of these contracts may have legal implications as each breeders has a breeding programme which if distracted may lead to detrimental costs to the breeders and communal farmers alike since not all areas have received rams.	No assets except rams already delivered are under the custodianship of the participating communal farmers

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	Nature	Circumstances	Significant judgement applied	Significant terms and conditions	Significant risk and benefits	Resources or Cost implication for termination	Resources under the custodianship
<b>ASNAP</b>	The entity provides technical support for enterprises, mentoring and training, necessary infrastructure in the form of Hydroponic tunnels, and retail market access for the produce.	As part of sustainability of our agricultural food security projects which are seasonally dependent, the entity (ASNAP) introduced the hydroponic technology to ensure that there is farming production for 365 days.	The entity had preferential contracts for any rural project and ready-made off take agreements with the retail groups (with SPAR, Shoprite, and Pick n Pay) that were enough to secure businesses for rural enterprises as supplier.	Imposing penalties if deliverables and outputs are not met as per work plan.	Risk- Inability to meet contractual obligation from the rural enterprises due to economies of scale. Benefit-shifting away from seasonal employment and business activity to guaranteed business continuity throughout the year. Also the level of expertise and exposure is yet another benefit. Increased crop production for enterprises, increased income and job creation.	Legal costs for breach of contractual obligations.	Hydroponic tunnels and production inputs.

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	Nature	Circumstances	Significant judgement applied	Significant terms and conditions	Significant risk and benefits	Resources or Cost implication for termination	Resources under the custodianship
<b>OMNIA</b>	This intervention focused on commercialising the communal farmers by means of supporting them with Mechanisation, Implements, infrastructure, production inputs and linking them to the markets and address all challenges they face in the grain sector.	This was a remedial intervention to the North West Drought relief programme to support farmers with agricultural production inputs.	The department entered into an MOA with OMNIA. OMNIA was already supporting rural people with agricultural production inputs around the Agripark area and the extra support provided by the department was to increase the economies of scale of farmers and contributing to the success of the Agri-Park	Ensure that resource evaluation is conducted (soil sampling, yield potential, soil surveying). The immediate acquisition of production inputs with support.	Risk: - Poor produce quality and inconsistency of production yield (output) being supplied to the Agri-Park. Benefits- Improving the productivity and consistency of small scale farmers in terms of volumes, quality; Skills transfer, job creation and food security etc.	Immediate termination would risk the production supply pipeline and volumes to the Agri-Parks.	Production inputs.

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for the year ended 31 March 2017**

	Nature	Circumstances	Significant judgement applied	Significant terms and conditions	Significant risk and benefits	Resources or Cost implication for termination	Resources under the custodianship
GRAIN SA	As a Grain Commodity association with personnel, partners and members that specialise in Agriculture (grains in particular), the entity provided technical support, training, enterprise development and market access for the grain enterprises.	This was a remedial intervention to the Free State, KZN and Mpumalanga drought relief programme to support farmers with agricultural production inputs.	The Branch leveraged on the Grain SA production know-how and expertise in the grains commodity to cultivate 3500 Ha and the association was well positioned to assist.	The immediate acquisition of production inputs so that the farmers can plant within the planting season was the key condition amongst other terms and conditions, which was achieved.	Risks: - Late delivery. Benefits: - Skills transfer, job creation, improved productivity	No cost implication because it was a once-off funding.	Production inputs.

**DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM VOTE 39**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 March 2017**

	Nature	Circumstances	Significant judgement applied	Significant terms and conditions	Significant risk and benefits	Resources or Cost implication for termination	Resources under the custodianship
<b>DBSA</b>	The development of agricultural and non-agricultural industries by providing them with technical and financial support, provision of infrastructure and start-up inputs to selected cooperatives.	The department initiated the formation and registration of cooperatives as part of their national rural development strategy. Within this context 26 District Municipalities were priorities as CRDP sites. With many registered cooperatives that were not functional, fund were then committed to Resuscitate the defunct cooperatives.	As a leading and reputable development financial institution working in the space of cooperative support the entity was given this role to align the new programme with other related project that were already being done by the DBSA.	The contract is very clear to say that in the event of poor performance and non-delivery there should be a review and if poor performance persists the department should terminate.	Risks:- Non-viability of many registered cooperatives; limited market access Benefits:- Skills transfer, job creation, functional enterprises	Project completed as per the SLA and the SLA has come to an end.	Biological (piglets, chicks etc.), Poultry structures, irrigation system, and water tanks etc.

**DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM VOTE 39**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 March 2017**

	2016/17	2015/16
Notes	R'000	R'000
<b>32.2 Department acting as the agent</b>		
<b>32.2.1 Revenue received for agency activities</b>		
Dept. of Higher Education: NSF	-	49,060
<b>Total</b>	<u>-</u>	<u>49,060</u>

*The nature of arrangement is to train NARYSEC youth in different skills programme as stipulated in the implementation protocol. In 2012, the department did not have enough funding to train more than 7 000 youth. A funding proposal was made to the Department of Higher Education and Training which was approved. A Memorandum of Agreement (MoA) was signed by the two departments. The conditions to the agreement was that:*

- (i) DRDLR will in writing notify NSF within 21 days of any changes in the project which might affect the planned project deliverables.*
- (ii) All draw down request should be accompanied by the current bank reconciliation statement, supported by evidence of specific commitment and performance and all other documentation and information as may be requested by NSF.*
- (iii) The department undertakes to honour its obligation for vat payment and other transaction in compliance with South African laws and good practices.*
- (iv) DRDLR undertakes to submit to NSF quarterly report within 15 days after the end of the quarter. This would have a positive impact in implementing the projects as outlined below:*
  - Skills training provided to the youth.*
  - Increase employability chances for the skills youth.*
  - Current training linked to NQF to enable rural youth to further their studies after exit should they choose to.*

*The following risks were however identified:*

- (i) Limited capacity of public colleges to absorb all NARYSEC learners and to offer all required skills training.*
- (ii) Colleges outsource training to private providers without informing the department.*
- (iii) Prolonged delay by SETAs to issue competent learners with certificates and failure by colleges to up-load learner information into SETA systems.*

*NSF obligations to the DRDLR:*

- (i) The NSF will pay an amount for the first quarter as agreed in the project draw-down schedule upon receipt of the signed agreement and necessary supporting documents.*
- (ii) Payment of subsequent draw-downs shall be dependent on the presentation by DRDLR and acceptance by the NSF of the quarterly progress reports as in clause 5.7 above.*
- (iii) The NSF shall retain 10% of the total project costs and this shall be paid to DRDLR on the successful closure of the project.*
- (iv) The NSF shall process DRDLR quarterly in advance subject to Clause 6.5 above and in accordance with the rates and budgeted times as set out in the project budget.*
- (v) The NSF is entitled to refuse to pay any claim submitted by DRDLR in relation to this MoA if such claim is submitted after the expiry of this MoA.*

**DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM VOTE 39**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 March 2017

	2016/17	2015/16
Notes	R'000	R'000

**33. Prior period errors**

**33.1 Correction of prior period errors**

**Expenditure:**

Key Management Personnel	(1,059)
<b>Net effect</b>	<u>                    </u>

**Assets:**

Commitment	67,571
Operating lease revenue 2015/16 adjustments	34,695
Accrued departmental revenue	153,414
Lease	(40,434)
Interest on Conveyances	155
<b>Net effect</b>	<u><u>215,401</u></u>

**Liabilities:**

SIU	53,266
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**Contingent Liabilities:**

QCC cases	20,434
Legal cases	7,740
Housing guarantee	17
AFU cases	12,838
Provisions	(11,442)
Accruals	11,442
<b>Net effect</b>	<u><u>41,029</u></u>

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2017

### ANNEXURE 1A STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER			SPENT			2015/16
	DoRA and other transfers	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds With held	Re allocations by National Treasury 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 and Taxes	83,253	-	10,900	94,153	115,156	-	-	-	-	-	76,671
Levies vehicle Licences	51	-	161	212	174	-	-	-	-	-	70
<b>TOTAL</b>	<b>83,304</b>	<b>-</b>	<b>11,061</b>	<b>94,365</b>	<b>115,330</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>76,741</b>

National Departments are reminded of the Division of Revenue Act (DORA) requirements to indicate any re-allocations by the National Treasury or the transferring department, certify that all transfers in terms of this Act were deposited into the primary bank account of a province or, where appropriate, into the CPD account of a province as well as indicate the funds utilised for the administration of the receiving officer.

Departments are required to include a summary of expenditure per conditional grant to aid in the identification of under- / over spending of such funds and to allow the department to provide an explanation for the variance.

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2017

### ANNEXURE 1B STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

DEPARTMENT/ AGENCY/ ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2015/16
	Adjusted	Roll Overs	Adjust - ments	Total Availa ble	Actual Transfer	% of Availa ble funds Transf erred	Appro- riation Act
	Appro - pria - tion						
Ingonyama Trust Board	18,788	-	-	18,788	18,788	100%	18,069
Registration of Deeds Trade account	67,639	-	(59,420)	8,219	14,300	174%	21,413
Agricultural Land Holding account	1,502,117	-	-	1,502,117	1,502,117	100%	1,342,027
Com: Licences (Radio & TV)	-	-	-	-	2	-	3
Khula Enterprises Finance LTD	1	-	-	-	-	-	-
SA Local Government	4,000	-	-	4,000	4,000	100%	-
<b>TOTAL</b>	<b>1,592,545</b>	<b>-</b>	<b>(59,420)</b>	<b>1,533,124</b>	<b>1,539,207</b>		<b>1,381,512</b>

### ANNEXURE 1E STATEMENT OF TRANSFERS TO FOREIGN GOVERNMENT AND INTERNATIONAL ORGANISATIONS

FOREIGN GOVERNMENT/ INTERNATIONAL ORGANISATION	TRANSFER ALLOCATION				EXPENDITURE		2015/16
	Adjust ed Appro- pria - tion Act	Roll overs	Adjust- ments	Total Availa ble	Actual Transfer	% of Availa ble funds Transf erred	Appro- pria - tion Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
<b>Transfers</b>							
UN Membership fees	1,574	-	880	2,454	2,333	95%	2,596
	1,574	-	880	2,454	2,333		2,596
<b>Subsidies</b>	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>1,574</b>	<b>-</b>	<b>880</b>	<b>2,454</b>	<b>2,333</b>	<b>-</b>	<b>2,596</b>

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2017

### ANNEXURE 1F STATEMENT OF TRANSFERS TO NON-PROFIT INSTITUTIONS

	TRANSFER ALLOCATION				EXPENDITURE		2015/16
	Adjusted Appropriation Act	Roll overs	Adjust ments	Total Availa ble	Actual Transfer	% of Availa ble funds transf erred	Appro- priation Act
<b>NON-PROFIT INSTITUTIONS</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>
<b>Transfers</b>							
South African Council for Planners	3,326	-	-	3,326	3,326	100%	3,159
	3,326	-	-	3,326	3,326		3,159
<b>Subsidies</b>	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>3,326</b>	<b>-</b>	<b>-</b>	<b>3,326</b>	<b>3,326</b>	<b>-</b>	<b>3,159</b>

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2017

### ANNEXURE 1G STATEMENT OF TRANSFERS TO HOUSEHOLDS

	TRANSFER ALLOCATION				EXPENDITURE		2015/16
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Appropriation Act
HOUSEHOLDS	R'000	R'000	R'000	R'000	R'000	%	R'000
<b>Transfers</b>							
Restitution Grants (Beneficiaries)	2,512,922	-	(4,427)	2,508,495	2,677,392	107%	2,019,225
Land Reform Grants (Beneficiaries)	539,426	-	-	539,426	381,415	71%	569,480
Social Benefits (Non-employees)	24,148	-	1,232	25,380	21,832	86%	22,361
Social Benefits (Leave gratuity)	2,999	-	2,264	5,263	7,005	133%	3,075
Social Benefits (Cash)	271,669	-	(23,319)	248,350	188,961	76%	10,554
Social Benefits (NARYSEC)	494,371	-	(48,505)	445,866	409,659	92%	398,422
Social Benefits (RID/REID)	755,869	-	74,229	830,098	783,672	94%	531,298
	4,601,404	-	1,474	4,602,878	4,469,936		3,554,415
<b>Subsidies</b>	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>4,601,404</b>	<b>-</b>	<b>1,474</b>	<b>4,602,878</b>	<b>4,469,936</b>	<b>-</b>	<b>3,554,415</b>

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2017

### ANNEXURE 11 STATEMENT OF AID ASSISTANCE RECEIVED

NAME OF DONOR	PURPOSE	OPENING BALANCE	REVENUE	EXPENDITURE	PAID BACK ON/BY 31 MARCH	CLOSING BALANCE
		R'000	R'000	R'000	R'000	R'000
<b>Received in cash</b>						
Belgium	Post settlement and development support for Land reform beneficiaries	13,655	26,978	23,877	13,655	3,101
<b>Subtotal</b>		13,655	26,978	23,877	13,655	3,101
<b>TOTAL</b>		13,655	26,978	23,877	13,655	3,101

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2017

### ANNEXURE 3A

#### STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2017

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2016	Guarantees drawn during the year	Guarantees repayments/ cancelled reduced/ released during the year	Revaluations	Closing balance 31 March 2017	Guaranteed interest for year ended 31 March 2017	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
	Housing								
	ABSA	-	224	-	114	-	110	-	-
	BOE (Ltd)	-	-	-	-	-	-	-	-
	First Rand Bank	-	73	-	73	-	-	-	-
	Nedbank	-	17	-	-	-	17	-	-
	Nedbank Inc	-	-	-	-	-	-	-	-
	Standard Bank	-	358	-	111	-	247	-	-
	No Develop	-	63	-	-	-	63	-	-
	<b>TOTAL</b>	<b>-</b>	<b>735</b>	<b>-</b>	<b>298</b>	<b>-</b>	<b>437</b>	<b>-</b>	<b>-</b>

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2017

### ANNEXURE 3B

#### STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2017

Nature of Liability	Opening Balance 1 April 2016	Adjust ment to Opening Balances	Liabilities incurred during the year	Liabilit- ies paid/ Cancelled /reduced during the year	Liabili- ties recov- erable (Provide details here- under)	Closing Balance 31 March 2017
	R'000	R'000	R'000	R'000	R'000	R'000
<b>Claims against the department</b>						
Breach of contract and sued for interest	2,440	-	-	-	-	2,440
Claim for valuations performed	1,600	-	-	-	-	1,600
Claim on interest 15.5%	7,971	-	-	-	-	7,971
Claim on property	23,482	19,956	-	-	-	43,438
Current owner want to be paid more than the valuation amount on an approved S42D matter	44,148	-	-	-	-	44,148
Department dispute Alexcor claim of just and equitable compensation	4,500	-	-	-	-	4,500
Interest failure to pay 2nd 50%, as contained in the agreement.	164,896	-	-	-	-	164,896
Lease rental claim	253	-	-	(253)	-	-
Liquidator issued summons against commission matter is opposed breach contract	1,516	-	-	-	-	1,516
Matter for payment of interest for breach of contract	15,252	-	-	-	-	15,252
Mr Vermaas, claims compensation he received was not just & equitable	106	-	-	(53)	-	53
Restitution claim, for purchase price and interest of 15,5% and costs.	67,989	-	-	-	-	67,989
Summons issued for Interest on failure to honour legal agreement	1,006,427	-	-	-	-	1,006,427
The claim is for alleged under compensation	147	-	-	(147)	-	-
This is a direct access case for under compensation	9,036	-	48,050	-	-	57,086
Application to compel payment of purchase price and interest thereon.	5,377	-	-	-	-	5,377
Breach of agreement	403,114	-	-	(402,929)	-	185
Claim damages due to failure to comply with contractual obligations in the form of mora interest on the amount of R15 750 000.00	440	-	-	-	-	440
Claim for compensation	6,522	-	-	-	-	6,522
	173,575	(1,175)	2,733	-	-	175,133

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2017

### ANNEXURE 3B STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2017

Nature of Liability	Opening Balance  1 April 2016	Adjust ment to Opening Balances	Liabilities incurred during the year	Liabilit ies paid/c ancell ed/red uced during the year	Liabili ties recov erable  (Provi de details here under)	Closing Balance  31 March 2017
	R'000	R'000	R'000	R'000	R'000	R'000
Claim for losses incurred as result of fire	1,272	-	-	-	-	1,272
Claim for repair of boundary fence	16	-	-	-	-	16
Claim for services rendered	-	-	2,285	-	-	2,285
Claims for damages	37,500	-	-	-	-	37,500
Commission is disputing validity of the contract with applicant	3,491	-	-	-	-	3,491
Contractual claim	175,928	-	77,909	(128,716)	-	125,121
Damage motor vehicle	4,550	-	-	-	-	4,550
Fire losses claim	40,407	-	24,467	-	-	64,874
Grants claim	1,000	-	-	-	-	1,000
Indemnification of estate agent fees	1,509	-	-	-	-	1,509
Labour dispute	653	-	-	-	-	653
Malicious prosecution and defamation	85,590	-	-	-	-	85,590
Monetary Claim	16,263	(1,676)	-	(9,637)	-	4,950
Negligence	1,158	(1,058)	-	-	-	100
Offer to purchase	11,413	(5,830)	-	-	-	5,583
OSD	64,649	(79)	-	(10,585)	-	53,985
Other	2,290	(2,290)	-	-	-	-
Punitive Costs	229	-	-	-	-	229
Reimbursement for maintenance and upkeep of a farm	4,222	-	-	(502)	-	3,720

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2017

### ANNEXURE 3B

#### STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2017

Nature of Liability	Opening Balance 1 April 2016	Adjust ment to Opening Balances	Liabilities incurred during the year	Liabilit- ies paid/ Cancelled /reduced during the year	Liabili- ties recov erable (Provide details here- under)	Closing Balance 31 March 2017
Nature of Liability	R'000	R'000	R'000	R'000	R'000	R'000
The claim is for alleged under compensation	6,980	-	-	-	-	6,980
Third party claim for damage vehicle	42	-	-	-	-	42
<b>Subtotal</b>	2,418,377	7,740	155,444	(552,822)	-	2,028,739
<b>Other</b>						
Restitution Claims (QCC)	193,908	20,434	2,617,473	(2,829,282)		2,533
<b>Subtotal</b>	193,908	20,434	2,617,473	(2,829,282)	-	2,533
<b>TOTAL</b>	2,612,285	28,174	2,772,917	(3,382,104)	-	2,031,272

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2017

### ANNEXURE 4 CLAIMS RECOVERABLE

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash in transit at year end 2016/17 *	
	31/03/2017	31/03/2016	31/03/2017	31/03/2016	31/03/2017	31/03/2016	Receipt	Amount
							date up to six (6) working days after year end	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
<b>Department</b>								
Department of Defence	-	-	17	-	17	-	-	-
SASSA	-	-	29	-	29	-	-	-
	-	-	73	-	73	-	-	-
<b>Other Government Entities</b>								
Agricultural Land Holding Account	140,725	-	-	-	140,725	-	-	-
Deeds Trading Entity	956	-	-	-	956	-	-	-
	41,681	-	-	-	41,681	-	-	-
<b>TOTAL</b>	<b>141,681</b>	<b>-</b>	<b>73</b>	<b>-</b>	<b>141,754</b>	<b>-</b>	<b>-</b>	<b>-</b>

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2017

### ANNEXURE 5 INTER-GOVERNMENT PAYABLES

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL		Cash in transit at year end 2016/17 *	
	31/03/2017	31/03/2016	31/03/2017	31/03/2016	31/03/2017	31/03/2016	Payment date up to six (6) working days before year end	Amount
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000

#### DEPARTMENTS

##### Current

Justice and Constitutional Development	-	-	2,711	-	2,711	-	-	-
Public Works	348,045	-	58,382	-	406,427	-	-	-
<b>Subtotal</b>	<b>348,045</b>	<b>-</b>	<b>61,093</b>	<b>-</b>	<b>409,138</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>	<b>348,045</b>	<b>-</b>	<b>61,093</b>	<b>-</b>	<b>409,138</b>	<b>-</b>	<b>-</b>	<b>-</b>

##### OTHER GOVERNMENT ENTITY

##### Current

Agricultural Land Holdings (PLAS Acc)	13,695	-	-	-	13,695	-	-	-
<b>Subtotal</b>	<b>13,695</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,695</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>	<b>361,740</b>	<b>-</b>	<b>61,093</b>	<b>-</b>	<b>422,833</b>	<b>-</b>	<b>-</b>	<b>-</b>

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2017

### ANNEXURE 7 MOVEMENT IN CAPITAL WORK IN PROGRESS

#### MOVEMENT IN CAPITAL WORK IN PROGRESS FOR THE YEAR ENDED 31 MARCH 2017

	Opening balance R'000	Current Year Capital WIP R'000	Completed Assets R'000	Closing balance R'000
<b>MACHINERY AND EQUIPMENT</b>				
Other machinery and equipment	8,312	8,760	(8,312)	8,760
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>				
Other fixed structures	832,486	400,397	(85,223)	1,147,660
<b>LAND AND SUBSOIL ASSETS</b>				
Land	11,783	73,232	(11,783)	73,232
<b>TOTAL</b>	<b>852,581</b>	<b>482,389</b>	<b>(105,318)</b>	<b>1,229,652</b>

#### MOVEMENT IN CAPITAL WORK IN PROGRESS FOR THE YEAR ENDED 31 MARCH 2016

	Opening balance R'000	Prior period error R'000	Current Year Capital WIP R'000	Completed Assets R'000	Closing balance R'000
<b>MACHINERY AND EQUIPMENT</b>	<b>9,011</b>		<b>8,312</b>	<b>(9,011)</b>	<b>8,312</b>
Other machinery and equipment	9,011		8,312	(9,011)	8,312
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>	<b>395,309</b>	<b>329,632</b>	<b>482,401</b>	<b>(374,856)</b>	<b>832,486</b>
Other fixed structures	395,309	329,632	482,401	(374,856)	832,486
<b>LAND AND SUBSOIL ASSETS</b>	<b>49,238</b>		<b>11,783</b>	<b>(49,238)</b>	<b>11,783</b>
Land	49,238		11,783	(49,238)	11,783
<b>TOTAL</b>	<b>453,558</b>	<b>329,632</b>	<b>502,496</b>	<b>(433,105)</b>	<b>852,581</b>

### ANNEXURE 8A

#### INTER-ENTITY ADVANCES PAID (note 11)

ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL	
	31/03/2017	31/03/2016	31/03/2017	31/03/2016	31/03/2017	31/03/2016
	R'000	R'000	R'000	R'000	R'000	R'000
<b>NATIONAL DEPARTMENTS</b>						
Department of Communication			8,349	8,349	8,349	8,349
<b>Subtotal</b>			<b>8,349</b>	<b>8,349</b>	<b>8,349</b>	<b>8,349</b>
<b>PUBLIC ENTITIES</b>						
Cheedle Thompson Inc		1,183				1,183
<b>Subtotal</b>		<b>1,183</b>				<b>1,183</b>
<b>OTHER ENTITIES</b>						
Maenetja	20,565					
<b>Subtotal</b>	<b>20,565</b>				<b>20,565</b>	
<b>TOTAL</b>	<b>20,565</b>	<b>1,183</b>	<b>8,349</b>	<b>8,349</b>	<b>28,914</b>	<b>9,532</b>

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2017

### ANNEXURE 8B

#### INTER-ENTITY ADVANCES RECEIVED (note 16)

ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL	
	31/03/2017	31/03/2016	31/03/2017	31/03/2016	31/03/2017	31/03/2016
	R'000	R'000	R'000	R'000	R'000	R'000
<b>NATIONAL DEPARTMENTS</b>						
<b>Current</b>						
National Higher Education and Training	344	41,184			344	41,184
<b>Subtotal</b>	344	41,184			344	41,184
<b>Non-Current</b>						

### ANNEXURE 9

#### IMMOVABLE ASSETS ADDITIONAL DISCLOSURE

	<i>Note</i>	2016/17	2015/16
Estimated completion date		Area	Area
	<u>31.6</u>		-
	<u>31.6</u>	<b>Number</b>	<b>Number</b>
		6 752	-
Schools		-	-
Clinics		-	-
Hospitals		-	-
Office buildings		-	-
Dwellings		-	-
Storage facilities		-	-
Other		-	-
<b>Duration of use</b>	<u>31.6</u>	<b>Number</b>	<b>Number</b>
Schools		4 472	-
Clinics		446	-
Hospitals		25	-
Office buildings		175	-
Dwellings		296	-
Storage facilities		-	-
Other		318	-

# Report of the Auditor-General to Parliament on Agricultural Land Holdings Account

## Report on the Audit of the Financial Statements

### Opinion

1. I have audited the financial statements of the Agricultural Land Holdings Account set out on pages 207 to 241, which comprise the statement of financial position as at 31 March 2017, statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget information with actual information for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Agricultural Land Holdings Account as at 31 March 2017, and its financial performance and cash flows for the year then ended in accordance Standards of South African Standards of Generally Recognised Accounting Practices (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

### Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.
4. I am independent of the entity in accordance with the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code) together with the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Emphasis of matter

6. I draw attention to the matter below. My opinion is not modified in respect of this matter.

### Impairment of trade receivables

7. As disclosed in note 7 to the financial statements, the trading entity has receivables from exchange transactions totalling R336 644 000, with an impairment provision for doubtful debts of R329 274 000 as at 31 March 2017. The extent of the recoverability of these amounts is uncertain.

### Impairment of receivables from non-exchange transaction

8. As disclosed in note 8 to the financial statements, the trading entity has receivables from exchange transactions totalling R675 272 000, with an impairment provision for doubtful debts of R359 351 000 as at 31 March 2017. The amount has not been spent nor recovered from farmers to offset the receivable from non-exchange transactions.

### Responsibilities of the accounting officer for the financial statements

9. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the 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.
10. In preparing the financial statements, the accounting officer is responsible for assessing the trading entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless there is an intention to liquidate the trading entity or cease operations, or there is no realistic alternative but to do so.

# Report of the Auditor-General to Parliament on Agricultural Land Holdings Account

## Report on the Audit of the Financial Statements

### Auditor-general's responsibilities for the audit of the financial statements

11. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
12. A further description of my responsibilities for the audit of the financial statements is included in the annexure to the auditor's report.

### Report on the audit of the annual performance report

13. The strategic objectives, programme outputs, indicators and targets of the trading entity are incorporated into the reported programme performance of the Department of Rural Development and Land Reform, and are reported under programme 5: land reform. As a result, findings relating to the audit of performance information are reported as part of Department of Rural Development and Land Reform's audit report.

### Report on audit of compliance with legislation

#### Introduction and scope

14. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the trading entity's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
15. I did not identify any instances of material non-compliance with selected specific requirements of applicable legislation, as set out in the general notice issued in terms of the PAA.

### Other information

16. The department's accounting officer is responsible for the other information. The other information comprises the information included in the annual report, which includes the Accounting Officer's Statement of Responsibility for Performance Information, Audit Committee's report, Foreword by the Minister and the Overview of the accounting officer. The other information does not include the financial statements, the auditor's report thereon and those selected programmes presented in the annual performance report that have been specifically reported on in the auditor's report.
17. My opinion on the financial statements and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
18. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed on the other information obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

# Report of the Auditor-General to Parliament on Agricultural Land Holdings Account

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## Internal control deficiencies

19. I considered internal control relevant to my audit of the financial statements and compliance with applicable legislation; however, my objective was not to express any form of assurance thereon. I did not identify any significant deficiencies in internal control.

*Auditor-General.*

Pretoria  
31 July 2017



AUDITOR-GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

# Report of the Auditor-General to Parliament on Agricultural Land Holdings Account

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## Annexure - Auditor-general's responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements.

### Financial statements

2. In addition to my responsibility for the audit of the financial statements, as described in the auditor's report, I also:

- identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- obtain an understanding of internal control relevant to the audit 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 trading entity's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors, which constitutes the accounting officer.
- conclude on the appropriateness of the accounting officer's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the trading entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of the auditor's report. However, future events or conditions may cause the trading entity to cease operating as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

### Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and where applicable, related safeguards.

# AGRICULTURAL LAND HOLDINGS ACCOUNT

## Annual Financial Statements for the year ended 31 March 2017

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### Audit committee responsibility

The audit committee reports that it has complied with its responsibilities arising from section 38(10)(1) of the PFMA and Treasury Regulation 3.1.

The audit committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

### General Information

Country of incorporation and domicile	South Africa
Legal form of entity	Trading Account
Nature of business and principal activities	Land Acquisition and Management
Business address	No 184 Jeff Masemola Street Pretoria 0001
Postal address	Private Bag X 833 Pretoria 0001
Bankers	ABSA
Auditors	Auditor-General of South Africa

# AGRICULTURAL LAND HOLDINGS ACCOUNT

## Annual Financial Statements for the year ended 31 March 2017

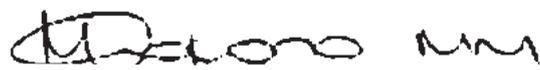
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### Index

The reports and statements set out below comprise the annual financial statements presented to the parliament:

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Audit Committee Report	206
Statement of Financial Position	207
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Statement of Changes in Net Assets	208
Cash Flow Statement	209
Statement of Comparison of Budget and Actual Amounts	210 - 214
Accounting Policies	215 - 225
Notes to the Annual Financial Statements	226 - 241

The annual financial statements set out on page 207 - 241 which have been prepared on the going concern basis, were approved by the accounting officer on 31 March 2017 and were signed on its behalf by:



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MM Mokono  
Chief Director: PLAS Trading Account



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L Archary  
Acting Director-General



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R Sadiki  
Chief Financial Officer

# **AGRICULTURAL LAND HOLDINGS ACCOUNT**

## **Annual Financial Statements for the year ended 31 March 2017**

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### **Audit committee members**

Mrs Z N Qunta (Chairperson)  
Mr H G Hlomane  
Mr A N Mhlongo

### **Audit committee responsibility**

The audit committee reports that it has complied with its responsibilities arising from section 38(10)(1) of the PFMA and Treasury Regulation 3.1.

The audit committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

# AGRICULTURAL LAND HOLDINGS ACCOUNT

Annual Financial Statements for the year ended 31 March 2017

## Statement of Financial Position

		2017	2016
	Note(s)	R '000	Restated* R'000
<b>Assets</b>			
<b>Current Assets</b>			
Cash and equivalents	6	257 617	181 248
Trade and other receivables from exchange transactions	7	7 930	7 663
Trade and other receivables from non-exchange transactions	8	634 759	239 763
Prepayments	11	3 479	-
		<b>903 785</b>	<b>428 674</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	3	11 842 101	11 216 439
Intangible assets	4	1 007	1 408
Other financial assets	5	295 404	265 424
		<b>12 138 512</b>	<b>11 483 271</b>
<b>Total Assets</b>		<b>13 042 297</b>	<b>11 911 945</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables from exchange transactions	9	16 058	129 412
Trade and other payables from non-exchange transactions	10	140 727	64
Other provisions	12	90 429	-
		<b>247 214</b>	<b>129 476</b>
<b>Total Liabilities</b>		<b>247 214</b>	<b>129 476</b>
<b>Net Assets</b>		<b>12 795 083</b>	<b>11 782 469</b>
Accumulated surplus		12 795 083	11 782 469

# AGRICULTURAL LAND HOLDINGS ACCOUNT

Annual Financial Statements for the year ended 31 March 2017

## Statement of Financial Performance

	Note(s)	2017 R '000	2016 Restated* R '000
<b>REVENUE</b>			
<b>Revenue from exchange transactions</b>			
Interest received on lease receivables	13	25 453	23 436
Rental income on servitude	13	6	150
Rental income on lease receivables	13	120	453
Interest on servitude	13	-	36
Interest received	14	48 668	39 974
Other income	15	4	363
<b>Total revenue from exchange transactions</b>		<b>74 251</b>	<b>64 412</b>
<b>Revenue from non-exchange transactions</b>			
<b>Transfer revenue</b>			
Grant income - non exchange	13	1 502 117	1 342 027
Donation received	13	30 700	18 103
<b>Total revenue from non-exchange transactions</b>		<b>1 532 817</b>	<b>1 360 130</b>
<b>TOTAL REVENUE</b>	13	<b>1 607 068</b>	<b>1 424 542</b>
<b>EXPENDITURE</b>			
Operating expenditure farmers & Other operating expenditure	16	(368 950)	(327 377)
Impairment	17	(160 097)	(143 167)
Depreciation and amortisation		(46 907)	(42 767)
Interest expense		(2 260)	(2 386)
Bad debts written off		(5 382)	-
<b>TOTAL EXPENDITURE</b>		<b>(583 596)</b>	<b>(515 697)</b>
<b>Operating surplus</b>		<b>1 023 472</b>	<b>908 845</b>
<i>Loss on disposal of assets</i>		<i>(10 858)</i>	<i>(11 694)</i>
<b>Surplus for the year</b>		<b>1 012 614</b>	<b>897 151</b>

## Statement of Changes in Net Assets

	Accumulated surplus R '000	Total net assets R '000
Opening balance as previously reported	10 916 727	10 916 727
Adjustments		
Prior year adjustments - Note 27	(31 409)	(31 409)
<b>Balance at 01 April 2015 as restated*</b>	<b>10 885 318</b>	<b>10 885 318</b>
Changes in net assets		
Surplus for the year	897 151	897 151
Total changes	<b>897 151</b>	<b>897 151</b>
<b>Restated* Balance at 01 April 2016</b>	<b>11 782 469</b>	<b>11 782 469</b>
Changes in net assets		
Surplus for the year	1 012 614	1 012 614
Total changes	<b>1 012 614</b>	<b>1 012 614</b>
<b>Balance at 31 March 2017</b>	<b>12 795 083</b>	<b>12 795 083</b>

## AGRICULTURAL LAND HOLDINGS ACCOUNT

Annual Financial Statements for the year ended 31 March 2017

### Cash Flow Statement

		2017	2016
	Note(s)	R'000	Restated* R'000
<b>Cash flows from operating activities</b>			
<b>Cash receipts</b>			
Sale of goods and services		8 672	3 734
Grant income		1 502 117	1 342 027
Interest income		29 797	39 974
Other operating revenue		226	2 716
Other cash item		-	-
		<b>1 540 812</b>	<b>1 388 451</b>
<b>Cash paid to suppliers and employees</b>			
Suppliers other payables		(784 652)	(496 147)
<b>Net cash flows from operating activities</b>	18	<b>756 160</b>	<b>892 304</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	3	(679 791)	(990 104)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>76 369</b>	<b>(97 800)</b>
Cash and cash equivalents at the beginning of the year		181 248	279 048
<b>Cash and cash equivalents at the end of the year</b>	6	<b>257 617</b>	<b>181 248</b>

# AGRICULTURAL LAND HOLDINGS ACCOUNT

## Annual Financial Statements for the year ended 31 March 2017

### Statement of Comparison of Budget and Actual Amounts

#### Budget on Accrual Basis

	Approved budget	Adjustment	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R'000	R'000	R'000	R'000	R'000	

#### Statement of Financial Performance

##### Revenue

##### Revenue from exchange transactions

Rental income on lease receivable	19 225	(9 514)	9 711	120	(9 591)	(99%)
Rental income on servitude	-	-	-	6	6	0%
Interest received (outstanding debtors)	7 782	26 206	33 988	25 453	(8 535)	25%
Other income	285	(250)	35	4	(31)	(89%)
Interest received	40 651	1 447	42 098	48 668	6 570	(16%)
<b>Total revenue from exchange transactions</b>	<b>67 943</b>	<b>17 889</b>	<b>85 832</b>	<b>74 251</b>	<b>(11 581)</b>	

##### Revenue from non-exchange transactions

##### Taxation revenue

Government grants & subsidies	1 502 117	-	1 502 117	1 502 117	-	0%
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##### Transfer revenue

Donation received	4 820	101 000	105 820	30 700	(75 120)	71%
<b>Total revenue from non-exchange transactions</b>	<b>1 506 937</b>	<b>101 000</b>	<b>1 607 937</b>	<b>1 532 817</b>	<b>(75 120)</b>	

##### Total revenue

<b>1 574 880</b>	<b>118 889</b>	<b>1 693 769</b>	<b>1 607 068</b>	<b>(86 701)</b>	
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##### Expenditure

Depreciation and amortisation	(53 869)	5 855	(48 014)	(46 907)	1 107	(2%)
Impairment	(53 757)	(287 449)	(341 206)	(160 097)	181 109	53%
Interest Expense	-	-	-	(2 260)	(2 260)	0%
Bad debts written off	-	-	-	(5 382)	(5 382)	0%
Operating expenditure farmers & other operating expenditure	(477 663)	(49 992)	(527 655)	(368 950)	158 705	30%
<b>Total expenditure</b>	<b>(585 289)</b>	<b>(331 586)</b>	<b>(916 875)</b>	<b>(583 596)</b>	<b>333 279</b>	
<b>Operating surplus</b>	<b>989 591</b>	<b>(212 697)</b>	<b>776 894</b>	<b>1 023 472</b>	<b>246 578</b>	
<i>Loss on disposal of assets</i>	-	-	-	(10 858)	(10 858)	0%
<b>Surplus before taxation</b>	<b>989 591</b>	<b>(212 697)</b>	<b>776 894</b>	<b>1 012 614</b>	<b>235 720</b>	

## AGRICULTURAL LAND HOLDINGS ACCOUNT

Annual Financial Statements for the year ended 31 March 2017

### Statement of Comparison of Budget and Actual Amounts

1. **Rental Income on lease receivable - (99%)** variance is as a result of non-billing for 2016/17 due to lease agreements received that did not qualify for billing as per State Land Lease and Disposal policy and the rest of lease agreements has not been received due to the process of compiling new business plans that is still in progress. Approval has been granted to suspend billing until lease agreements have been signed.
2. **Interest received (outstanding debt) - 25%** variance on interest received is on outstanding debt that is as a result of debt not settled within the prescribed period.
3. **Other income – (89%)** variance is as a result of low other income earned during the current financial year.
4. **Interest received - (16%)** variance relates to interest earned from land bank and interest received from the current account for a current financial year against the annual budget.
5. **Donation - 71%** variance is as a result of anticipated transfers (donations) of SRR properties from the Department of Rural Development and Land Reform.
6. **Impairment - 53%** variance is as the result of the change estimates for lease and Property, plant and equipment.
7. **Operating expenditure farmers and other operating expenditure - 30%** relates to low farmers spending for the current year.

# AGRICULTURAL LAND HOLDINGS ACCOUNT

Annual Financial Statements for the year ended 31 March 2017

## Statement of Comparison of Budget and Actual Amounts

### Budget on Accrual Basis

	Approved budget	Adjustment	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R'000	R'000	R'000	R'000	R'000	

### Statement of Financial Position

#### Assets

##### Current Assets

Trade and other receivables from exchange transactions	34 580	25 924	<b>60 504</b>	7 931	<b>(52 573)</b>	(87%)
Trade and other receivables from non-exchange transactions	278 914	545 315	<b>824 229</b>	634 760	<b>(189 469)</b>	22%
Prepayments	-	-	-	3 479	<b>3 479</b>	0%
Cash and cash equivalents	152 932	(239 847)	<b>(86 915)</b>	257 617	<b>344 532</b>	396%
	<b>466 426</b>	<b>331 392</b>	<b>797 818</b>	<b>903 787</b>	<b>105 969</b>	

##### Non-Current Assets

Property, plant and equipment	12 070 727	990 957	13 061 684	11 842 102	(1 219 582)	9%
Intangible assets	1 658	(1 658)	-	1 007	1 007	0%
Other financial assets	281 923	2 306	284 229	295 404	11 175	4%
	<b>12 354 308</b>	<b>991 605</b>	<b>13 345 913</b>	<b>12 138 513</b>	<b>(1 207 400)</b>	

#### Total assets

	<b>12 820 734</b>	<b>1 322 997</b>	<b>14 143 731</b>	<b>13 042 300</b>	<b>(1 101 431)</b>	
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## AGRICULTURAL LAND HOLDINGS ACCOUNT

Annual Financial Statements for the year ended 31 March 2017

### Statement of Comparison of Budget and Actual Amounts

#### Budget on Accrual Basis

	Approved budget	Adjustment	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R'000	R'000	R'000	R'000	R'000	
<b>Liabilities</b>						
<b>Current Liabilities</b>						
Trade and other payables from exchange transactions	21 982	-	21 982	16 059	(5 923)	27%
Trade and other payables non-exchange	-	-	-	140 727	140 727	0%
Other provisions	-	-	-	90 429	90 429	
	<b>21 982</b>	<b>-</b>	<b>21 982</b>	<b>247 215</b>	<b>225 233</b>	
<b>Total liabilities</b>	<b>21 982</b>	<b>-</b>	<b>21 982</b>	<b>247 215</b>	<b>225 233</b>	
<b>Net assets</b>	<b>12 798 752</b>	<b>1 322 997</b>	<b>14 121 749</b>	<b>12 795 085</b>	<b>(1 326 664)</b>	
<b>Net Assets</b>						
<b>Net Assets</b>						
<b>Attributable to</b>						
<b>Owners of</b>						
<b>Controlling Entity</b>						
<b>Reserves</b>						
Accumulated surplus	12 798 752	1 322 997	14 121 749	12 795 085	(1 326 664)	

## AGRICULTURAL LAND HOLDINGS ACCOUNT

Annual Financial Statements for the year ended 31 March 2017

### Statement of Comparison of Budget and Actual Amounts

8. **Trade and other receivables from exchange transactions - (87%)** variance is as a result of lower farmers' expenditure to clear outstanding balances. Low collection of the long outstanding debt.
9. **Trade and other receivables from non-exchange transactions - 22%** variance is as a result of low transfers to farmers during the financial year.
10. **Prepayments - 100%** variance is as a result of transfer of funds that was done during the current financial year for payments of invoices for rates and taxes for 2017/18 financial year.
11. **Cash and cash equivalent - 396%** variance is as a result of high expenditure that was anticipated during the current financial year.
12. **Property, plant and equipment - 9%** PPE is carried at cost less accumulated depreciation and impairment losses. The net carrying amount of Property, Plant and Equipment is R11,842 102 billion (2016: R11,216,539 billion) after depreciation of R46,505 million and impairment of R25 thousand.
13. **Intangible assets - 100%** variance is as a result of the balance of the Intangible asset that could not be written off in the current financial year, it was anticipated that the full write off would have been done by year end which could not be the case hence it was not budget for.
14. **Trade and other payables from exchange transactions - 27%** variance is due to outstanding rates and taxes, planning invoices that were outstanding at year end.

# AGRICULTURAL LAND HOLDINGS ACCOUNT

## Annual Financial Statements for the year ended 31 March 2017

### Accounting Policies

#### 1. Presentation of Annual Financial Statements

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

The Agricultural Land Holdings 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.

#### Basis of preparation

The annual financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practices (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board ("ASS") 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 Standard of GRAP, accounting policies for material transactions, events or conditions were developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 as 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.

##### 1.1 Presentation currency

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

##### 1.2 Rounding

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

##### 1.3 Prior year comparatives

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are also reclassified and restated,

unless such comparative reclassification is not required by a Standard of GRAP. The nature and reasons for such reclassification and restatement are also disclosed.

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.

Presentation and classification of items in the current year are consistent with prior periods.

#### 1.4 Budget

Budget information has been provided in a separate disclosure note in accordance with GRAP 1 and 24. GRAP 24 is applicable to all entities preparing their financial statements on accrual basis of accounting and is also applicable to all entities that are required or elect to make their approved budget publicly available.

ALHA budget does not meet the scope of GRAP 24 because its budget is not approved by council. The trading account has elected to make their approved budget publicly available. ALHA has presented a separate statement of comparison of budget and actual amounts that is not on the same accounting basis as the rest of the financial statements. The annual financial statements were presented using the accrual basis of accounting while the budget information is presented using the cash basis of accounting.

#### 1.5 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 judgement 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 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 Trading Entity makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

## AGRICULTURAL LAND HOLDINGS ACCOUNT

Annual Financial Statements for the year ended 31 March 2017

### Accounting Policies

There has been a change in government policies regarding the determination of rental revenue and lease terms on existing lease agreements. The impact of the policy will result into new lease agreements with new lease terms and rental amounts being concluded. The lease agreements will be calculated prospectively upon signing by both parties. Billing on the lease has been suspended until lease agreements are signed by both parties.

### Allowances and impairment

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

Debtors are assessed on an individual basis; however groups of debtors could be affected by the same evident circumstance which warrants a specific sub - grouping to be justifiable. Those debtors are classified according to those underlying circumstances considered for the purpose of compilation of an allowance for doubtful debts.

**The following are some of the factors that should be considered, but the list is not exhaustive**

Category	Current	1to 90 Days	91 to 180 Days	181 to 365 Days	Over 365 Days
Handed over to debt collectors (Potential to settle)	90%	90%	90%	90%	90%
Handed/ Not over to debt collectors (Recap farms, farms not operational and where there's no potential to settle the debt)	100%	100%	100%	100%	100%
Credit balances (these are re-classified as creditors)	0%	0%	0%	0%	0%
Inactive or terminated accounts	100%	100%	100%	100%	100%
Approved indigents	100%	100%	100%	100%	100%
Other debtors not handed	0%	0%	0%	0%	0%

These categories are implemented based on circumstances of the debt and the bankruptcy of the debtor. Only one category is applicable to each debtor at a time hence a proper analysis must be conducted to determine a category.

The impairment loss is calculated based on the ageing carrying value at reporting date less the percentages.

# AGRICULTURAL LAND HOLDINGS ACCOUNT

Annual Financial Statements for the year ended 31 March 2017

## Accounting Policies

### 1.5 Significant judgements and estimates (continued)

#### Impairment of non-financial assets

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the entity is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The entity uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the end of the reporting period.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the entity for similar financial instruments.

#### Provision on farmers - Recapitalisation

The Trading Entity provides for Recapitalisation expenditure as a result of an uncertainty on the timing of receiving invoices and the amount thereof at the end of the financial year. Reasonable estimate is provided based on the percentage of invoices received on historical data.

#### Value in use of non-cash generating assets

The Trading Entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. If there are indicators that impairment may have occurred, the remaining

service potential of the asset is determined. This estimate is based on the availability of information to determine the remaining service potential of the asset.

#### Remaining useful lives of property, plant and equipment

The Trading Entity's management determines the estimated remaining useful lives and related depreciation charges for property, plant and equipment. This estimate is based on management's judgement, farming activities and operational factors. These estimates are based on the pattern in which an asset's future economic benefits or service potential is expected to be consumed by the Trading Entity.

#### 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 and concluded 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 on going 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.

## 1.6 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.

# AGRICULTURAL LAND HOLDINGS ACCOUNT

## Annual Financial Statements for the year ended 31 March 2017

### Accounting Policies

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. This fair value is recognised as deemed cost of the asset.

The cost of an item of property, plant and equipment is the purchase price and other costs directly attributable to bringing 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, it's 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.

### 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 dispose of the assets for any economic gain.

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

## AGRICULTURAL LAND HOLDINGS ACCOUNT

Annual Financial Statements for the year ended 31 March 2017

### Accounting Policies

#### 1.6 Property, plant and equipment (continued)

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

Details	Average useful life - Years
<b>LAND</b>	
Agricultural Land	Unlimited
<b>INFRASTRUCTURE</b>	
• Production facility	40-50
• Production infrastructure	30-50
<b>BUILDINGS</b>	
• Farm dwellings	40-50
• Farm buildings	40-50
<b>AGRICULTURAL EQUIPMENT</b>	
• No moving parts e.g. Ploughs	20-30
• High intensity moving parts e.g. Chain Saws	5-7
• Low intensity moving parts e.g. Planter's	7 - 12
• Mechanical e.g. Tractors	10 - 15
• Water low intensity e.g. Irrigation pipes	30
• Water low intensity e.g. Movable irrigation pumps	15-20
• Electrical e.g. Butchery equipment	15
• Office Equipment	5 - 10
<b>MOTOR VEHICLES</b>	
• Motor vehicles	5-10

# AGRICULTURAL LAND HOLDINGS ACCOUNT

Annual Financial Statements for the year ended 31 March 2017

## Accounting Policies

### 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 recoverable service carrying amount that would have been determined where impairment loss has been recognised previously, a reversal of the impairment is recognised in the Statement of Financial Performance.

ALHA assesses, at each reporting date, whether there's an indication that an impairment loss recognised in prior periods may no longer exist or may have decreased. If any such indication exists, the recoverable amount of those assets are estimated. A reversal of impairment loss of an asset carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

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

### Derecognition

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.

### 1.7 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.

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 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. The useful life of the packaging and service rights is reviewed annually.

Details	Average useful life
Share packaging rights	Definite/Indefinite

# AGRICULTURAL LAND HOLDINGS ACCOUNT

Annual Financial Statements for the year ended 31 March 2017

## Accounting Policies

### Impairments

An intangible asset with finite life is tested for impairment annually when 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 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 intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

## 1.8 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. 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:

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

## 1.9 Investments in controlled entities

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.

## 1.10 Interest in joint ventures

### The Trading entity as a lessor

#### 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.

# AGRICULTURAL LAND HOLDINGS ACCOUNT

Annual Financial Statements for the year ended 31 March 2017

## Accounting Policies

### 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.

### 1.11 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 is held for trading.
- 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 reassessed 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.

### 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.

# AGRICULTURAL LAND HOLDINGS ACCOUNT

## Annual Financial Statements for the year ended 31 March 2017

### Accounting Policies

#### 1.11 Financial instruments (continued)

##### 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

##### 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 represent financial guarantees to Land Bank, Concessionary loan made to farmers.

National Empowerment Fund is classified as other financial assets at amortised cost.

#### 1.12 Services in kind

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

#### 1.13 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 the contract has been awarded at reporting date, but no expenditure has accrued it is disclosed as commitments in the notes to the financial statements.

#### 1.14 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 1968), 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.

#### 1.15 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).

#### 1.16 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 -

- (a) This Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) 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

# AGRICULTURAL LAND HOLDINGS ACCOUNT

## Annual Financial Statements for the year ended 31 March 2017

### Accounting Policies

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.

#### 1.17 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.

#### 1.18 Other non-exchange receivables

##### Recognition and measurement

Trade and other receivables are categorised as financial assets and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to initial carrying amount plus interest less repayments and impairments. 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 and the debt that has been handed over to the debt collectors at the sum of 25% of deferred expenditure outstanding for 3 - 4 months, 50% of deferred expenditure outstanding between 5 - 9 months, 75% of deferred expenditure outstanding between 10 - 11 months and 100% of deferred expenditure outstanding for more than 12 months that has been handed over.

At each reporting date, the Trading Entity shall assess its current obligation in relation to it receiving invoices expended by Farmers in terms of Recapitalisation and Development.

The Trading Entity shall calculate a provision in terms of the standard of GRAP 19 as the timing and receiving of invoices is uncertain.

#### 1.19 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.

#### 1.20 Contingent Liability

A contingent liability is disclosed by the trading entity where there is a possible obligation arising

## **AGRICULTURAL LAND HOLDINGS ACCOUNT**

Annual Financial Statements for the year ended 31 March 2017

### **Accounting Policies**

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.

#### **1.21 Events after the 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.

#### **1.22 Prepayments**

Prepaid expenses are amounts paid for by the Trading Entity representing costs incurred from which services or benefits are expected to be derived in the future.

The future write-off period of the incurred cost will normally be determined by the period of benefit covered by the prepayment. When the period arrives to which a prepaid cost relates the costs will be treated as a period cost for the period in question. Normally such prepaid costs will be written off based on the elapse of time.

Prepaid expenses should be classified as current assets unless a portion of the prepayment covers a period longer than 12-months. If there are prepayment costs with a benefit beyond 12-months, they should be classified as deferred charges in the Statement of Financial Position.

Prepaid expenses will be measured at the value of the services or goods to be received/receivable in the future.

## AGRICULTURAL LAND HOLDINGS ACCOUNT

Annual Financial Statements for the year ended 31 March 2017

### Notes to the Annual Financial Statements

#### 2. New standards and interpretations

##### 2.1 Standards and interpretations issued, but not yet effective

The following Standards of GRAP have been issued by the Accounting Standards Board. 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/ Interpretation	Effective date: Years beginning on or after
GRAP 18: Segment Reporting	No effective date
GRAP 105: Transfers of functions between entities under common control	No effective date
GRAP 106: Transfers of functions between entities not under common control	No effective date
GRAP 20: Related parties	No effective date
GRAP32: Service Concession Arrangements: Grantor	No effective date
GRAP108: Statutory Receivables	No effective date
IGRAP17: Service Concession Arrangements where a Granter Controls a Significant Residual Interest in an Asset	No effective date
GRAP34: Separate Financial Statements	No effective date
GRAP35: Consolidated Financial Statements	No effective date
GRAP36: Investments in Associates and Joint Ventures	No effective date
GRAP37: Joint Arrangements	No effective date
GRAP38: Disclosure of Interests in Other Entities	No effective date
GRAP109: Accounting by Principals and Agents	No effective date
GRAP110: Living and Non-living Resources	No effective date

## AGRICULTURAL LAND HOLDINGS ACCOUNT

Annual Financial Statements for the year ended 31 March 2017

Notes to the Annual Financial Statements

### 3. Property, plant and equipment

	2017 R'000			2016 R'000		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Agricultural land	10 370 578	-	10 370 578	9 778 178	-	9 778 178
Buildings	1 003 034	(110 824)	892 210	929 362	(85 342)	844 020
Motor vehicles	16 078	(11 584)	4 494	15 191	(8 952)	6 239
Infrastructure	550 429	(88 037)	462 392	531 051	(55 886)	475 165
Agricultural equipment	169 296	(56 869)	112 427	156 155	(43 318)	112 837
<b>Total</b>	<b>12 109 415</b>	<b>(267 314)</b>	<b>11 842 101</b>	<b>11 409 937</b>	<b>(193 498)</b>	<b>11 216 439</b>

#### Reconciliation of property, plant and equipment – 2017

	Opening balance	Additions	Additions through donations	Disposals	Depreciation	Impairment losses	Total
Agricultural land	9 778 178	581 714	21 242	(10 556)	-	-	10 370 578
Buildings	844 019	64 214	9 458	-	(18 544)	(6 937)	892 210
Motor vehicles	6 239	887	-	-	(2 600)	(32)	4 494
Infrastructure	475 165	19 377	-	-	(11 415)	(20 734)	462 392
Agricultural equipment	112 837	13 596	-	(302)	(13 946)	242	112 427
<b>Total</b>	<b>11 216 438</b>	<b>679 788</b>	<b>30 700</b>	<b>(10 858)</b>	<b>(46 505)</b>	<b>(27 461)</b>	<b>11 842 102</b>

#### Reconciliation of property, plant and equipment 2016

	Opening balance	Additions	Additions through donations	Disposals	Depreciation	Impairment losses	Total
Agricultural land	8 981 355	808 504	-	(11 681)	-	-	9 778 178
Buildings	744 225	127 120	-	-	(16 519)	(10 807)	844 019
Motor vehicles	8 340	552	-	(3)	(2 531)	(161)	6 239
Infrastructure	460 602	30 604	42	-	(10 930)	(5 111)	475 165
Agricultural equipment	103 618	23 323	264	(9)	(12 387)	(1 972)	112 837
<b>Total</b>	<b>10 298 140</b>	<b>990 103</b>	<b>306</b>	<b>(11 693)</b>	<b>(42 367)</b>	<b>(18 051)</b>	<b>11 216 438</b>

# AGRICULTURAL LAND HOLDINGS ACCOUNT

Annual Financial Statements for the year ended 31 March 2017

## Notes to the Annual Financial Statements

	2017	2016
	R'000	R'000

### Additional information

Property, Plant and Equipment is carried at cost less accumulated depreciation and impairment losses. The net carrying amount of Property, Plant and Equipment is R11 842 102 billion (2016: R11 216 438 billion) after depreciation and impairment losses of R46 505 million and impairment R27 461 thousand.

### 4. Intangible assets

	2017 R'000			2016 R'000		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Accumulated Amortisation and Impairment	-	(998)	(998)	-	(597)	(597)
Intangible assets	2 005	-	2 005	2 005	-	2 005
<b>Total</b>	<b>2 005</b>	<b>(998)</b>	<b>1 007</b>	<b>2 005</b>	<b>(597)</b>	<b>1 408</b>

### Reconciliation of intangible assets – 2017

	Opening balance	Amortisation	Total
Amortisation	(597)	(401)	(998)
Share on packaging houses	2 005	-	2 005
<b>Total</b>	<b>1 408</b>	<b>(401)</b>	<b>1 007</b>

### Reconciliation of intangible assets – 2016

	Opening balance	Amortisation	Total
Amortisation	(196)	(401)	(597)
Share on packaging houses	2 005	-	2 005
<b>Total</b>	<b>1 809</b>	<b>(401)</b>	<b>1 408</b>

## AGRICULTURAL LAND HOLDINGS ACCOUNT

Annual Financial Statements for the year ended 31 March 2017

Notes to the Annual Financial Statements

	2017	2016
	R'000	R'000
<b>5. Other financial assets</b>		
	<b>Financial assistance</b>	<b>Total</b>
	<b>R'000</b>	
Opening balance at 01 April 2016	265 424	265 424
Interest earned for the year		
Land Bank	18 871	18 871
National Empowerment Fund – SRR- Interest free concessionary loan	11 109	11 109
<b>Total</b>	<b>295 404</b>	<b>295 404</b>
<b>Non-current assets</b>		
Other financial assets	<b>Financial assistance</b>	<b>Total</b>
	<b>R'000</b>	
	<b>295 404</b>	<b>265 424</b>
<b>Total</b>		

Other financial assets comprise of financial assistance to Land Bank as guarantees for farms in distress. No assets were held as collaterals. No portion of the financial assistance has passed the due date therefore there were no impairment indicators.

Other financial assets also comprise transfer of funds made to NEF for the Strengthening of Relative Rights programme on behalf of the Trading Entity. Interest free Concessionary loan amounting to R11 109 million has been amortised at cost.

## 6. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash at bank	<u>257 617</u>	<u>181 248</u>
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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 the fair value of cash and cash equivalents mentioned above.

## AGRICULTURAL LAND HOLDINGS ACCOUNT

Annual Financial Statements for the year ended 31 March 2017

### Notes to the Annual Financial Statements

	2017	2016
	R'000	R'000

#### 7. Trade and other receivables from exchange transactions

Operating lease receivables	7 370	7 334
Accrued interest	436	225
Operating lease receivables servitude	124	104
<b>Total</b>	<b>7 930</b>	<b>7 663</b>

#### Credit quality of trade and other receivables

The carrying value of the operating lease receivables of R7,370 million (2016: R7,334 million) after restatement as per note 27, is stated after an allowance for impairment of R329,274 million (2016: R316,432 million). An allowance for impairment of operating leases is assessed at the end of the reporting date. The gross operating lease receivables value is R336,644 million (2016: R323,766 million).

#### Reconciliation of the allowance

Balance at the beginning of the year	316 432	259 698
Contribution to provisions	17 685	56 734
Reversal of provision - Lease debt write off	(4 843)	-
<b>Total</b>	<b>329 274</b>	<b>316 432</b>

The total amount of R4,8 million relates to the reversal of provision as a result of the bad debt written off.

The debt has been written off on lessees as it's no longer recoverable and economical for the Trading Entity.

#### Trade and other receivables past due but not impaired

The ageing of amounts past due but not impaired is as follows:

Less than 3 months	181	152
3 to 6 months	91	177
6 to 12 months	345	346
Over 12 months	6 753	6 659
<b>Total</b>	<b>7 370</b>	<b>7 334</b>

#### Trade and other receivables impaired

Trade and other receivables of R329 274 million (2016: R316 432 million) were impaired

The ageing of the impairment loss is as follows:

3 to 6 months	12 091	11 701
6 to 12 months	14 280	11 061
Over 12 months	302 903	293 670
<b>Total</b>	<b>329 274</b>	<b>316 432</b>

## AGRICULTURAL LAND HOLDINGS ACCOUNT

Annual Financial Statements for the year ended 31 March 2017

### Notes to the Annual Financial Statements

	2017	2016
	R'000	R'000
<b>8. Trade and other receivables from non-exchange transactions</b>		
Deferred expenses	315 921	239 359
Deferred asset - SRR	304 961	-
Other debtors	182	284
Interdepartmental debtors	13 695	120
	<b>634 759</b>	<b>239 763</b>

Deferred expenses relates to Recapitalisation and Development funds transferred to farmers. The carrying value of the deferred expenses is R315,921 million (2016: R239,359 million) after providing for an impairment loss R359,351 million (2016: R239,558 million).

An allowance for impairment of deferred expenses is assessed at the end of the reporting date. The gross deferred expense value is R675,272 million (2016: R478,917 million).

### 9. Trade and other payables from exchange transactions

Trade payables	10 016	125 006
Rental payments received in advance	5 989	4 406
Deposits received	53	-
<b>Total</b>	<b>16 058</b>	<b>129 412</b>

Trade payables relate to rates and taxes invoices from municipalities, valuations and other expenditure that was due to be paid at the end of the reporting date.

## AGRICULTURAL LAND HOLDINGS ACCOUNT

Annual Financial Statements for the year ended 31 March 2017

Notes to the Annual Financial Statements

	2017	2016
	R'000	R'000

### 10. Trade and other payables from non-exchange transactions

Interdepartmental creditors	140 727	64
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A total amount of R2 thousand relates to rental payments for other state projects that were incorrectly deposited into ALHA's bank account, R140,725 million transferred to NEF by the Department of Rural Development and Land Reform on behalf of ALHA.

### 11. Pre-payments

R3,479 million relates to Rates and Taxes payments that were made to various municipalities for expenditure relating to 2017/18 financial year.

### 12. Other Provisions

#### Reconciliation of other provisions - 2017

	Opening Balance	Additions	Total
Other provisions	-	90 429	90 429

### 13. Revenue

Rental income on lease receivable	120	453
Rental income on servitude	6	150
Interest on lease receivable	25 453	23 436
Interest on servitude	-	36
Other income	4	363
Interest received	48 668	39 974
Grant income - non-exchange	1 502 117	1 342 027
Donation received - non-exchange	30 700	18 103
<b>Total</b>	<b>1 607 068</b>	<b>1 424 542</b>

Contracts that were received during the current financial year did not meet the criteria of billing as per the State Land and disposal policy. These farmers are exempted from paying rental for a period of 5 years. The Trading Entity is in the process of aligning all the contracts with the policy.

### 14. Interest income

Interest received	48 668	39 974
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The interest for the current financial year relates to interest earned from the current account amounting to R29,587 million with a net movement of R211 thousand interest accrual and interest earned from Land Bank (guarantee funds) R18,871 million.

The total amount of R39,974 million for 2015/16 financial year relates to interest earned from the current account amounting to R24,728 million and Interest from Land Bank amounting to R15,246 million.

## AGRICULTURAL LAND HOLDINGS ACCOUNT

Annual Financial Statements for the year ended 31 March 2017

### Notes to the Annual Financial Statements

	2017	2016
	R'000	R'000

#### 15. Other income

Other income	4	363
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The total amount for other income relates to interest earned from transferring attorney's trust account investment when the land was acquired

#### 16. Operating expenses/goods and services

Bank charges	53	30
Repairs and maintenance - farmers	74	129
Consultants, contracts and agency costs	11 249	17 930
Consumables - farmers	60	118
Recapitalisation and development expenditure - farmers	295 053	237 134
Seeds – farmers	333	-
Animal feeds – farmers	741	-
Levies	827	137
Grant SRR expenditure - farmers	1 700	-
Security expenses - farmers	1 847	1 670
Transport - farmers	-	6
Water and electricity - farmers	2 610	2 584
Rates and taxes	13 938	17 711
Fertilizer –farmers	-	211
Machinery and equipment - farmers	92	4
Biological assets - farmers	22 132	32 539
Road grading and other repair - farmers	-	328
Other expenses	18 241	16 846
<b>Total</b>	<b>368 950</b>	<b>327 377</b>

Operating expenditure 2016/17: Total amount of R368,950 million relates to operating expenditure farmers amounting to R324,642 million and other operating expenditure amounting to R44,308 million.

Operating expenditure 2015/16: Total amount of R327,377 million relates to operating expenditure farmers amounting to R274,723 million and other operating expenditure amounting to R52,654 million.

The total amount of R18,265 million (2016: R16,846 million) for other expenses relates to Business planning costs, Legal fees and Management fees.

#### 17. Impairments

##### Impairments

Property, plant and equipment	27 462	18 051
Lease debtors	17 685	56 734
Deferred expenditure	119 793	68 382
<b>Total</b>	<b>164 940</b>	<b>143 167</b>

##### Reversal of impairments

Lease debtors	(4 843)
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The reversal of impairment is as a result of bad debt written off for lease debt that is no longer economical for the Trading Entity to pursue, the write off was approved during the current financial year.

<b>Total impairment losses (recognised) reversed</b>	<b>160 097</b>	<b>143 167</b>
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## AGRICULTURAL LAND HOLDINGS ACCOUNT

Annual Financial Statements for the year ended 31 March 2017

### Notes to the Annual Financial Statements

	2017	2016
	R'000	R'000
<b>18. Cash generated from operations</b>		
Surplus	1 012 614	897 151
<b>Adjustments for:</b>		
Depreciation and amortisation	46 906	42 767
Interest - Land Bank	(29 980)	(15 246)
Loss on disposal of asset	10 858	11 694
Adjust for donations received	(30 700)	(306)
Impairment of assets	27 462	18 051
Bad debt written off	5 382	—
Movements in provisions	90 429	—
<b>Changes in working capital:</b>		
Trade and other receivables from exchange transactions	(5 649)	34 823
Other receivables from non-exchange transactions	(394 993)	(139 853)
Prepayments	(3 479)	—
Trade and other payables from exchange transactions	(113 353)	74 566
Trade and other payables from non-exchange	140 663	(31 343)
	<b>756 160</b>	<b>892 304</b>

### 19. Financial instruments disclosure

#### Categories of financial instruments

2017

#### Financial asset by category

	At amortised cost	Total
Other financial assets	295 404	295 404
Trade and other receivables from exchange transactions	7 370	7 370
Cash and cash equivalents	257 617	257 617
<b>Total</b>	<b>560 391</b>	<b>560 391</b>

## AGRICULTURAL LAND HOLDINGS ACCOUNT

Annual Financial Statements for the year ended 31 March 2017

### Notes to the Annual Financial Statements

	2017	2016
	R'000	R'000

#### Financial instruments disclosure (continued)

Financial liability by category	At amortised cost	Total
Trade and other payables from exchange transactions	10 018	10 018

#### 2016

#### Financial asset by category

	At amortised cost	Total
Other financial assets	265 424	265 424
Trade and other receivables from exchange transactions	7 334	7 334
Cash and cash equivalents	181 248	181 248
<b>Total</b>	<b>454 006</b>	<b>454 006</b>

#### Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	125 006	125 006

## 20. Related parties

The trading entity is a related party to other state departments and other state owned entities in the national sphere of government. 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	140 727	64
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##### Inter-departmental receivables

Department: Rural Development and Land Reform: Receivables	13 695	120
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##### Related party transactions

Department: Rural Development and Land Reform - Grant received	1 502 117	1 342 027
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No executive emoluments are paid by the entity, as they are remunerated by the Department of Rural Development and 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 21.

#### National Empowerment Fund

NEF acts as an agent to Department of Rural Development and Land Reform on Strengthening of Relative Rights programme

# AGRICULTURAL LAND HOLDINGS ACCOUNT

Annual Financial Statements for the year ended 31 March 2017

## Notes to the Annual Financial Statements

### 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.

#### 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.

	Less than 3 months	Between 3 and 6 months	Between 6 and 1 year	Total
	R'000	R'000	R'000	R'000
<b>At 31 March 2017</b>				
Trade and other receivables from exchange transactions	181	91	7 098	7 370
Trade and other payables from exchange transactions	7 064	2 847	107	10 018
<b>At 31 March 2016</b>				
Trade and other receivables from exchange transactions	152	177	7 005	7 334
Trade and other payables from exchange transactions	102 056	84	22 866	125 006

# AGRICULTURAL LAND HOLDINGS ACCOUNT

Annual Financial Statements for the year ended 31 March 2017

## Notes to the Annual Financial Statements

	2017	2016
	R'000	R'000

### 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 counterpart.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2017	2016
Cash and cash equivalents	257 617	181 248
Trade and other receivables from exchange transactions	7 370	7 334
Other financial assets	295 404	265 424

### 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.

### 22. Service 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. Fruitless and wasteful expenditure

Opening Balance	1 031	1017
Fruitless and wasteful expenditure	82	14
	<u>1 113</u>	<u>1031</u>

### 24. Future minimum lease receivable

The trading entity leases farms to farmers for a long term period which is mostly over 30 years. The total lease payment is based on 5% of the projected net income calculated using the approved farmers business plan. Farmers that are assisted by the Trading Entity through recapitalisation and development are exempted from paying rental for a period lesser than 5 years in which they are being assisted. All old lease contracts are not billable due to the implementation of the State land and lease disposal policy.

The future minimum lease has not been calculated and will not be disclosed due to the process of implementing the State land lease disposal policy which allows for the lessee not to pay rental while they are being financially assisted.

Included in revenue from exchange transactions is the amount of R32 thousand (rental income on lease receivable - commercial lease) that was recognised as a portion of contingent rent because the lease payments are not fixed and are based on CPI that changes other than with the passage of time. The entire amount has been recognised as revenue in the statement of financial performance.

### Lease revenue - contingent rent

Within 1 year

32

## AGRICULTURAL LAND HOLDINGS ACCOUNT

Annual Financial Statements for the year ended 31 March 2017

### Notes to the Annual Financial Statements

	2017	2016
	R'000	R'000
<b>25. Commitments</b>		
Contracted recapitalisation projects	260 798	258 680
Guarantees land acquisition	28 976	99 397
Open orders	10 012	28 759
Project Management	142 528	9 084
<b>Total</b>	<b>442 314</b>	<b>395 920</b>

### 26. Contingent asset

During the previous financial year, the Trading Entity determined that a farmer had unlawfully removed movable assets to the value of R1, 596 million 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.

### 27. Disclosure of prior period errors

The Trading Entity identified the following prior period errors during the 2016/17 financial year and all the corrections have been done from the beginning of 2012/13 financial year accordingly:

#### Property, Plant and Equipment

The total amount of R458 thousand adjustment on PPE relates to: Land/property that was acquired during the 2011/12 financial year has been donated to a local municipality for human settlement purposes during the 2015/16 financial year. The adjustment has been done accordingly with a decrease on the cost of the land. Increasing in the cost of assets (Land, Buildings and Infrastructure) with an amount of R32 thousand of an invoice for transfer costs that was received during the current financial year. The adjustment has also been done accordingly with an increase in the cost of assets and accumulated depreciation.

Assets that were not verified during the 2015/16 financial year have been written off during the current financial year. The write off result to an adjustment against the cost of the assets amounting to R131 thousand, a decrease in the accumulated depreciation and accumulated impairment amounting to R15 thousand and R3 thousand respectively.

During the current financial year re classification between Equipment and Motor vehicles has been made with a total amount of R12 thousand. The adjustment has no financial implications.

Total amount of R100 thousand relates an overpayment that that was done by the Trading Entity during the 2014/15 financial year. Subsequent to that the land process was reduced by the amount after approval of the project by NLARCC. The error has been adjusted with a reduction against the cost of the land during the 2014/15 financial year.

#### Intangible Assets

The total amount of R122 thousand relates to a write off of intangible assets with an impact resulting to a reversal of accumulated amortisation amounting to R49 thousand. The adjustment has been done accordingly.

#### Receivable Exchange - Rental Receivable - Operating lease receivable

During the current financial year the Trading Entity received a contract from a lease debtor that was previously not recognised in ALHA's books. The error amounting to R152 thousand (revenue receivable) has been corrected retrospectively from the beginning of 2014/15 financial year, with an adjustment against surplus.

## **AGRICULTURAL LAND HOLDINGS ACCOUNT**

Annual Financial Statements for the year ended 31 March 2017

### **Notes to the Annual Financial Statements**

#### **Disclosure of prior period errors - continued**

##### **Other debtors**

Total amount of R100 thousand that relates to a payment that was made by a farmer on the acquisition of a property. The error has been adjusted correctly against surplus from the beginning of 2014/15 financial year.

##### **Trade Payables Exchange - Operating expenditure**

A total amount of R21,930 million relates to Rates and Taxes invoices from a local municipality that were received in the current financial year and the expenditure relates to the previous financial years. The correction and recognition of the expenditure has been done from 2014/15 financial year, with an adjustment against accumulated surplus (amounting to R9,792 million) and rates and taxes (amounting to R13,527 million).

A total amount of R22 thousand relates to an invoice for professional fees that was received in the current financial and the expenditure relates to the previous financial years. The correction and recognition of the expenditure has been done accordingly.

The total amount of R192 thousand relates to legal fees invoices that were received in the current financial year but relate to the previous financial years. The adjustment has been done retrospectively from the beginning of 2014/15 financial, against accumulated surplus.

The total amount of R47 thousand relates to interest paid on late payment of invoices and the transaction relates to the previous financial years as the invoices were received during the current financial year. The error has been corrected accordingly with an adjustment against accumulated surplus.

The total amount of R7 thousand relates to interest paid on late payment of invoices and the transaction relates to the previous financial years as the invoices were received during the current financial year. The error has been corrected accordingly with an adjustment against accumulated surplus.

The total amount of R32 thousand relates to transfer costs that were received during the current financial year relating to an acquisition of property that was done during the 2015/16 financial year. The adjustment has been corrected accordingly with an increase in the total cost of the asset (Property, plant and equipment).

A total amount of R1,390 million relates to rates and taxes invoices.

##### **Receivables Non Exchange - deferred expenditure**

The total amount of R159,647 million relates to farmers expenditure relating to previous financial years, the expenditure (invoices) was received during the current financial year. The expenditure also had an impact that resulted in an adjustment to the farmers provision, and the provision adjustment amounts to R67,267 million. The adjustment has been retrospectively corrected from the beginning of 2014/15 financial against surplus.

# AGRICULTURAL LAND HOLDINGS ACCOUNT

Annual Financial Statements for the year ended 31 March 2017

Notes to the Annual Financial Statements

	2017	2016
	R'000	R'000
<b>Disclosure of prior period errors - continued</b>		
<b>Statement of financial position</b>		
Property, plant and equipment- Cost		689 296
Property, plant and equipment - Accumulated depreciation		(14 696)
Property, plant and equipment - Accumulated impairment		(2 946)
Intangible assets - Cost		121 750
Intangible assets – accumulated amortisation		(48 567)
Receivable non-exchange - Provision for doubtful debts: def exp/transfer		(67 266 858)
Receivable exchange - Revenue receivable		(151 688)
Trade payables exchange – operating expenditure		22 229 302
Receivable non-exchange – other debtors		(100 000)
Receivable non-exchange – Deferred expenditure		159 647 431
Accumulated surplus	-	(31 409 579)
		<b>83 693 445</b>
<b>Statement of Financial Performance</b>		
Expenditure - Depreciation - PPE		5 902
Expenditure - Impairment - PPE		558
Expenditure - Loss on disposal of asset		(490 500)
Expenditure - Amortisation - Intangible assets		24 350
Revenue - Interest received rental		21 176
Revenue - Revenue rental		72 489
Expenditure - Other operating expenditure		(11 819 489)
Expenditure - Operating expenditure farmers		(136 930 644)
Expenditure - Impairment - Deferred expenses/transfers		67 266 858
Expenditure - Interest paid		(1 844 145)
		<b>(83 693 445)</b>

From the beginning of 2012/13 financial year the effect on retained earnings has been restated by R31 409 million.

## **AGRICULTURAL LAND HOLDINGS ACCOUNT**

Annual Financial Statements for the year ended 31 March 2017

### **Notes to the Annual Financial Statements**

#### **28. Change in accounting estimates**

Management changed the accounting estimates on impairment of lease debtors from assessing consolidated debt to individual assessment of debtors. Lease debtors are now classified according to the underlying circumstances that are considered for the purpose of calculating an allowance for provision for doubtful debts.

The effect of the change in accounting estimate has resulted in a net change amounting to R72 thousand.

The total effect of the change in estimates in future periods is not disclosed because estimating impairment is impractical.

During the current financial year the Trading Entity reviewed the useful life of PPE and the total impact amounts to R1 274 million.

#### **29. Other significant disclosure**

All completed forensic audit within the Trading Entity have been assessed and concluded as having no potential fruitless and wasteful expenditure, unauthorised and irregular expenditure. Where investigations are as a result of Recapitalisation and Development expenditure not accounted are accounted for in line with the approved business plan, a trade and other receivable has been raised.

# Report of the Auditor-General to Parliament on Deeds Registration Trading Account

## Annexure – Auditor-general's responsibility for the audit

### Report on the audit of the financial statements

#### Opinion

1. I have audited the financial statements of the Deeds Registration Trading Account set out on pages 248 to 284, which comprise the statement of financial position as at 31 March 2017, statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget information with actual information for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. 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 2017, and its financial performance and cash flows for the year then ended in accordance South African 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 the Deeds Registries Act 47 of South Africa (Act No. 47 of 1937).

#### Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.
4. I am independent of the entity in accordance with the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code) together with the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Emphasis of matter

6. I draw attention to the matter below. My opinion is not modified in respect of this matter.

#### Restatement of corresponding figures

7. As disclosed in note 21 to the financial statements, the corresponding figures for the year ended 31 March 2016 have been restated as a result of an error in the financial statements of the trading entity for the year ended 31 March 2017.

#### Irregular expenditure

8. As disclosed in note 23 to the financial statements, irregular expenditure to the amount of R176 269 000 was incurred, as a result of a pricing error in the procurement processes followed by SITA.

#### Responsibilities of the accounting officer for the financial statements

9. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the PFMA and the Deeds Registries Act 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.
10. In preparing the financial statements, the accounting officer is responsible for assessing the Deeds Registration Trading Account's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless there is an intention either to liquidate the trading entity or cease operations, or there is no realistic alternative but to do so.

# Report of the Auditor-General to Parliament on Deeds Registration Trading Account

## Annexure – Auditor-general's responsibility for the audit

### Auditor-general's responsibilities for the audit of the financial statements

11. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
12. A further description of my responsibilities for the audit of the financial statements is included in the

#### Report on the audit of the annual performance report

13. The strategic objectives, programme outputs, indicators and targets of the trading entity are incorporated into the reported programme performance of the Department of Rural Development and Land Reform, and are reported under programme 5: land reform. As a result, findings relating to the audit of performance information are reported as part of Department of Rural Development and Land Reform's audit report.

#### Report on the audit of compliance with legislation

14. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the trading entity's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
15. I did not identify any instances of material non-compliance with selected specific requirements of applicable legislation, as set out in the general notice issued in terms of the PAA.

#### Other information

16. The department's accounting officer is responsible for the other information. The other information comprises the information included in the annual report, which includes the Accounting Officer's Statement of Responsibility for Performance Information, Audit Committee's report, Foreword by the Minister and the Overview of the accounting officer. The other information does not include the financial statements, the auditor's report thereon and those selected programmes presented in the annual performance report that have been specifically reported on in the auditor's report.
17. My opinion on the financial statements and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
18. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed on the other information obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

#### Internal control deficiencies

19. I considered internal control relevant to my audit of the financial statements and compliance with applicable legislation; however, my objective was not to express any form of assurance thereon. I did not identify any significant deficiencies in internal control.

# Report of the Auditor-General to Parliament on Deeds Registration Trading Account

Annexure – Auditor-general's responsibility for the audit

*Auditor-General.*

Pretoria  
31 July 2017



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

# Report of the Auditor-General to Parliament on Deeds Registration Trading Account

## Annexure – Auditor-general's responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements.

### Financial statements

2. In addition to my responsibility for the audit of the financial statements, as described in the auditor's report, I also:
  - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
  - obtain an understanding of internal control relevant to the audit 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 trading entity's internal control.
  - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors, which constitutes the accounting officer.
  - conclude on the appropriateness of the accounting officer's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the trading entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of the auditor's report. However, future events or conditions may cause the trading entity to cease operating as a going concern.
  - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

### Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and where applicable, related safeguards.

## DEEDS REGISTRATION TRADING ACCOUNT

Annual Financial Statements for the year ended 31 March 2017

### General Information

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Country of incorporation and domicile	Republic of South Africa
Nature of business and principal activities	Registration of Deeds
Business address	Corner Bosman and Pretorius Rentmeester Building Pretoria 0001
Bankers	Standard Bank
Auditors	Auditor-General of South Africa

# DEEDS REGISTRATION TRADING ACCOUNT

Annual Financial Statements for the year ended 31 March 2017

## Index

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The reports and statements set out below comprise the annual financial statements presented to the Parliament:

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Cash Flow of Statement	250
Statement of Comparison of Budget and Actual Amounts	251 - 255
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Notes to the Annual Financial Statements	269 - 284



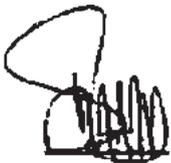
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CC Swart  
Director: FMA



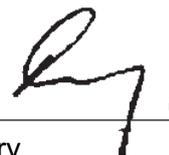
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MF Mogoba  
Senior Financial Officer



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R Sadiki  
Chief Financial Officer



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L Archary  
Acting Director General

## DEEDS REGISTRATION TRADING ACCOUNT

Annual Financial Statements for the year ended 31 March 2017

Statement of Financial Position as at 31 March 2017

		2017	2016
	Note(s)	R'000	Restated* R'000
<b>Assets</b>			
Current Assets			
Inventories	2	3 559	3 971
Receivables from exchange transactions	4	94 967	53 865
Prepayments	3	4 382	1 149
Cash and cash equivalents	5	318 251	333 183
		<b>421 159</b>	<b>392 168</b>
<b>Non- Current Assets</b>			
Property, plant and equipment	6	140 830	162 377
Intangible assets	7	52 094	141 966
Prepayments	3	-	325
		<b>192 924</b>	<b>304 668</b>
<b>Total Assets</b>		<b>614 083</b>	<b>696 836</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Finance lease obligation	8	597	867
Payables from exchange transactions	9	48 743	79 571
Unspent conditional grants and receipts	10	42 757	48 823
Provisions	11	17 138	4 931
		<b>109 235</b>	<b>134 192</b>
<b>Non-Current Liabilities</b>			
Finance lease obligation	8	573	454
Provisions	11	13 106	13 048
		<b>13 679</b>	<b>13 502</b>
Total Liabilities		<b>122 914</b>	<b>147 694</b>
<b>Net Assets</b>		<b>491 169</b>	<b>549 142</b>
Accumulated surplus		491 169	549 142

## DEEDS REGISTRATION TRADING ACCOUNT

Annual Financial Statements for the year ended 31 March 2017

Statement of Financial Performance for the year ended 31 March 2017

		2017	2016
	Note(s)	R '000	R '000
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Registration of deeds and sale of information		612 382	586 020
Other income		1 620	4 503
Interest received	14	18 282	14 288
<b>Total revenue from exchange transactions</b>		<b>632 284</b>	<b>604 811</b>
<b>Revenue from non-exchange transactions</b>			
<b>Transfer revenue</b>			
Government grants		20 366	50 308
Public contributions and donations		25	281
<b>Total revenue from non-exchange transactions</b>		<b>20 391</b>	<b>50 589</b>
<b>Total revenue</b>	13	<b>652 675</b>	<b>655 400</b>
<b>Expenditure</b>			
Employee costs		(457 101)	(428 800)
Depreciation and amortisation		(38 241)	(29 902)
Impairment loss		(92 267)	(447)
Finance costs	15	(131)	(138)
Bad debts		(95)	(6)
Repairs and maintenance		(16 225)	(20 326)
General expenses	27	(105 447)	(117 910)
<b>Total expenditure</b>		<b>(709 507)</b>	<b>(597 529)</b>
<b>Operating surplus</b>		<b>(56 832)</b>	<b>57 871</b>
Loss on disposal of assets and liabilities		(1 144)	(294)
<b>(Deficit) Surplus for the year</b>		<b>(57 976)</b>	<b>57 577</b>

	Accumulated surplus	Total net assets
	R '000	R '000
<b>Balance at 01 April 2015</b>	<b>491 566</b>	<b>491 566</b>
Changes in net assets		
Surplus for the year	57 576	57 576
Total changes	57 576	57 576
<b>Restated* Balance at 01 April 2016</b>	<b>549 145</b>	<b>549 145</b>
Changes in net assets		
(Deficit)/ Surplus for the year	(57 976)	(57 976)
Total changes	(57 576)	(57 576)
<b>Balance at 31 March 2017</b>	<b>491 169</b>	<b>491 169</b>

## DEEDS REGISTRATION TRADING ACCOUNT

Annual Financial Statements for the year ended 31 March 2017

Statement of Cash Flow for the year ended 31 March 2017

		2017	2016
	Note(s)	R '000	R'000
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Registration of Deeds and sale of information		572 105	588 143
Grants		14 300	21 413
Interest income		18 003	13 633
Other income		120	148
		<u>604 528</u>	<u>623 337</u>
<b>Payments</b>			
Employee costs		(452 956)	(409 681)
Suppliers		(134 768)	(149 759)
		<u>(587 724)</u>	<u>(559 440)</u>
<b>Net cash flows from operating activities</b>	19	<b><u>16 804</u></b>	<b><u>63 897</u></b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	6	(30 317)	(18 992)
Proceeds from sale of property, plant and equipment	6	27	13
<b>Net cash flows from investing activities</b>		<b><u>(30 290)</u></b>	<b><u>(18 979)</u></b>
<b>Cash flows from financing activities</b>			
Finance lease payments		(1 446)	(1 554)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(14 932)</b>	<b>43 364</b>
Cash and cash equivalents at the beginning of the year		<u>333 183</u>	<u>289 819</u>
Cash and cash equivalents at the end of the year	5	<b><u>318 251</u></b>	<b><u>333 183</u></b>

\* See Note 22

# DEEDS REGISTRATION TRADING ACCOUNT

Annual Financial Statements for the year ended 31 March 2017

## Statement of Comparison of Budget and Actual Amounts

### Budget on Accrual Basis

	Approved budget	Adjustment	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R'000	R'000	R'000	R'000	R'000	
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
Registration of Deeds and sale of information	677 058	(33 288)	<b>643 770</b>	612 382	<b>(31 388)</b>	1
Other income	-	-	-	1 620	<b>1 620</b>	2
Retention surplus	-	91 007	<b>91 007</b>	-	<b>(91 007)</b>	3
Interest received - investment	13 202	4 588	<b>17 790</b>	18 282	<b>492</b>	4
<b>Total revenue from exchange transactions</b>	<b>690 260</b>	<b>62 307</b>	<b>752 567</b>	<b>632 284</b>	<b>(120 283)</b>	
<b>Revenue from non-exchange transactions</b>						
<b>Transfer revenue</b>						
Government grants & subsidies	74 639	(60 339)	<b>14 300</b>	20 366	<b>6 066</b>	5
Public contributions and donations	-	-	-	25	<b>25</b>	6
<b>Total revenue from non-exchange transactions</b>	<b>74 639</b>	<b>(60 339)</b>	<b>14 300</b>	<b>20 391</b>	<b>6 091</b>	
<b>Total revenue</b>	<b>764 899</b>	<b>1 968</b>	<b>766 867</b>	<b>652 675</b>	<b>(114 192)</b>	
<b>Expenditure</b>						
Personnel	(524 937)	(5 270)	<b>(530 207)</b>	(457 101)	<b>73 106</b>	7
Depreciation and amortisation	(20 246)	(20 049)	<b>(40 295)</b>	(38 241)	<b>2 054</b>	8
Impairment loss/ Reversal of impairments	-	-	-	(92 267)	<b>(92 267)</b>	9
Finance costs	-	-	-	(131)	<b>(131)</b>	10
Lease rentals on operating lease	(24 000)	-	<b>(24 000)</b>	-	<b>24 000</b>	11
Bad debts written off	-	-	-	(95)	<b>(95)</b>	12
Repairs and maintenance	(13 552)	(8 719)	<b>(22 271)</b>	(16 225)	<b>6 046</b>	13
General Expenses	(181 832)	32 788	<b>(149 044)</b>	(105 447)	<b>43 597</b>	14
<b>Total expenditure</b>	<b>(764 567)</b>	<b>(1 250)</b>	<b>(765 817)</b>	<b>(709 507)</b>	<b>56 310</b>	
<b>Operating surplus</b>	<b>332</b>	<b>718</b>	<b>1 050</b>	<b>(56 832)</b>	<b>(57 882)</b>	
<i>Loss on disposal of assets</i>	-	-	-	(1 144)	<b>(1 144)</b>	15
<b>(Deficit)/Surplus before taxation</b>	<b>332</b>	<b>718</b>	<b>1 050</b>	<b>(57 976)</b>	<b>(59 026)</b>	
<b>Actual Amount on Comparable Basis</b>	<b>332</b>	<b>718</b>	<b>1 050</b>	<b>(57 976)</b>	<b>(59 026)</b>	
<b>Budget and Actual as Presented in the Comparative Statement Reconciliation</b>						

# DEEDS REGISTRATION TRADING ACCOUNT

## Annual Financial Statements for the year ended 31 March 2017

### Statement of Comparison of Budget and Actual Amounts

#### Budget on Accrual Basis

	Approved budget	Adjustment	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R'000	R'000	R'000	R'000	R'000	
<b>Statement of Financial Position</b>						
<b>Assets</b>						
<b>Current Assets</b>						
Inventories	3 971	149	4 120	3 559	(561)	16
Receivables from exchange transactions	54 864	46 866	101 730	94 967	(6 763)	17
Prepayments	-	-	-	4 382	4 382	18
Cash and cash equivalents	250 026	55 000	305 026	318 251	13 225	19
	<b>308 861</b>	<b>102 015</b>	<b>410 876</b>	<b>421 159</b>	<b>10 283</b>	
<b>Non-Current Assets</b>						
Property, plant and equipment	21 126	23 748	44 874	140 829	95 955	20
Intangible assets	-	-	-	52 094	52 094	21
	<b>21 126</b>	<b>23 748</b>	<b>44 874</b>	<b>192 923</b>	<b>148 049</b>	
<b>Total Assets</b>	<b>329 987</b>	<b>125 763</b>	<b>455 750</b>	<b>614 082</b>	<b>158 332</b>	
<b>Liabilities</b>						
<b>Current Liabilities</b>						
Finance lease obligation	867	(270)	597	597	-	
Payables from exchange transactions	59 777	-	59 777	48 745	(11 032)	22
Unspent conditional grants and receipts	-	-	-	42 757	42 757	23
Provisions	700	-	700	17 138	16 438	24
	<b>61 344</b>	<b>(270)</b>	<b>61 074</b>	<b>109 237</b>	<b>48 163</b>	

**DEEDS REGISTRATION TRADING ACCOUNT**  
**Annual Financial Statements for the year ended 31 March 2017**  
**Statement of Comparison of Budget and Actual Amounts**

	Approved budget	Adjustment	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R'000	R'000	R'000	R'000	R'000	
<b>Statement of Financial Position</b>						
<b>Non-Current Liabilities</b>						
Finance lease obligation	454	140	594	573	(21)	25
Provisions	15 500	-	15 500	13 106	(2 394)	26
	<b>15 954</b>	<b>140</b>	<b>16 094</b>	<b>13 679</b>	<b>(2 415)</b>	
<b>Total Liabilities</b>	<b>77 298</b>	<b>(130)</b>	<b>77 168</b>	<b>122 916</b>	<b>45 748</b>	
<b>Net Assets</b>	<b>252 689</b>	<b>125 893</b>	<b>378 582</b>	<b>491 166</b>	<b>112 584</b>	
<b>Net Assets</b>						
<b>Net Assets Attributable to Owners of Controlling Entity</b>						
<b>Reserves</b>						
Accumulated surplus	252 689	125 893	378 582	491 166	112 584	

# DEEDS REGISTRATION TRADING ACCOUNT

## Annual Financial Statements for the year ended 31 March 2017

### Statement of Comparison of Budget and Actual Amounts

1. The variance is due to fact that six out of ten Deeds Registries are not generating revenue to sustain operations. Only four out of ten offices are generating sufficient revenue to sustain the entire entity and its operations. The economy also has a direct effect on property registration therefore this budget is only an estimate.
2. The actual amount relates to Bad Debts recovered and Staff Debts recovered e.g. Private telephone usage. The amounts cannot be budgeted for.
3. Retention surplus of R91 million is budgeted for supplementing the shortfall of revenue.
4. The favourable bank interest received was due to the high bank balance in the first half of the year. The high carrying amount was due to the retention of surplus for the 2015/16 financial year and the R14 3 million grants for OVG.
5. The actual amount represents the spent portion of grant received for OVG and maintenance of servers. During 2016/17 financial year R14 3 million was transferred from Department of Rural Development and Land Reform for the Office of Valuer General for funding their priorities.
6. Donation received which is not budgeted for.
7. The variance of R73 1 million is attributed to the moratorium on the filling of posts in the first half of the financial year due to the fact that Deeds Registries did not collect sufficient revenue to sustain their operations hence they could not fill some of the posts in their structure.
8. The infrastructure assets which were not yet functional have now been commissioned and are available for use hence the increased depreciation values in the current financial year.
9. Impairment expense is not budgeted for and relates to intangible assets.
10. Finance costs are related to finance leases and are not budgeted for.
11. The amount of R24 million was budgeted for office building accommodation centralized at DRDLR which was disclosed under related parties. This amount was not paid because DRDLR paid for office accommodation on Deeds' behalf.
12. Bad debts expense is not budgeted for.
13. An amount of R13.2 million was paid to Stortech for maintenance and repairs for three years.
14. Due to the inability of Deeds Registries to collect revenue cost cutting measures had to be implemented which resulted in less money being spent on general expenses.
15. Disposal of assets are not budgeted for.
16. The expense is only recognised when store items are issued. The items are budgeted for separately under the specific expenditure items. Slow moving items were issued from stores resulting in decrease in value of inventory.
17. An increase in the actual amount is as a result of not following up outstanding accounts. The reason being financial system problems, which resulted in clients not receiving their account
18. Prepayments are not budgeted for.
19. The favourable bank interest received was due to the high bank balance in the first half of the year. The high carrying value was due to the retention of surplus for the 2015/16 financial year and the R14.3 million grants received for OVG.
20. The budget amount of R44.8 million was budgeted for the procurement of additional assets including the establishment of Limpopo Deeds office and ICT equipment. The actual amount of R140.8 million is the book value of entire assets since the inception of Deeds Trading Account.
21. Intangible asset is not budgeted for.
22. Unspent conditional grant is not budgeted for.
23. The decrease of R11 million between budget and actual expenditure was due to early effective payments of major contracts to suppliers. The SIU invoices were provided for under provisions due to delay in the verification process.
24. The increase in provision of R17.8 million as

## DEEDS REGISTRATION TRADING ACCOUNT

### Annual Financial Statements for the year ended 31 March 2017

#### Statement of Comparison of Budget and Actual Amounts

disclosed in the financial statements consists of R12.1 million from SIU and other service providers. Internal Audit is in the process of confirming the invoices against services rendered. Normally, this amount would be disclosed as a payable but due to the verification process delay, it's been provided for.

25. JHB Deeds Registry failed to renew expired contracts timely which resulted in the budgeted figure being overstated.
26. The budgeted amount must be determined using the Leave with monetary value report, as the capped leave is only paid out on retirement or death. The budgeted amount took into account the annual salary increments but did not forecast the number of retirements or deaths within the financial year.

# DEEDS REGISTRATION TRADING ACCOUNT

Annual Financial Statements for the year ended 31 March 2017

## Accounting Policies

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### 1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the effective Standards of Generally Recognized Accounting Practice (GRAP) including any interpretations guidelines and directives issued by Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999).

The annual financial statements have been prepared on an accrual basis of accounting and incorporated the historical cost conventions as the basis of measurement except where specific 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.

#### 1.1 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.

#### 1.2 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 22 (Prior period error) to the Financial Statements.

#### 1.3 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 entity makes judgment 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 or more overdue. Assessment for the impairment has 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.

#### Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosures of these estimates of provisions are included in note 11 - Provisions.

#### Depreciation and amortization

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 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 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.

Management determines fair value using available information to determine fair value of PPE acquired through non-exchange transactions, for these assets we measure cost as FV of similar assets.

# DEEDS REGISTRATION TRADING ACCOUNT

Annual Financial Statements for the year ended 31 March 2017

## Accounting Policies

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### 1.3 Significant judgements and sources of estimation uncertainty (continued)

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).

### 1.4 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 asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition which is recognised as the deemed cost thereof.

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. If the acquired item's fair value was not determinable.

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 life 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.

# DEEDS REGISTRATION TRADING ACCOUNT

## Annual Financial Statements for the year ended 31 March 2017

### Accounting Policies

The asset's residual values, useful life and depreciation methods are reviewed at each financial year-end and adjusted prospectively in accordance with GRAP3 if appropriate.

Recognition of costs in the carrying amount of an item of property plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

The useful lives of items of property plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight Line	15 -30 years
Office equipment	Straight Line	3 -10 years
IT equipment	Straight Line	3 -10 years
Leasehold equipment	Straight Line	5 -13 years
Photographic and technical equipment	Straight Line	13 years
Leased Capital Works	Straight Line	25 years

Expenditure on improvement on leasehold building shall be depreciated over the lesser of remaining period of the underlying lease for such period if ownership does not transfer at the end of the lease or useful lives as stated above.

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 in the period that the disposal occurs.

#### 1.5 Intangible assets

An intangible asset is an identifiable non-monetary asset without physically substance:

- 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.

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.

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 amortization period and the amortisation method for intangible assets are reviewed, at each reporting

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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.

### 1.6 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 amortization 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 uncollectability.

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:
  - receive cash or another financial asset from another entity; or
  - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable 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 a 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 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 amortised cost.

All financial assets measured at amortised cost or cost is subject to an impairment review.

#### Impairment and collectability 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.

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. 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.

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#### 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:
  - derecognises the asset; and
  - 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, are 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, are 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.

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.

#### 1.7 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 discount rate used in calculating the present value of the minimum lease payments is prime interest rate on date of acquisition. 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 return 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.

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### 1.8 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 subsequently 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 any write-off 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.

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.

### 1.9 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-oriented entity it generates 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 (amortisation).

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
- (b) the number of production or similar units

expected to be obtained from the asset by the entity.

Criteria developed by the entity to distinguish cash-generating assets from non-cash-generating assets are as follow:

#### 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 assess, 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 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.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

### 1.10 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for services 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.

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#### 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.
- as an expense unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

#### Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an entity pays fixed or determinable 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 services to the entity during a reporting period, the entity recognises 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 recognises 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.

#### 1.11 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.

Where discounting is used the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

#### 1.12 Impairment of non-cash-generating assets

Cash-generating assets are assets managed with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity.

Non-cash-generating assets are assets other than

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cash-generating assets.

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 (amortisation).

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.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable willing parties less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the entity; or
- (b) the number of production or similar units expected to be obtained from the asset by the entity.

### Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The entity assesses, at each reporting date, whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the entity estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also tests a non-cash-

generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

### 1.13 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 Registration of Deeds applications as well as on sale of the data that has been requested.

### Measurement

Revenue is measured at the fair value of the consideration received or receivable net of trade discounts and volume rebates.

### Sale of goods

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

- the entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity and;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

### Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service

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- potential associated with the transaction will flow to the entity;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
  - the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably revenue is recognised only to the extent of the expenses recognised that are recoverable. Revenue from deeds registration is recognised once the property has been registered.

#### Interest income

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity and
- The amount of the revenue can be measured reliably.

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

#### 1.14 Revenue from non-exchange transactions

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction an entity either receives value from another entity without directly giving approximately equal value in exchange or gives value to another entity without directly receiving approximately equal value in exchange.

Revenue received from conditional grants donations and funding is 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.

#### Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue except to the extent that a liability is also recognised in respect of the same inflow.

As the entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

#### Measurement

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

When as a result of a non-exchange transaction the entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value, as at the date of acquisition unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date and the amount of the increase in net assets if any recognised as revenue. When a liability is subsequently reduced because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

#### 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 Services
- 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).

#### 1.15 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and

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- 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.

#### 1.16 Fruitless and wasteful expenditure

Fruitless and wastefully 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.

#### 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 -

- (a) The PFMA; or
- (b) the State Tender Board Act 1968 (Act No. 86 of 1968) or any regulations made in terms of the Act; or
- (c) 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 year 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 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 by 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 by 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 Prepaid Expenses

Prepaid expenses are cash paid amounts that represent costs incurred from which a service or benefit is expected to be derived in the future.

The future write-off period of the incurred cost will normally be determined by the period of benefit covered by the prepayment. When the period arrives to which a prepaid cost relates the costs will be treated as a period cost for the period in question. Normally such prepaid costs will be written off based on the lapse of time and receipt of services rendered/goods received.

Prepaid expenses should be classified as current assets unless a portion of the prepayment covers a period longer than 12-months. If it is prepayment costs with a benefit beyond 12-months, it should be classified as deferred charges in the Statement of Financial Position.

Prepaid expenses will be measured at the value of

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services or goods to be received/receivable in the future.

### 1.19 Cash and equivalents

Cash for reporting purposes will include cash in the bank and any petty cash.

Cash equivalents - to be included on the cash line in the financial statements - will consist primarily of term deposits and all other highly liquid investments with a maturity of twelve months or less. Cash equivalents are stated at cost.

The following should be excluded from the cash and cash equivalents line in the financial statements reported in current assets:

- a.) Cash subject to restrictions that prevent its use within the next year; and
- b.) Cash appropriated for other than its current purposes unless such cash offsets a current liability. Cash is measured at fair value.

### 1.20 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.

### 1.21 Expense recognition

The entity reports its expenses on the accrual basis, meaning when the expenses are incurred, not when it is paid. Expenses are incurred when goods are received and services are rendered, whether or not an invoice has been received or payment has been made.

The policy exists to ensure adherence with GRAP to promote consistent accounting treatment across the entity and to ensure the operating results of the entity are not misstated as a result of expenses unrecorded or recorded improperly.

### 1.22 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. Management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly. All employees on level 13 and above (SMS) are regarded as management, as a result of authority and responsibilities assigned as per Deeds Registry Act and SMS handbook.

### 1.23 Prior period errors and changes in accounting estimates

#### 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 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.

Changes in accounting estimates.

As a result of uncertainties inherent in delivering services, conducting trading or other activities many items in financial statements cannot be measured with precision, but can only be estimated. The use of reasonable estimates is an essential part of the preparation of financial statements and does not undermine their reliability. An estimate may need revision if changes occur in the circumstances on which the estimates was based or as a result of new information or more experience. By its nature, the revision of estimates does not relate to prior periods and is not the correction of an error.

The effect of a change in accounting estimate shall be recognised prospectively by including it in surplus or

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deficit in:

- The period of the change if the change affects that period only; or
- The period of the change and future periods if the change affects both.

### 1.24 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 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.
- The contingent liability is recognised awaiting the outcome of legal action or dispute between the two parties.

### 1.25 Segment reporting

A segment is an activity of an entity:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

If the above criteria are all met for a specific activity, the activity is classified as a segment and is reported in the financial statements.

#### Aggregation Criteria

Segments are combined if the segments have similar economic characteristics and share a majority of the aggregation criteria or are individually insignificant.

Two or more segments may be aggregated into a single segment if the segments have similar economic characteristics and the segments share a majority of the following:

- the nature of the goods and/or services

- delivered;
- the type or class of customer or consumer to which goods and services are delivered;
- the method used to distribute the goods or provide the service; or
- if applicable, the nature of the regulatory environment that applies to the segment.

#### Measurement

The amount of each segment item reported shall be the measure reported by management for the purposes of making decisions about allocating resources to the segment and assessing its performance.

### 1.26 Payable from exchange transactions

A liability is a present obligation of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits or service potential.

Liabilities from exchange transactions will be recognised if:

- it is probable that any future economic benefit or service potential associated with the item will flow from the entity; and
- The item has a cost or value that can be measured reliably

As part of the process of maintaining the accounting records in conformity with Generally Recognised Accounting Practice, once a transaction or obligating event has taken place, the liability shall be recorded in the accounting records. This will normally occur upon the earlier of receipt of the invoice or delivery of services/goods.

### 1.27 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example contracts for computer or building maintenance

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services); and

- Contracts should relate to something other than the routine steady state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

#### 1.28 Events after reporting date

Events after reporting date are those events both favourable and unfavourable that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

#### 1.29 Research and development expenditure

Expenditure on research is recognised as an expense when it is incurred.

An asset arising from development 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.

#### 1.30 Budget information

Entities are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent) which is given effect through authorising legislation appropriation or similar.

General purpose financial reporting by entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on an accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 01/04/2016 to 31/03/2017.

The budget for the economic entity includes all the entities approved budgets under its control.

The annual financial statements and the budget are on the same basis of accounting, therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

#### 1.31 Significant events

Significant events relate to material events that are not covered by any standard of GRAP.

## DEEDS REGISTRATION TRADING ACCOUNT

Annual Financial Statements for the year ended 31 March 2017

### Notes to the Annual Financial Statements

	2017	2016
	R'000	R'000

#### 2. Inventories

Consumable material on hand	3 559	3 971
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None of the entity's inventory is carried at net realizable value. Accordingly the balance as presented represents the cost of inventories on hand. Inventories consist mainly of stationery and consumable material.

Inventory to the value of R6 663 million (2016: R5 835 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 stationery expense line item.

The basis of determining cost is the weighted-average method.

#### 3. Prepayments

Opening balance	1 474	5 770
Add: during financial year	4 382	1 149
Less: prepaid expense worked back	-	(6 165)
Less: prepaid recognised previous financial year	(1 149)	(2 326)
Add :impairments amount recovered	-	2 721
Add :non-current prepaid expenditure	(325)	325
<b>Total</b>	<b>4 382</b>	<b>1 474</b>

An amount of R324 849 is prepaid to Firstcoast for repair and maintenance for scanners/digitizers (period April 2017 to February 2018).

An amount of R351 563 is prepaid to Acctech System for software license (period April 2017 to December 2017).

An amount of R54 140 is prepaid to CQS Technology for software license (period April 2017 to January 2018).

An amount of R1 082 is prepaid to SABC for television licenses for all Deeds Registries.

An amount of R12 795 is prepaid to Post Office for post box renewals for all Deeds Registries.

An amount of R1 501 million is prepaid to Stortech for maintenance of disaster recovery equipment.

#### 4. Receivables from exchange transaction

Trade receivables	92 558	50 398
Other receivables	856	1 947
Interest receivables	1 553	1 520
<b>Total</b>	<b>94 967</b>	<b>53 865</b>

The gross trade receivables of R97 341 million is stated before a provision for impairment of trade receivables of R4 783 million (2016: R3 055 million on gross trade receivables value of R53 453 million). The provision for impairment of trade 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.

# DEEDS REGISTRATION TRADING ACCOUNT

Annual Financial Statements for the year ended 31 March 2017

## Notes to the Annual Financial Statements

	2017	2016
	R'000	R'000

### Trade and other receivables impaired

The ageing of these receivables is as follows:

3 to 6 months	4 783	3 055
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### Reconciliation of doubtful debts impairment

Opening balance	3 055	3 556
Provision for impairment	2 311	147
Bad debts written off in current year	(95)	(35)
Bad debts provided for but recovered in current year	(667)	(1 222)
Contribution to provision	179	609
<b>Total</b>	<b>4 783</b>	<b>3 055</b>

### Trade receivables age analysis

Current	55 549	47 493
30 days	21 611	2 780
60 days	11 714	126
90 days	3 030	59
Over 90 days	5 437	2 908
<b>Total</b>	<b>97 341</b>	<b>53 366</b>

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 Amortization 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.

## 5. Cash and cash equivalents

Cash on hand (Petty Cash)	26	26
Bank	318 226	333 157
<b>Total</b>	<b>318 252</b>	<b>333 183</b>

## DEEDS REGISTRATION TRADING ACCOUNT

Annual Financial Statements for the year ended 31 March 2017

### Notes to the Annual Financial Statements

	2017	2016
	R'000	R'000

#### 6. Property, plant and equipment

	2017 R'000			2016 R'000		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Furniture and fixtures	38 658	(19 656)	19 002	37 772	(18 410)	19 362
Office furniture	2 787	(1 667)	1 120	3 466	(2 223)	1 243
IT equipment	224 139	(128 256)	95 883	220 719	(99 393)	121 326
Leasehold improvements	10 842	(4 784)	6 058	21 201	(14 742)	6 459
Infrastructure	13 501	-	13 501	8 125	-	8 125
Photographic equipment	9 022	(3 756)	5 266	8 982	(3 120)	5 862
<b>Total</b>	<b>298 949</b>	<b>(158 119)</b>	<b>140 830</b>	<b>300 265</b>	<b>(137 888)</b>	<b>162 377</b>

#### Reconciliation of property, plant and equipment – 2017

	Opening balance	Additions	Disposals	Transfers Received	Transfers	Depreciation	Total
Furniture and fixtures	19 361	2 419	(306)	-	-	(2 472)	19 002
Office furniture	1 243	856	-	-	-	(979)	1 120
IT equipment	121 325	1 036	(853)	6 764	-	(32 390)	95 882
Leasehold improvements	6 460	-	-	1 361	-	(1 763)	6 058
Infrastructure	8 125	13 501	-	-	(8 125)	-	13 501
Photographic equipment	5 862	40	(1)	-	-	(636)	5 265
<b>Total</b>	<b>162 376</b>	<b>17 852</b>	<b>(1 160)</b>	<b>8 125</b>	<b>(8 125)</b>	<b>(38 240)</b>	<b>140 828</b>

## DEEDS REGISTRATION TRADING ACCOUNT

Annual Financial Statements for the year ended 31 March 2017

### Notes to the Annual Financial Statements

	2017	2016
	R'000	R'000

#### Reconciliation of property, plant and equipment – 2016

	Opening balance	Additions	Disposals	Transfer received	Transfer	Other changes	Depreciations	Total
Furniture and fixtures	16 398	5 277	(34)	-	-	-	(2 280)	19 361
Office furniture	1 825	447	-	-	-	-	(1 029)	1 243
IT equipment	35 242	7 289	(305)	104 610	-	(256)	(25 255)	121 325
Leasehold Improvements	1 736	-	-	5 489	-	(11)	(754)	6 460
Infrastructure	106 905	15 596	-	-	(114 376)	-	-	8 125
Photographic equipment	3 485	2 601	-	360	-	-	(584)	5 862
<b>Total</b>	<b>165 591</b>	<b>31 210</b>	<b>(339)</b>	<b>110 459</b>	<b>(114 376)</b>	<b>(267)</b>	<b>(29 902)</b>	<b>162 376</b>

The Department of Public Works provides office accommodation for all 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, is regarded as shorter period.

Office equipment comprises of photocopy machines which are leased in term of finance lease agreement. The period of the lease agreements are 3 years and the carrying value is R1 120 million (financial year 2015/16 R1 243 million). Refer to note. 8 where finance lease obligation is disclosed.

#### 7. Intangible assets

	2017 R'000			2016 R'000		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Intangible assets	52 094	-	52 094	141 966	-	141 966

## DEEDS REGISTRATION TRADING ACCOUNT

Annual Financial Statements for the year ended 31 March 2017

### Notes to the Annual Financial Statements

	2017	2016
	R '000	R'000

#### Reconciliation of intangible assets – 2017

	Opening balance	Impairment loss	Total
Intangible assets	141 966	(89 872)	52 094

#### Reconciliation of intangible assets - 2016

	Opening balance	Transfer received	Total
Intangible assets	140 050	1 916	141 966

The entity is required to test an intangible asset with an indefinite useful life or an intangible asset not yet available for use, for impairment by comparing its recoverable amount and recoverable service amount as appropriate with the carrying amount annually.

The entity has tested the intangible asset disclosed in note.7 for impairment. An impairment of R89 872 million has been recognised due to the inability to recover the development performed by the service provider as the contract that existed which allowed claim of the developed items was declared by the High Court as null and void. The details of the nullification have been disclosed in note no: 24 - Irregular Expenditure and further details have been disclosed in note no: 31 - Significant Events.

The remainder of the intangible asset balance has been tested for impairment and is not considered to be impaired. R52 094 million comprise of adobe and application databases.

#### 8. Finance lease obligation

##### Minimum lease payments due

- within one year	686	954
- in second to fifth year inclusive	619	487
	<u>1 305</u>	<u>1 441</u>
less: future finance charges	(135)	(120)
<b>Present value of minimum lease payments</b>	<u><b>1 170</b></u>	<u><b>1 321</b></u>

##### Present value of minimum lease payments due

- within one year	597	867
- in second to fifth year inclusive	573	454
	<u>1 170</u>	<u>1 321</u>

Non-current liabilities	573	454
Current liabilities	597	867
	<u>1 170</u>	<u>1 321</u>

The average lease term ranges between 2 and 5 years for office equipment with an average interest rate of 10.50% applied to the leases. The finance leases are secured by the assets leased in terms of the agreement. Please refer to note 6 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 R375 359 (financial year 2015/16 - R436 300). The contingent rents relate to copy charges per copy machine.

## DEEDS REGISTRATION TRADING ACCOUNT

Annual Financial Statements for the year ended 31 March 2017

### Notes to the Annual Financial Statements

	2017	2016
Note(s)	R'000	R'000

#### 9. Payables from exchange transactions

Trade payables	10 174	38 532
Unallocated cash	281	21
Accrued leave pay	17 106	13 440
Accrued bonus	13 878	13 029
Sundry accruals	4 693	12 510
Other payables	2 611	2 039
<b>Total</b>	<b>48 743</b>	<b>79 571</b>

Unallocated cash represents money deposited at the bank but not yet identified and allocated to Trade Receivables at the end of the financial year.

#### 10. Unspent conditional grants and receipts

Deferred revenue closing balance for 2016/17 refers to an unspent portion of a grant received from Department of Rural Development and Land Reform. The opening balance of the grant was provided for E-Cadastre project since 2014/15 financial year.

##### Unspent conditional grants and receipts comprises of:

##### Unspent conditional grants and receipts

Unspent grants DRDLR	42 757	48 823
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##### Reconciliation of unspent conditional grants

Balance at the beginning of the financial year	48 823	81 420
Additions during the financial year	14 300	5 484
Income recognition during the financial year	(20 366)	(38 081)
<b>Total</b>	<b>42 757</b>	<b>48 823</b>

The only grant received was for the Office of Valuer General amounting to R14,3 million.

# DEEDS REGISTRATION TRADING ACCOUNT

Annual Financial Statements for the year ended 31 March 2017

## Notes to the Annual Financial Statements

	2017	2016
	R'000	R'000

### 11. Provisions

#### Reconciliation of provisions – 2017

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Provision	4 931	12 828	-	(621)	17 138
Leave provision	13 048	-	58	-	13 106
<b>Total</b>	<b>17 979</b>	<b>12 828</b>	<b>58</b>	<b>(621)</b>	<b>30 244</b>

#### Reconciliation of provisions – 2016

	Opening Balance	Additions	Utilised during the year	Total
Provision	-	4 931	-	4 931
Leave provision	14 735	-	(1 687)	13 048
<b>Total</b>	<b>14 735</b>	<b>4 931</b>	<b>(1 687)</b>	<b>17 979</b>
Non-current liabilities			13 106	13 048
Current liabilities			17 138	4 931
<b>Total</b>			<b>30 244</b>	<b>17 979</b>

The leave pay provision relates to long term / capped leave that accrued to employees. It is not possible to anticipate the timing of the utilization or the timing of the cash-out of this balance. Accordingly the uncertainty related to the balance is limited to the timing of realization. A review of the utilization trends has however evidenced that it is unlikely that the full balance will be realized 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.

A combined provision of R175 327 was created for services rendered, however, there is uncertainty around the invoiced amounts. Management is in discussion with relevant service providers to provide additional supporting documents.

An amount of R16 485 million was provided for work done by Special Investigative Unit. The invoices must be signed off by DRDLR Forensic Investigation Division.

Security claims amounting to R477 831 were not submitted by HO at year-end.

# DEEDS REGISTRATION TRADING ACCOUNT

Annual Financial Statements for the year ended 31 March 2017

## Notes to the Annual Financial Statements

	2017	2016
Note(s)	R'000	R'000

### 12. Financial instruments disclosure

#### Categories of financial instruments

2017

#### Financial assets

	At amortised cost	Total
Trade receivables from exchange transactions	97 341	97 341
Cash and cash equivalents	318 251	318 251
<b>Total</b>	<b>415 592</b>	<b>415 592</b>

#### Financial liabilities

	At amortised cost	Total
Trade payables and other liabilities	62 679	62 679

2016

#### Financial assets

	At amortised cost	Total
Trade receivables from exchange transactions	53 453	53 453
Cash and cash equivalents	333 183	333 183
<b>Total</b>	<b>386 636</b>	<b>386 636</b>

#### Financial liabilities

	At amortised cost	Total
Trade payables and other liabilities	85 150	85 150

## DEEDS REGISTRATION TRADING ACCOUNT

Annual Financial Statements for the year ended 31 March 2017

### Notes to the Annual Financial Statements

	2017	2016
	R'000	R'000

#### 13. Revenue

Registration of deeds and sale of information	612 382	586 020
Other income	1 620	4 503
Interest received - Bank	18 282	14 288
Government grants & subsidies	20 366	50 308
Public contributions and donations	25	281
<b>Total</b>	<b>652 675</b>	<b>655 400</b>

The amount included in revenue arising from exchange transactions and events are as follows:

Registration of deeds and sale of information	612 382	586 020
Other income	1 620	4 503
<b>Interest received – Bank</b>	<b>18 282</b>	<b>14 288</b>
<b>Total</b>	<b>632 284</b>	<b>604 811</b>

An amount of R16 485 million was provided for work done by the Special Investigative Unit. The invoices must be signed off by DRDLR Forensic Investigation Division. Security claims amounting to R477 831 were not submitted by HO at year-end.

The amounts included in revenue arising from non- exchange transactions are as follows:

<b>Transfer revenue</b>		
Government grants & subsidies	20 366	50 308
Public contributions and donations	25	281
<b>Total</b>	<b>20 391</b>	<b>50 589</b>

#### 14. Investment Revenue

##### Interest revenue

Interest received - bank	18 036	14 109
Interest received - trade receivables	197	142
Interest received - staff debtors	49	37
<b>Total</b>	<b>18 282</b>	<b>14 288</b>

##### Finance costs

Finance leases	131	138
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#### 15. Auditors' remuneration

Audit fees	2 764	2 694
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External audit fees (Auditor General) amounted to R2 764 million (2015/16 R2 694 million).

#### 16. Operating lease

The following amounts are due in future financial years due to contractual obligations. Operating leases relate to service level agreements.

##### Minimum lease payments due:

Payable within 1 year	498	1 089
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#### 17. Commitment

##### Authorised capital expenditure

##### Approved and contracted

• Public contributions and donations	1 935	15 799
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# DEEDS REGISTRATION TRADING ACCOUNT

Annual Financial Statements for the year ended 31 March 2017

## Notes to the Annual Financial Statements

	2017	2016
	R'000	R'000

### 17. Commitment (Continued)

#### Total capital commitments

Already contracted for but not provided for	1 935	-
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Authorised operational expenditure

#### Approved and contracted

• Due in the next 12 months	16 652	4 546
• Due in 2 – 5 years	274	806
<b>Total</b>	<b>16 926</b>	<b>5 352</b>

#### Total operating commitments

Already contracted for but not provided for	16 926	-
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Commitments relate to operating contracts (service level agreements) due in future years. The total future commitments have been detailed below: Operational commitments due within 1 year: R16 652 million (R4 546 million for financial year 2015/2016) and due within two to five years R273 785 (R806 026 for financial year 2015/2016).

Commitments relate to operating contracts (service level agreements) due in future years.

### 18. Cash generated from operations

(Deficit) surplus	(57 976)	576 57
<b>Adjustments for:</b>		
Depreciation and amortisation	38 241	29 902
Loss/(Gain) on sale of assets	1 144	294
Finance costs - Finance leases	131	138
Impairment deficit	92 267	447
Debt impairment	-	-
Movements in provisions	12 266	3 243
Interest non-cash items	(1 553)	(1 520)
Other non-cash items	12 776	(4 461)
<b>Changes in working capital:</b>		
Inventories	412	(687)
Receivables from exchange transactions	(41 102)	(639)
Prepayments	(2 908)	4 296
Payables from exchange transactions	(30 828)	7 906
Unspent conditional grants and receipts	(6 066)	(32 598)
<b>Total</b>	<b>16 804</b>	<b>63 897</b>

### 19. Contingent liabilities

Data intellect has served a notice of legal proceedings against DRDLR. The legal proceedings are as a result of a dispute regarding specialist project management Services for the E-Cadastre project. The duration of the services was 3 years with effect from 15 August 2012 to 14 August 2015. The total claim instituted against DRDLR is R8 702 million.

Other litigation in process against the Deeds Trading Account relating to disputes around registration of property. The total litigation before the courts is R16 971 million (2015/16 financial year: R1 2 million).

# DEEDS REGISTRATION TRADING ACCOUNT

Annual Financial Statements for the year ended 31 March 2017

## Notes to the Annual Financial Statements

	2017	2016
	R'000	R'000

### 20. Related parties

#### Relationships

The trading entity is a related party to other state departments and other state owned entities in the national sphere of government. 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.

#### Services in kind

#### Related party balances

##### Rendering of services to related parties

Department of Rural Development and Land Reform (107 152) (275 783)

#### Related party transactions

##### Amounts paid on behalf of Deeds (paid on behalf of DRDLR)

Office accommodation - DRDLR	54 715	57 444
SITA payment on behalf of DRDLR	-	(7 632)
Travel With Flair invoices paid by DRDLR on behalf of Deeds	339	-
Salary inflation funds	-	15 929

All related party transactions are services in kind.

Management personnel are those persons having authority and responsibility for planning directing and controlling the activities of the entity directly or indirectly. All employees on level 13 and above (SMS) are regarded as management as a result of authority and responsibilities assigned as per Deeds Registry Act and SMS hand book.

#### Management remuneration

Levels	2017 No. of officials	2016 No. of officials	2017 Remuneration	2016 Remuneration
CRD-13	23	23	21 551	20 292
CRD-14	13	13	14 421	13 381
CRD-15	1	1	1 339	1 268
OVG-13	3	3	2 856	2 746
OVG-14	1	1	1 278	319
OVG-16	1	1	1 793	1 099
<b>Total</b>	<b>42</b>	<b>42</b>	<b>43 238</b>	<b>39 105</b>

# DEEDS REGISTRATION TRADING ACCOUNT

Annual Financial Statements for the year ended 31 March 2017

## Notes to the Annual Financial Statements

	2017	2016
Note(s)	R'000	R'000

### 21. Prior period errors

The prior period error is a result of the following:

#### Statement of change in equity

Revenue	-	(88)
Augmentation	-	(14 204)
Depreciation	-	267
Expenditure	-	5 837
Adjustment of error	-	38
Changes in retained income	-	8 150

#### Statement of Financial Position

Cost - computer equipment	-	2 436
Cost - leasehold building	-	359
Deferred revenue	-	14 204
Work in progress	-	5 837
Accumulated depreciation - computer equipment	-	(256)
Accumulated depreciation - leasehold building	-	(11)
Debtors control	-	(88)

An error in recognition of consumables occurred in the prior year and was identified in the current year this resulted in consumables expenditure of R5 837 million being capitalised into the work in progress account instead of being expensed. This has been corrected retrospectively.

An amount of R2 436 million was capitalised in the incorrect financial period. The assets met the recognition criteria for recognition in 2015/16 financial year but were however capitalised in 2016/17. The correction has been effected retrospectively in the IT equipment cost category. Depreciation of R256 100 has been passed into retained earnings and accumulated depreciation accounts due to the error.

Leasehold improvements amount to R359 487 were certified to have been affected in the 2015/16 financial year however were recognised in the 2016/17 financial period. A correction has been made in the 2015/16 financial period to recognise the leasehold improvements with the relating depreciation being passed against the Retained earnings balance of 2015/16 and accumulated depreciation for R11 080.

Revenue relating to 2015/16 financial year was incorrectly recognised in the 2016/17 financial year in the accounting system. This has been corrected retrospectively and accordingly affects the 2015/16 Debtors closing balance as amounts were not received at the time.

Contract employees were utilised for the eCadastre project and were paid from S&W instead of Deferred Revenue. The amount should have been utilised against the conditional grant in the 2014/15 and 2015/16 financial year. This affects the prior period opening balance of the conditional grant and affects retained earnings opening balance as the revenue of R14 204 million was never recognised.

# DEEDS REGISTRATION TRADING ACCOUNT

Annual Financial Statements for the year ended 31 March 2017

## Notes to the Annual Financial Statements

	2017	2016
Note(s)	R'000	R'000

### 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.

#### 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	318 226	333 157
Trade Receivables	92 558	50 398

#### 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.

### 23. Irregular expenditure

Opening Balance	31 811	31 810
Add: Irregular Expenditure	176 269	1
<b>Total</b>	<b>208 080</b>	<b>31 811</b>

#### Analysis of expenditure awaiting condonation per age classification

Current year	176 269	-
Prior years	-	31 810
<b>Total</b>	<b>176 269</b>	<b>31 810</b>

# DEEDS REGISTRATION TRADING ACCOUNT

Annual Financial Statements for the year ended 31 March 2017

## Notes to the Annual Financial Statements

	2017	2016
	R'000	R'000

### Details of irregular expenditure – current year -

The irregular expenditure relates to the awarding of a tender to Gijima AST (PTY) LTD which was recommended by SITA to DRDLR after SITA had performed all procurement processes. The contract was declared null and void by High Court on 13 September 2016. The tender process has been investigated by the SIU and a settlement which was turned into a court order was reached by the SIU and issued by the High Court. The amount of R208 080 million is considered irregular due to non-compliance with section 217 of the Constitution and section 38(a) of the PFMA resulting from an error in pricing as said in the court order which compromised the fairness and competitiveness of the procurement process at SITA. The opening balance also relates to Gijima and was declared irregular in the prior years due to procurement processes not being followed from the extension of the scope of the contract.

### Disciplinary steps taken/criminal proceedings

The tender was investigated by SIU and recommendations provided. Disciplinary action is under way and a number

## 24. Fruitless and wasteful expenditure

### Reconciliation of fruitless and wastefully expenditure

Opening balance	16	7
Add: Fruitless and wasteful Expenditure	4	9
Less: Amount condoned	(7)	-
Less: Interest reversed by service provider	(3)	-
<b>Total</b>	<b>10</b>	<b>16</b>

The fruitless and wasteful expenditure for 2015/16 was R9 163 of which R2 847 was reversed by service provider in 2016/17 the remaining R6 316 relates to late cancellation of travel and accommodation for 2015/16 financial year.

The fruitless and wasteful expenditure for financial year 2016/17 is R3 829 relates to late cancellation of travel/accommodation and loss of a safe key. All cases of fruitless and wasteful expenditure are before the Financial Compliance Committee to determine liability.

## 25. 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 spent some of their time on the affairs of the Trading Account.

All services paid for by the department which could be quantified have been disclosed as related party transactions.

# DEEDS REGISTRATION TRADING ACCOUNT

Annual Financial Statements for the year ended 31 March 2017

## Notes to the Annual Financial Statements

	2017	2016
		Restated*
Note(s)	R'000	R'000
<b>26. General expenses</b>		
Advertising	43	859
Auditors remuneration	2 764	2 694
Bank charges	252	249
Cleaning	7 643	7 519
Consulting and professional fees	25 120	27 427
Consumables	493	670
Entertainment	229	368
IT expenses	36 621	40 132
Printing and stationery	6 663	5 835
Security	5 734	5 734
Staff welfare	53	9
Subscriptions	1 099	1 324
Telephone and fax	4 316	3 901
Transport and freight	5 206	8 059
Training	1 929	2 674
Travel - local	5 987	8 202
Other expenses	498	110
Wasteful and fruitless expenditure	4	9
Operating expenses	794	2 134
<b>Total</b>	<b>105 448</b>	<b>117 909</b>

### 27. Alignment of Deeds Registries areas of jurisdictions to provincial boundaries

The business case for the alignment of deeds registries areas of jurisdictions to provincial boundaries was approved in the 2015/16 financial year. The purpose of the realignment of deeds registries areas of jurisdictions to provincial boundaries (Alignment Programme) arises from the need to address the problem regarding how the Deeds Offices are currently positioned which is an impediment to Constitutional and institutional reforms.

The programme is therefore aimed at aligning the deeds registries areas of jurisdiction to provincial demarcations as articulated in Section 103 of the Constitution and to ensure that each Deeds Registry services the province in which it is located making it accessible to clients.

#### The alignment programme contains four projects:

- Identification, separation and transfer of records (from transferring Deeds office and receiving Deeds office).
- Establishment of the Limpopo Deeds Registry which was established and opened on the 3rd of April 2017.
- Relocation of the Vryburg Deeds Registry to Mahikeng.
- The establishment of Deeds information centres.

The anticipated benefits of this programme are two-fold: Firstly it will serve in the interest of the promotion of better and accessible services that is centrally situated to the broader citizenry of the respective provinces. Secondly there will be improved turn-around times in the registration and delivery of deeds and related documents. Both benefits will result in improved service delivery that is client-centric.

# DEEDS REGISTRATION TRADING ACCOUNT

Annual Financial Statements for the year ended 31 March 2017

## Notes to the Annual Financial Statements

	2017	2016
		Restated*
Note(s)	R '000	R'000

### 29. Reporting segments

Every Deeds Registry performs similar registration functions as the next and there is no difference in the nature of goods or services delivered, the type of customer being serviced, the method to deliver goods and services and there is also no difference in the regulatory environment. The socio-economic characteristics of the provinces in which the Deeds Registries are situated are affected by the same economic impacts of the larger South African economy and are generally similar from province to province.

The Deeds Registries however do generate revenue from registration of deeds and documents and sale of information, their financial results are not disclosed separately from the results of the entity as a whole as no province reports for financial reporting purposes individually and this information is not readily available as required by the definition of a reporting segment.

Due to the nature of operations at the Deeds Registries and the fact that financial information is not available outside of the financial information produced at the Office of the Chief Registrar of Deeds, separate segment reporting therefore has not been disclosed.

### 30. Change in estimate

Depreciation	589	2 091
Accumulate deprecetiation	(589)	(2 091)
<b>Total</b>	<u>-</u>	<u>-</u>

### Property, Plant and equipment

Property plant and equipment was assessed for changes in expected useful lives based on condition. This was based on the condition assessment that was undertaken during the reporting period.

The revisions were accounted for prospectively as a change in accounting estimate and as a result depreciation and accumulated depreciation charges of the entity for the current and future financial years will decrease as follows (current period: R589 000 future periods: R2 091 million).

### 31. Significant events

On 13 September 2016 in the High Court of South Africa (Gauteng Division Pretoria) before the Honourable: Justice Windell case no: 88170/14. The Applicant: Special Investigating Unit and First respondent: Gijima AST (PTY) LTD Second respondent: State Information Technology Agency Third respondent: Minister of DRDLR. The following decision was taken: "Declaring that any contract concluded between the Third Respondent and the First Respondent pursuant to the award of the tender is unlawful, invalid and of no force and effect".

The effect of the nullification was that the previous claims by the DRDLR to Gijima, based on breach of contract for an amount of R237 389 million, could no longer be pursued any further after 13 September 2016. This notice to remove cause of complaint was as a result of the nullification and the fact that there is no longer a valid contract from which breach can be claimed against.

Going forward, it is the intention of the DRDLR to be co-plaintiff in the action to be brought by the SIU, in this matter as at the date of authorisation for issue of financial statements the particulars of the new claim had not been concluded, therefore the claim has not been made to the court. This does not necessitate a disclosure in accordance with GRAP 19, as the inflow of economic benefit is not yet probable as required by GRAP 19.41.

The situation will be assessed continually to ensure that developments are appropriately reflected in the financial statements.