



Annual Report

2017 | 2018

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**rural development
& land reform**
Department
Rural Development and Land Reform
REPUBLIC OF SOUTH AFRICA



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**rural development
& land reform**
Department:
Rural Development and Land Reform
REPUBLIC OF SOUTH AFRICA



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part A

general information

Annual Report

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1 APRIL 2017 - 31 MARCH 2018



rural development
& land reform

Department:
Rural Development and Land Reform
REPUBLIC OF SOUTH AFRICA



1. General information

Department of Rural Development and Land Reform

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2. Abbreviations & acronyms

AC	Audit Committee
AFS	Annual Financial Statements
AG	Auditor-General
AGSA	Auditor-General of South Africa
AIDS	Acquired Immune Deficiency Syndrome
ALHA	Agricultural Land Holdings Account
ANAP	Agribusiness in Sustainable Natural Reports
APP	Annual Performance Plan
BAS	Basic Accounting System
BRRR	Budget Review and Recommendation Reports
CFO	Chief Financial Officer
CLCC	Chief Land Claims Commissioner
COE	Compensation of Employees
COID	Compensation of Occupational Injuries and Diseases
CPA	Communal Property Association
CRDP	Comprehensive Rural Development Programme
CSI	Corporate Social Investment
CSIR	Centre for Scientific and Industrial Research
CSS	Corporate Support Services
DBSA	Development Bank of Southern Africa
DDG	Deputy Director-General
DMP	Demand Management Plan
DORA	Division of Revenues Act
DPME	Department of Planning, Monitoring and Evaluation
DPSA	Department of Public Services and Administration
DRDLR	Department of Rural Development and Land Reform
DRDP	District Rural Development Plan
EAPA	Employee Assistance Programme Association
EE	Employment Equity
EEA	Employment Equity Act
EHWP	Employee Health and Wellness Programme
EPMS	Employee Performance Management System
ESTA	Extension of Security of Tenure Act
EWP	Employee Wellness Programme
FCC	Financial Compliance Committee
FET	Further Education and Training
FPSU	Farmer Production Support Units

GP	Gauteng Province	OHS	Occupational Health and Safety
GRAP	General Recognised Accounting Practice	OSD	Occupation Specific Dispensation
GTAC	Government Technical Advisory Centre	OVG	Office of the Valuer General
Ha	Hectares	PA	Performance Agreement
HH	Households	PAA	Public Audit Act
HIV	Human Immuno-deficiency Virus	PFMA	Public Finance Management Act
HRD	Human Resource Development	PLAS	Proactive Land Acquisition Strategy
HRM	Human Resource Management	PLOF	Policy on Land Ownership by Foreigners
HSRC	Human Science Research Council	PPE	Property, Plant and Equipment
IA	Internal Audit	PPP	Public Private Partnership
ICT	Information and Communications Technology	PSDSP	Post Settlement and Development Support Project
IESBA	Ethics Standards Board for Accountants' Code of ethics for professional accountants	PSSC	Provincial Shared Service Centre
ISAs	International Standards on Auditing	PSW	Public Service Week
IT	Information Technology	RDP	Rural Development Programme
ITB	Ingonyama Trust Board	REID	Rural Enterprise and Industrial Development
LAW	Land Administration Web	RID	Rural Infrastructure Development Programme
LRD	Land Redistribution and Development	RLCC	Regional Land Claims Commissioner
LTA	Land Tenure and Administration	SCM	Supply Chain Management
MOA	Memorandum of Agreement	SCOPA	Standing Committee on Public Accounts
MOU	Memorandum of Understanding	SDF	Spatial Development Framework
MP	Member of Parliament	SDIP	Service Delivery Improvement Plan
MPAT	Management Performance Assessment Tool	SG	Surveyor-General
MTEF	Medium Term Expenditure Framework	SHERQ	Safety, Health, Environment, Risk and Quality
MTSF	Medium Term Strategic Framework	SLA	Service Level Agreement
NARYSEC	National Rural Youth Services Corps	SMS	Senior Management Services
NBAC	National Bid Adjudication Committee	SPLUM	Spatial Planning and Land Use Management
NCOP	National Council of Provinces	SPLUMA	Spatial Planning and Land Use Management Act
NDP	National Development Plan	SRR	Strengthening of Relative Rights
NEDLAC	National Economic Development and Labour Council	STI	Sexually Transmitted Infection
NEF	National Empowerment Fund	TB	Tuberculosis
NGI	National Geomatics Information	TR	Treasury Regulations
NGO	Non-Government Organisation	VCT	Voluntary Counselling and Testing
NPO	Non-profit Organisation		
NQF	National Qualification Framework		

3. Foreword by the Minister

Achievements in relation to policy directives and strategic outcome oriented goals

The year 2017 was declared the year of Oliver Reginald Tambo by the governing party, which symbolized, the year of unity in action by all South Africans. In Oliver Reginald Tambo according, the department draws strength in unwavering collective efforts to overcome the legacy of inequality and injustice created by colonialism and apartheid. Due consideration was given to, amongst others, Government's Programme of Action, the Medium Term Strategic Framework (2014-2019) and its objectives; and the 18 key targets of the National Development Plan (NDP). The National Development Plan's approach of targeting high value commodities, most of which are labour intensive to stimulate industrial growth will be accompanied by measures that ensure sustainable production on re-distributed land and an improved institutional support system during the financial year under review. The department has conducted an assessment of the economic potential of each of the 44 districts in the country in order to assist government to make informed decisions on how to prioritize these commodities in each district.

During the financial year under review, 1379 youth graduated from the department's National Rural Youth Service Corps (NARYSEC) at 3SAI Military Base in Kimberley, Northern Cape following their completion of a Youth Leadership Development Programme. The aim of the programme was to inculcate discipline and patriotism, and teach them vocational skills such as basic personal financial management, hygiene, firefighting and civic education among others. The department through its programme headed by the Rural Enterprise and Industrial Development [REID] branch spearheaded an abattoir project in Winterveldt which is currently still undergoing the last phase of construction. The Winterveldt mobile abattoir is the first of its kind to be built in the City of Tshwane. It has capacity to slaughter 2 000 [1 000 per shift] chickens a day and it is envisioned to service the Winterveldt Poultry Value Chain [PVC] members and farmers from the surrounding areas i.e. Hamanskraal, Cullinan, Soshanguve and Rooiwal. The mobile abattoir is run by a cooperative which consists of six members called Itshele Kgora. It also employs 11 local people who assist with the daily running of the abattoir. The facility is part of the Winterveldt Poultry Value Chain which has 114 members. The Minister has announced a R1 million contribution to the Mzansi Co-operative Financial Institution at a celebration to mark the progress achieved since the establishment of the institution a year ago. The Financial Institution was established to service rural women in Arts, Craft and Design. The Mzansi Co-operative Financial Institution is a deposit taking institution that is owned by Mzansi Rural Art and Craft cooperative which was created and supported by the department through its Rural Enterprise and Industrial Development branch. Cur-



Ms Maite Nkoana-Mashabane (MP)

rently over 800 women in Arts Craft and Design from the Eastern Cape, KwaZulu-Natal, Limpopo and Mpumalanga have been trained and supported in the manufacture of works of art including beaded jewelry, crockery, and various pieces of art which are sold at local and international markets.

Challenges for the financial year under review

The department biggest challenge remains the answer to the question – Who owns land in South Africa? The department has already conducted phase 1 of the Land Audit, and the outcome of the Land Audit report on private land ownership by race, gender and nationality, reveals that black South Africans own only 4% of the land in this country. This is a direct result of the historical injustices that resulted in skewed land ownership patterns along racial lines; hence this matter cannot be left unresolved. The other challenge experienced during the audit is the absence of information in respect of institutions, such as trusts, private and public organisations and companies, as well as sectional titles.

The source of this enduring challenge is incoherent institutional transformation, both within and external to the department are as follows as indicated in the budget speech 2017-18 financial year:

- The absence of a dynamic, interactive relationship between the National Geomatics Management Services (NGMS) and the Deeds Registration system.
- The department has projectised the land claims process. This was a strategic error, which did not take into account fiscal constraints, complexities associated with verification/validation of claims, court challenges and internal capacity constraints.
- A further challenge 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 other challenge relating to institution is that, our current legal system is unable to compel the owner to change and submits information voluntarily. Most of the owners deliberately withhold information about the changes on land and, or, property. At present we have no institutional mechanism to enforce disclosure.

The medium to long term goals of the department

Cabinet is considering the report of Phase 2 of the Land Audit and we are expecting strong decisions to address all these institutional challenges; and, the Land Commission provided for in the Regulation of Agricultural Land Bill, will enforce disclosure of ownership of land and landed property. The department will continue to implement the One household, One hectare programme targeting state-owned and traditional communal land. Beneficiaries plant and produce mainly vegetables on state allocated hectares of land and the harvest is reaped to restore food security. Surplus land that remains after all households have been catered for is used for grazing, water and energy needs as well as public infrastructure and enterprise development.

Parliament has passed the motion on land expropriation without compensation in February 2018 for the Constitutional Review Committee to consider all aspects of expropriation without compensation, including the legal and economic aspects thereof, which will also require consultation with citizens on the bill. The bill was passed by Parliament as part of the resolution of the ruling party during their 54th conference in Nasrec.

The resolution of Parliament thus sets forth a process and the Constitutional Review Committee must report back to Parliament by 30th August 2018. The President in his State of the Nation Address (SONA) re-iterates that the expropriation of land without compensation will be done in a manner that ensures food security, increases agricultural production and improves economic growth. The department will continue using other legislation at their disposal for example, section 42(E) of the Restitution Act to expropriate land without compensation. According to Statistics South Africa surveys, about 43% of SA's population live in a rural area and about two-thirds of this group are poor, and the majority are women which make poverty to be feminized. Poverty manifests itself because of lack of appetite by business to invest in the rural areas. Without investment of any kind, the rural people would remain stagnant and ultimately migrate to urban areas to look for better job opportunities and the good life. The rural underdevelopment all over the country was attributable to overemphasis of agriculture as the main anchor of the economy. With the advent of democracy in 1994, our diagnosis of the economy revealed, amongst others, that white commercial agriculture farming and mining was the highest contributor to rural poverty. The

Apartheid regime made commercial farming the main economic anchor in the rural areas with constant supply of cheap labour from the surrounding communities and also extracted cheap labour from the rural areas for the mines. In addition apartheid colonialism introduced job reservation which prevented blacks from attaining certain skills and jobs.

Furthermore, the Apartheid regime's policy of racial and gender discrimination in form of job reservations ensured that Blacks could only access peripheral jobs which paid a pittance and prevented personal and community development. This is still dominant in the labour market and is regrettably an enduring legacy of apartheid. Race still determines the ability to find a job and the applicable remuneration received once employed. Race still determines the quality of education and thus the prospects of a better world. This scenario disproportionately affect women as research shows that despite females constituting 52% of the population of this country and outlive men by between five to ten years, they still find it harder to find jobs and continue to earn about 27% less than men. All these happen despite women experiencing higher stress, more chronic diseases, more depression, anxiety and violence. The fact of the matter is when more women work, economies grow and they grow faster. As women of different races, Black, White, Indian, Coloured, there is a need to intensify the fight for work of equal value and equal pay and rid the world of inequality, poverty and patriarchy.

The rural areas offer much more than just employment in the mining sector, subsistence agriculture and farm labourer jobs. They are well endowed with natural resources such as mining and minerals, forestry which can lead to the establishment of processing plants and saw-mills, furniture industries, crafts, the rich eco-tourism and the expansion of hospitality industry which today employs millions of our people, clothing and textiles, and retail. Had these areas received development priority during the Apartheid regime, the majority of our people would be in a much better socio-economic state.

These industries are all over the rural areas and have massive potential to get most people employed through their value chains. There are sufficient natural resources which, if harvested sustainably and distributed equitably, have the potential to eliminate poverty. The department is accelerating post settlement support not only to make the previously marginalized Blacks participate in the first economy, but also to create employment, enhance livelihood and urbanize the rural areas.

It is my pleasure to submit this Annual Report to Parliament reflecting on the performance of the department for the 2017/18 financial year.



Hon. Maite Nkoana-Mashabane, MP
Minister of Rural Development and Land Reform
Date: 26 September 2018

4. Deputy Minister's Statement

During the 24th year of a democratic dispensation, the significance of our country's hard won freedom has yet to hold meaningful importance, especially for those in rural communities; despite good progress that has been made in restoring the dignity of millions of people and changing their lives for the better, through freedom and democracy. The Department of Rural Development and Land Reform (DRDLR), in line with the National Development Plan, adopted the Comprehensive Rural Development Programme (CRDP) and the Agrarian Transformation Strategy to try and address the challenges facing people living in the rural areas.

In the 2017/18 financial year, the department has facilitated the formulation of Rural Development Plans (RDPs) in each district. These are vital instruments for integrated spatial planning. The RDPs are aimed at ensuring integration of rural development and land reform interventions within the wider CRDP.



Ms Candith Mashego-Dlamini (MP)

As part of the department's responsibility to ensure integration of socio-economic development and rural economic transformation at local levels, which is championed by the district and local municipal mayors, the Deputy Minister met with district mayors of various municipalities, with the support of the national and provincial departments. The purpose of these meetings was to ensure coordination at a district level and to foster working relations with civil society and business structures.

The department through its programmes, has constructed storm water infrastructure, roads, paving walkways and as well as improving infrastructure in the rural areas, to the amount of over R10 million. Various projects were also assisted through these programmes like the expansion of Seven Stars Dairy Trust, to include a dairy cheese factory. To date, the department has provided infrastructure capital amounting to more than R50 million to this project.

The department has also deepened its support to farmers by providing them with the necessary equipment to help them till the land. In this regard, we delivered state of the art tractors with full sets of implements across the country. In the Eastern Cape alone, we delivered 61 tractors with full sets of implements at a cost of approximately R145 million. The department, in close collaboration with a variety of commodity associations and research institutions, is fully in pursuit of a process in which communities are engaged across commodity value chains and their commercial markets as follows:

- With the Agricultural Research Council and Cotton-SA, we have supported 628 households in the training, production, packaging and marketing of cotton.
- With the National Wool Growers Association, we have supported over 3 000 wool producing farmers in about 1 440 villages, with shearing sheds and equipment, wool-sorting and weighing equipment, and provision of quality rams for genetic improvement; training and international marketing of wool. In the previous year, rural wool producers have fetched over R313 million from international wool sales.
- With the Mdukatshani-Heifer Organization in KwaZulu-Natal and the provincial Department of Agriculture and Rural Development, we have supported 1 500 households in improved goat production and marketing.
- With the National Agricultural Marketing Council, we have supported 700 rural livestock producers in quality red meat production through their value chains. This support includes amongst others, the construction and the equipping of custom feedlots in villages to supply quality meat to our agri-hubs for processing and marketing.

In 2017/18 financial year, we delivered 47 infrastructure projects to support the Agri-Parks programme, 149 infrastructure projects to support primary production and 45 socio-economic infrastructure projects linked to revitalisation of rural towns and villages.

Furthermore, 38 young people have recently graduated from the KwaZulu-Natal University with Diplomas in Cooperative Development. These will be contracted and deployed to assist in the skilling and mentoring of the hundreds of cooperative enterprises being supported by the department.

As I present this 2017/18 Annual Report of the Department of Rural Development and Land Reform, I would like to thank all the officials of the department who strived together with rural people to improve their livelihoods and the quality of their lives in general.



Ms Candith Mashego-Dlamini (MP)
Deputy Minister: Rural Development and Land Reform
Date: 25 September 2018

4. Deputy Minister's Statement

The National Development Plan calls for an inclusive rural economy wherein: rural communities should have greater opportunities to participate fully in the economic, social and political life of the country. This imperative is informed by the Government's intention to address the triple challenges of poverty, unemployment and inequality. The 2030 vision speaks of inclusivity and integration of rural areas, through successful land reform, job creation and poverty alleviation, and places agriculture as the driving force behind this vision.

Amongst the highlights is the successful launch of the first Limpopo Deeds Registry Office in April 2017. This forms part of strengthening Government's commitment to provide better access to deeds services to the people of the province and at the same time it contributes to the department's strategic goal of providing improved land administration for integrated and sustainable growth.



Mr Mcebisi Skwatsha (MP)

During the financial year 2017/18, the department has established Labour Tenants/Farmdweller Forums at national, province and district level as a prelude to the proposed Land Rights Management Committees (LRMC) envisaged in the Extension of Security of Tenure Act (ESTA) amendment Bill.

These structures have assisted the department with both the monitoring of evictions and the facilitation of interventions by various stakeholders that comprise the Land Rights/Eviction Stakeholders Forum.

Another noteworthy development is the listing of the Office of the Valuer-General (OVG) as a schedule 3A entity in terms of the Public Finance Management Act by the Minister of Finance in March.

We have also invested a lot of resources to strengthen our governance structures at the local level. We met with many stakeholders during the district visits in order to understand their experiences regarding our programs. These sessions were also used to encourage and appoint local and district Mayors to be the political champions of our programs. This will help us to close any information-gap amongst the three spheres of Government.

It is during the period under review that the issue of land/ property rights has been thrust into the forefront of our country's political discourse. In February 2018, Parliament adopted a motion which kick-started a process of the review of section 25 of the Con-

stitution. This was a watershed moment for our country and at the end the decision of Parliament is likely to impact this department the most. Land redistribution will never be the same.

In conclusion, in order to ensure seamless service delivery across all spheres of government, 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 these levels. I also wish to thank management and staff for their hard work and commitment through what has been a busy year and look forward to another challenging but exciting year.



Mr Mcebisi Skwatsha (MP)

Deputy Minister: Rural Development and Land Reform Republic of South Africa

Date: 24 August 2018

6. Report of the Accounting Officer

It is an honour for me to present the Department of Rural Development and Land Reform, 2017/18 Annual Report.

Our mandate is to implement a just and equitable redistribution of land across the disparate and potentially conflictual patterns of land ownership and control. We also invest to protect South Africans particularly those residing in the rural areas, work with our stakeholders across the board on rural and land reform issues with the aim to build an inclusive rural economy.



Ms R Sadiki

This report therefore, highlights the achievements of 2017/18 financial year and provides an account of our financial and non-financial performance, based on our performance measures and targets.

Land ownership patterns remain inequitable in both racial and economic terms. One of our most important priorities has been to restore land rights or compensating those who were dispossessed as a result of past racial discriminatory practices. The land that has been restored is used for various effects such as human settlement, agricultural development, forestry, etc. The Commission on the Restitution of Land Rights has finalized 865 land claims during the period under review. There are still more cases to be researched in order to settle and finalize the outstanding land claims.

Another major priority is land redistribution and development. About 155 791 hectares have been acquired with 10% of it allocated to people living and/or working on farms. The department continues to protect farm dwellers and labour tenants, including women, from evictions and ensure that evictions occur in a lawful and Constitutional manner. It is through the Extension of Security of Tenure Amendment Bill, 2017 passed by both the National Assembly and the National Council of Provinces that security of tenure should be provided to prevent farm owners' particularly commercial farmers from ejecting farmworkers and former farmworkers from their farms. The department has also established Labour Tenants/Farm-dweller Forums at national, provincial and district level as a prelude to the proposed Land Rights Management Committees. The forums are aimed at monitoring evictions as well as assist in the facilitation of interventions by various stakeholders.

The Electronic Deeds Registration Systems Bill was another significant milestone for the department. This reform streamlines and simplifies registration of large volumes of deeds as necessitated by government's land reform initiatives; and expedite the regis-

tration of deeds by decreasing the time required for the deeds registration and enhanced accuracy in registration. It is believed that insecurity of land tenure is due to the lack of registered title deeds which records the property rights of occupants of land or housing. The department has received a certification opinion from the Office of the Chief State Law Advisor concerning the Bill; however it will be referred to the President by Parliament for final approval.

Furthermore, the National Geomatics Management Services which is responsible for approving all surveys of land and developing maps is finalising a Land Audit. The department will continue with the next phase of land audit in the coming year, mainly focusing on the ownership of land under the custodianship of trusts and companies.

Our support towards municipalities to implement the Spatial Planning and Land Use Management Act (SPLUMA) continues at a steady pace with most municipalities having reached over 80% of milestones in their various Spatial Development Frameworks (SDFs). The Northern Cape and Free State have reached 100% implementation of SPLUMA across all its municipalities. In the upcoming year the focus will be on the remaining provinces.

We are also seeing the results of the support provided to the rural enterprises by the department. The department played a significant role in assisting 251 rural enterprises mainly focusing on operationalising the Farmer Production Support Units (FPSUs) which resulted in additional procurement of mechanisation, implements and production inputs. Financial and business assistance was made available to rural communities to continue to establish their own enterprises resulting to rural job creation and food security.

In 2017/18, we continued to increase our investment to improve the delivery of services. Through our rural development and land reform initiatives, we have created 10 747 rural jobs and provided skills development to 1 095 rural people including the rural youth. Additionally, the department has implemented a total of 149 infrastructure projects to support production. The implementation of these infrastructure programmes has had significant impact in our rural communities by creating jobs and reducing the challenges the department wants to address in rural communities.

Our achievements and the way we worked in 2017/18 contributed to our ability to achieve better economic and social outcomes, build our influence and foster a diverse and professional workplace. We will continue to work across government, with all three spheres of government and the private sector to implement the priorities of the department. Building capacity and empowering our staff will enable us to do this even more effectively.

I thank all the employees and stakeholders for their rich and varied contributions over the year and I am committed to developing and implementing policies that supports the government in achieving a strong economy and thriving community now and for the future.



Ms R Sadiki
Acting Director-General: Rural Development and Land Reform
Date: 7 September 2018

7. Statement of responsibility & 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 2018.



R Sadiki
Accounting Officer (Acting)
Date: 25 September 2018

8. Strategic Overview

Vision

Vibrant, equitable, sustainable rural communities.

Mission

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

Value Statement

We uphold the following values:

- We value and encourage diversity and will not discriminate against anyone.
- As a responsible government department, we shall strive to be transparent, accountable and responsive.
- We shall ensure that we have a dedicated, loyal, results-oriented, professional and people-focused workforce.
- In collaboration with all stakeholders, the department will comply with all laws of this country.

Values



9. Legislative and other mandates



The legislative mandate which informs the operations of the department is drawn from, amongst others, the following legislation:

- **Deed Registries Act, 1937 (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, 1961 (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, 1986 (Act No. 95 of 1986)**
The Act makes provision for the division of buildings into sections and common property and for the acquisition of separate ownership in sections coupled with joint ownership in common property. It further regulates the transfer of ownership of sections and the registration of sectional mortgage bonds over, and real rights in, such sections. It also makes provision for the establishment of bodies corporate to control common property.
- **Upgrading of Land Tenure Rights Act, 1991 (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, 1993 (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, 1994 (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 dis-

criminary 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, 1996 (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, 1996 (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, 1997 (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, 1997 (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, 2002 (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.
- **Spatial Data Infrastructure Act, 2003 (Act No. 54 of 2003)**
The Act makes provision for an electronic metadata catalogue and for the determination of standards and prescriptions with regard to the facilitation of the sharing of spatial information.
- **Geomatics Profession Act, 2013 (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.
- **Conversion of Certain Rights into Leasehold Act, 1988 (Act No. 81 of 1988)**
The Act makes provision for the conversion of certain rights into leasehold or ownership.
- **Distribution and Transfer of Certain State Land Act, 1993 (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, 1996 (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, 1994 (Act No. 3 of 1994)**
The Act makes provision for establishment of the Ingonyama Trust and for certain land to be held in trust.
- **Land Administration Act, 1995 (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, 1993 (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, 2003 (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, 2013 (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, 1998 (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, 2014 (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.

10. Organisational structure



Ms Maite Nkoana-Mashabane (MP)
Minister of the Department of Rural Development and Land Reform



Ms Candith Mashego-Dlamini (MP)
Deputy Minister of the Department of Rural Development and Land Reform



Mr Mcebisi Skwatsha (MP)
Deputy Minister of the Department of Rural Development and Land Reform



Ms Rendani Sadiki
Acting Director-General:
Department of Rural Development and Land Reform



Mr P Sekawana
Acting Deputy Director-General: Corporate Services



Ms V Maishidza
Acting Chief Financial Officer



Dr D Clarke
Acting Chief Surveyor-General



Ms A Matsila
Acting Deputy Director-General: Spatial Planning & Land Use Management



Ms C Knoesen
Chief Registrar of Deeds



Dr M Swartz
Deputy Director-General: Rural Enterprise & Industrial Development



Ms L Archary
Deputy Director-General: Rural Infrastructure Development



Ms N Nlolo-Gobodo
Chief Land Claims Commissioner
Commission on Restitution of Land Rights



Adv. V Mngwengwe
Acting Deputy Director-General: Land Tenure & Administration



Mr J Mashaphu
Acting Deputy Director-General: Land Redistribution & Development



Ms N Mnuakwa
Acting Chief Operations Officer

11. Entities reporting to the Minister

Name of Public Entity	Mandate	Financial relationship	Nature of operations
Agricultural Land Holding Account (ALHA)	The Agricultural Land Holding Account was established in terms of the Provision of Land and Assistance Act, 1993 (Act No. 126 of 1993). Section 10 (1) (a) gives legal effect to the proactive acquisition of land, where the Minister may, from money appropriated by Parliament for this purpose, acquire land for the purposes of this Act. Therefore the State will proactively target land and merge this with the demand or need for land.	Funds the operations of the entity	Acquisition of strategically located land for agricultural productivity
KwaZulu-Natal Ingonyama Trust Board (ITB)	The ITB is established in terms of the provisions of the KwaZulu-Natal Ingonyama Trust Act, 1994 (Act No. 3 of 1994). Its core business is to manage land for the material benefit and social wellbeing of the individual members of the tribes.	Augmentation of the entity's budget	Administration of 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.
Office of the Valuer General (OVG)	Support land reform by providing impartial, efficient, just and equitable valuation services for all-land reform related matters in the country.	Augmentation of the entity's budget	Ensure that the land and property are valued

part **B**

performance information

Annual Report

2017 | 2018



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**rural development
& land reform**
Department:
Rural Development and Land Reform
REPUBLIC OF SOUTH AFRICA



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 105 of the report of the Auditor-General, published as Part E: Financial Information.

2. Overview of Departmental Performance

Service delivery environment

The main focus of the department was to create an enabling environment to ensure that rural communities have greater opportunities to participate fully in the economic and social life of the country. Services provided by the department included access to land; access to basic services; the establishment of socio-economic infrastructure; skills development and job creation for rural communities; registration of title deeds and documents. The department has been delivering services to the public through legislation and policies that facilitate rural development and land reform and supported by a skilled and capable workforce.

The department continues to integrate with all spheres of government to deliver services to rural communities. In the year under review, the department has facilitated the formulation of Rural Development Plans (RDPs) in each district for integrated spatial planning. These are aimed at ensuring that there is integration of rural development and land reform interventions within the wider Comprehensive Rural Development Programme (CRDP).

The department conducted a Land Audit on private land ownership during the period under review and this revealed that black South African's own only 4% of the land in this country. Over the Medium Term Expenditure Framework, the National Treasury allocated the department a sum of R10.8billion to accelerate the settlement of the 2 581 restitution claims and R4.2billion to acquire 291 000 hectares of strategically located land to accelerate land redistribution. The department is constitutionally mandated to change the skewed land-ownership patterns while maintaining economic growth, food security, increased agricultural productions – all of which are priorities for the government and this department.

In the 2017/18 financial year, the department achieved 850 of 1 001 planned land claims to be settled. The challenge has been the non-acceptance of offers to land owners/sellers.

Land Reform over achieved on the number of hectares acquired by 59 626 from the planned target of 96 165 resulting in 155 791 hectares acquired in the 2017/18 financial year. Challenges faced under land reform relate to the delivery of Strengthening of Relative Rights (SRR) Programme. The department set a target of 18 SRR and achieved 5 (five). The reason for non-achievement was due policy gaps identified by the Executive Management of the department. This lead to projects being put on hold subject to the review of the policy.

The department further engaged the public and beneficiaries regarding services and products it offers. It participated in 123 exhibitions and outreach programmes - where information regarding departmental products and services was disseminated to the members of the public and also shared with beneficiaries.

The department continues to improve its efforts to render services to rural communities with the intention of contributing positively to the rural economy.

Service Delivery Improvement Plan

Main services provided and standards

Main Service	Beneficiaries	Current/actual standard of service (2017)	Desired Standard of Service	Actual Achievement
To facilitate the development of rural enterprise and industries	<ul style="list-style-type: none"> Rural beneficiaries Government departments and agencies Business sector NGOs and NPOs Universities and FET colleges 	<ul style="list-style-type: none"> rural enterprise supported in rural development skills development opportunities provided job opportunities created 	<ul style="list-style-type: none"> 206 rural enterprises supported in rural development 3000 skills development opportunities provided 2918 job opportunities created 	<ul style="list-style-type: none"> 255 rural enterprise supported in rural development 4348 skills development opportunities provided 3 755 job opportunities created
To make 95 % of deeds available to clients within 7 days from lodgement for execution	<ul style="list-style-type: none"> Financial institutions, municipalities, government departments, general public, land owners, etc. 	<ul style="list-style-type: none"> 95% of deeds available within 7 days from lodgement for execution 	<ul style="list-style-type: none"> Make 95 % of deeds available within 7 days from lodgement for execution 	<ul style="list-style-type: none"> 92% of deeds were made available within 7 days from lodgement for execution
To finalise the restoration of land rights and/or alternative forms of equitable redress	<ul style="list-style-type: none"> Dispossessed communities 	<ul style="list-style-type: none"> 804 land claims settled 672 land claims finalised 75 phased projects approved 1558 claims researched 	<ul style="list-style-type: none"> 1001 land claims settled 724 land claims finalised 105 phased projects approved 916 claims researched 	<ul style="list-style-type: none"> 850 land claims settled 865 land claims finalised 71 phased projects approved 1201 claims researched
To provide comprehensive farm development support to smallholder farmers and land reform beneficiaries for agrarian transformation	<ul style="list-style-type: none"> Rural communities and emerging farmers 	<ul style="list-style-type: none"> 84 Recapitalisation and Development commitments finalised 781 farmers trained through the Recapitalisation and Development Programme 1 422 jobs created in land reform farms through the Recapitalisation Development Programme 	<ul style="list-style-type: none"> 84 Recapitalisation and Development commitments finalised 1273 farmers trained through the Recapitalisation and Development Programme 5 000 jobs created in land reform farms through the Recapitalisation Development Programme 	<ul style="list-style-type: none"> 39 Recapitalisation and Development commitments finalised 581 farmers trained through the Recapitalisation and Development Programme 1 242 jobs created in land reform farms through the Recapitalisation Development Programme

Batho Pele arrangement with beneficiaries (Consultation access, etc.)

Current/actual Arrangement	Desired arrangements	Actual Achievements
Meetings and/or workshops held annually with claimant communities	Hold two meetings and/or options workshops held annually with 60% of claimant communities	Two meetings and/or options workshops held annually with 90% of claimant communities
Conduct Stakeholder workshops	Conduct nine Stakeholder workshops annually	Nine Stakeholder workshops conducted annually
Facilitate Council of Stakeholder meetings per region	Facilitate 15 Council of Stakeholder meetings per region	20 Council of Stakeholder meetings facilitated annually
Conduct workshops with beneficiaries per province	Conduct one workshop with beneficiaries per province	One workshop with beneficiaries per province conducted
Conduct meeting with beneficiaries per district per province per quarter	Conduct one meeting with beneficiaries per district per province per quarter	One meeting with beneficiaries per district per province per quarter was conducted
Conduct stakeholder engagement/information sessions with Branch Deeds Registration clients	Conduct four stakeholder engagement/information sessions annually	49 Stakeholder workshops conducted
Conduct community outreach programmes for Branch Deeds Registration Clients	Conduct four outreach programmes annually	93 outreach programmes conducted
Radio Talk shows for Branch Deeds Registration	Participate in one radio talk show annually	Participated in eight radio talk shows

Service Delivery information tool

Current/actual Arrangement	Desired arrangements	Actual Achievements
<ul style="list-style-type: none"> Conduct and participated in exhibitions or outreach programmes whereby information regarding departmental products and services were disseminated to the members of the public and also shared with beneficiaries. 	The following information materials were distributed: <ul style="list-style-type: none"> Extension of Security of Tenure Act (ESTA) National Rural Youth Services Corps (NARYSEC) Deeds Registration Departmental bursaries Spatial Planning and Land Use Management (SPLUM) Land Audit Report Good Stories about departmental projects Annual Report and APP Land Reform Supply chain processes Other departmental products and services 	Department had participated in 123 exhibitions or outreach programmes in the 2017/18 financial year

Complaints Mechanism

Current/actual Arrangement	Desired arrangements	Actual Achievements
Nr of enquiries received : Presidential Hotline= 193	Refer to relevant stakeholders within 36 hours	90% of 193 enquiries referred within 36 hours
Nr of enquiries: Call Centre= 7 512	14 working days to resolve complaints received by the Call Centre	Addressed = 7 508 Outstanding= 4

Organisational environment

During the period under review, the department achieved 100% compliance for senior management financial disclosures submission by the due date. There is significant improvement on the senior management completion rate for submission of performance assessment at 92% when compared to levels 1-12 employees whose rate is at 78%.

Furthermore, the department undertook a project to design a micro level structure aligned to the macro structure. The Macro level structure clearly defines the roles and responsibilities at strategic, tactical and operational levels to be performed at national, provincial and district offices. The micro structure defines the functional responsibilities; the jobs required with the development of the job descriptions, the correct remuneration levels through the job evaluation of the jobs and the matching of skills and placement of the employees in the right positions.

The department implemented the recommendations of the Skills Audit Report to ensure that the officials are developed on the relevant skills sets needed to improve service delivery. A total number of 5130 employees were trained and developed on various programmes varying from management development programmes, project management, financial management skills and technical skills applicable to the department.

The officials were also orientated on the Policies and Legislation applicable to the department. A total number of 628 bursaries were awarded to employees to pursue their studies in the fields of Rural and Urban Infrastructure, Engineering, Environmental Sciences, Property and Real Estate, Law, Financial Management, Project Management; and Public Administration/Management. In addition, 591 interns were appointed in order to give them an opportunity for gaining work-place experience required to find employment.

The department showed that it values the well-being of its employees; a total number of 4079 participants were exposed to psycho-social services, executive wellbeing services, heart and stroke screening and personal financial management skills.

Key policy developments and legislative changes

The progress on some of the policies initiated during the period under review is as follows:

- The One Household, One Hectare Policy was adopted in 2016, and is currently being rolled out to ensure that households have access to land, particularly state land, including CPAs, as well as in instances of the 50/50 Framework Policy. The department initiated the programme to implement the policy in 2015 and to date it has granted approval of 158 sites benefiting 5 734 beneficiaries country wide. Of the approved 158 sites, 19 sites were implemented in Limpopo, benefiting 1 294 households of which the majority are female headed households.
- The Policy on Electronic Deeds Registration was finalised. The Bill was published for public comment in 2017 and the department received a certification opinion from the Office of the Chief State Law Advisor.
- The Extension of Security of Tenure Amendment Bill was passed by both the National Assembly and the National Council of Provinces. The Bill will be referred to the President by Parliament for final approval. Its main intervention is to promote long lasting solutions to land tenure insecurities among farm dwellers/workers through a dedicated programme of land redistribution for agricultural production and settlement.
- Policy on Strengthening Relative Rights of People Working the Land. In June 2016, the department adopted an Analytical Policy Framework to guide pilot programme implementation and further policy development. Its main objective is to institute a 50-50 shareholding land reform and joint venture capital arranged by government on behalf of farm workers and the private owner of the acquired farm. The 50-50 programme commenced in 2015 and to date it has considered 86 proposals, approved 20 projects of which 15 has been transferred to beneficiaries. The 20 approved farms amounts to 22 123ha in extent and will benefit 1 171 farm workers. A multi-disciplinary assessment is being undertaken to draw lessons from practice that will inform the department on future modalities when implementing the programme.
- Amendment to Communal Property Association (CPA) Act. The policy has been finalised and the CPA Amendment Bill, as at March 2018 has been passed by the National Assembly and referred to the National Council of Provinces. The Bill will apply to all CPA members as well as certain Labour Tenants and communities.

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 access to services in rural areas through the coordination of quality infrastructure

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

The following are the strategic objectives of Programme 1: Administration

- % compliance with public sector legal prescripts by 2020.
- Ensure 100% compliance with government regulations and legal prescripts by 2020.
- Obtain an unqualified regularity audit opinion on financial and non-financial performance by 2020.

Performance on strategic objective indicators

Programme 1: Administration							
Performance indicator	Actual Achievement (2014/15)	Actual Achievement (2015/16)	Actual Achievement (2016/17)	Planned Target (2017/18)	Actual Achievement (2017/18)	Deviation from planned target to Actual Achievement 2017/18	Reasons for variance
% compliance with public sector legal prescripts by 2020	92%	97%	94%	100%	87%	-13%	The variance is due to invoices that were not paid as a result of depleted budget.
Obtain an unqualified regularity audit opinion on financial and non-financial performance by 2020.	Unqualified Audit opinion	Unqualified Audit opinion	Unqualified Audit opinion	Unqualified Audit opinion	Unqualified Audit opinion	None	None

Programme Performance Indicators

Programme 1: Administration							
Performance indicator	Actual Achievement (2014/15)	Actual Achievement (2015/16)	Actual Achievement (2016/17)	Planned Target (2017/18)	Actual Achievement (2017/18)	Deviation from planned target to Actual Achievement 2017/18	Reasons for variance
% of valid invoices paid within 30 days upon receipt by Supply Chain Management	92%	97%	94%	100%	87%	-13%	The variance is due to invoices that were not paid as a result of depleted budget.
Unqualified audit opinion	Partially Achieved The department achieved an unqualified audit opinion with findings in the 2013-2014 financial year	Unqualified Audit opinion	Unqualified Audit opinion	Unqualified Audit opinion	Unqualified Audit opinion	None	None

The department under Programme 1 achieved one out of two planned targets. The areas of inadequate performance were on percentage of valid invoices paid within 30 days upon receipt by Supply Chain Management. The reasons for variance 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

- Ensure an integrated and comprehensive land administration system.

Performance on strategic objective indicators

Programme 2: Geospatial and Cadastral Services							
Performance indicator	Actual Achievement (2014/15)	Actual Achievement (2015/16)	Actual Achievement (2016/17)	Planned Target (2017/18)	Actual Achievement (2017/18)	Deviation from planned target to Actual Achievement 2017/18	Reasons for variance
Number of deeds and documents registered	961 518	995 566	1 001 554	996 975	947 727	-49 248	The variance is due to a large number of deeds lodged that were rejected because they were not compliant with legislation and withdrawals by conveyancers. This was further exacerbated by the decline in the lodgement of deeds and documents due to the state of the economy.
Number of District Rural Development Plans (DRDP) facilitated for implementation	New indicator	24	15	35	37	2	The variance is due to John Taolo Gaetsewe District Municipality submitting a request to provide progress on the implementation of the DRDP and the analysis was included in the Q4 report. The Enhlanzeni DRDP was adopted additional to the two planned districts for Mpumalanga province. This necessitated its inclusion in the implementation and reporting, e.g. budget analysis, alignment with IOP project and IGR coordination.
% of Deeds made available within 7 days from lodgement for execution	New indicator	84%	86%	95%	92%	-3%	The variance is due to new Deeds offices being established and initially there was limited human resource capacity in those offices. Registration of deeds boundaries changed and the increased volumes in certain offices could not be predicted. Occasional power outages at several offices, e.g. Johannesburg lost power for close to 3 weeks which also affected service delivery.

Programme 2: Geospatial and Cadastral Services							
Performance indicator	Actual Achievement (2014/15)	Actual Achievement (2015/16)	Actual Achievement (2016/17)	Planned Target (2017/18)	Actual Achievement (2017/18)	Deviation from planned target to Actual Achievement 2017/18	Reasons for variance
Number of maps of the national map series produced	1 800	273	269	204	223	19	The variance is due to the time taken to produce a map which 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. In this instance, the target was over achieved due to most maps for the financial year being produced were for the less dense areas of the Limpopo, KwaZulu-Natal, North West, Eastern Cape and Northern Cape provinces.
Average number of working days taken to process registerable diagrams, sectional plans and general plans	New indicator	13	13	14	17	3	The variance is due to the poor quality of work submitted by private land surveyors during the year under review resulted in a high number of rejected jobs. Slowness in IT systems and network access problems in the Cape Town office caused major delays.

The department under Programme 2, achieved 3 of its 4 targets. The areas of inadequate performance were on percentage of deeds made available within 7 days from lodgement for execution and on average number of working days taken to process registerable diagrams, sectional plans and general plans. The reasons for variance are 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:

- 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.

Performance on strategic objective indicators

Programme 3: Rural Development							
Performance indicator	Actual Achievement (2014/15)	Actual Achievement (2015/16)	Actual Achievement (2016/17)	Planned Target (2017/18)	Actual Achievement (2017/18)	Deviation from planned target to Actual Achievement 2017/18	Reasons for variance
% support provided towards rural economic transformation	New	New	New	70%	126%	56%	The variance is due to high demand of projects that supports production in the country as they assist to revitalise rural towns and contribute to economic growth in the agricultural sector.
Number of opportunities provided for successful implementation of the CRDP	New	New	New	18 720	14 314	-4 406	The variance is due to the branch having facilitated additional skills development opportunities in Free State and KZN. Additional skills development opportunities were facilitated in various training programmes, including Leadership and Ethics, Business Management, Administration and Production Management. There were additional job opportunities that were created in various value chain projects, notably the wool, goats and cotton value chains.

Programme Performance Indicators

Programme 3: Rural Development							
Performance indicator	Actual Achievement (2014/15)	Actual Achievement (2015/16)	Actual Achievement (2016/17)	Planned Target (2017/18)	Actual Achievement (2017/18)	Deviation from planned target to Actual Achievement 2017/18	Reasons for variance
Number of infrastructure projects facilitated to support production	239 (inclusive of AVMP & RVCP)	474 (inclusive of AVMP & RVCP)	209 (inclusive of socio-economic infrastructure, AVMP & RVCP)	120	149	29	The variance is due to high demand of projects that supports production in the country as they assist with economic growth in the agricultural sector.
Number of Agri-parks infrastructure projects facilitated	New indicator	29	53	53	53	None	NA
Number of socio-economic projects facilitated in support of revitalization of rural towns & villages	123	115	269 (inclusive of socio-economic infrastructure, AVMP & RVCP)	30	48	18	The variance is due to the high demand in providing quality infrastructure in the provinces to revitalize rural towns.
Number of new agricultural enterprises supported in the 44 districts assigned to Agri-parks	442 (inclusive of non-agricultural enterprises)	218 (inclusive of non-agricultural enterprises)	192	141	194	53	The variance is due to focused intention to start operationalising the Farmer Production Support Units (FPSUs) in the Agri-parks which resulted in additional procurement of mechanisation, implements and production inputs.
Number of new non-agricultural enterprises supported in the 44 districts	New indicator	New indicator	51	65	67	2	The variance is due to KZN province that managed to support additional enterprises within the arts and craft value chain.
Number of skills development opportunities provided in rural development initiatives	9 509	9 516	7 993	Total=9 612 RID=3 612 (NARYSEC=2 132 RDMS=1 480) REID=3 000	Total=7 707 RID=3 862 (NARYSEC=2 442 RDMS=1 540) REID=3 725	Total=1 055 RID=370 (NARYSEC=310 RDMS=50) REID= 725	The variance is due to the branch having facilitated additional skills development opportunities in Free State and KZN. Additional skills development opportunities were facilitated in various training programmes, including Leadership and Ethics, Business Management, Administration and Production Management.
Number of job opportunities created in rural development initiatives	4 918	6 006	6 169	5 446 RID=2 530 REID=2 916	6 637 RID=2 326 REID=4 261	1 159 RID= -204 REID= -1 363	The variance is due to additional job opportunities that were created in various value chain projects, notably the wool, goats and cotton value chains. Late approval of projects that impacted on jobs.

The department under Programme 3 achieved 7 of the 7 planned targets for the year. The reasons for variance 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).

Programme Structure:

- Restitution National Office
- Restitution Regional Offices
- Restitution Grants

Strategic Objectives:

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

Performance on strategic objective indicators

Programme 4: Restitution							
Performance Indicator	Actual Achievement (2014/15)	Actual Achievement (2015/16)	Actual Achievement (2016/17)	Planned Target (2017/18)	Actual Achievement (2017/18)	Deviation from planned target to Actual Achievement 2017/18	Reasons for variance
Number of land claims finalised	320	560	-	724	865	141	The variance is due to the following: 1) The continuous monitoring of the approvals vs. expenditure; 2) The provincial overachievement against set targets for GP (62), KZN (25), LP (52), MP (26) and NC (51) which contributed to the National overachievement for finalised claims. More focus was placed on the finalisation of claims in view of the challenges experienced with settlement.

Programme Performance Indicators

Programme 4: Restitution							
Performance Indicator	Actual Achievement (2014/15)	Actual Achievement (2015/16)	Actual Achievement (2016/17)	Planned Target (2017/18)	Actual Achievement (2017/18)	Deviation from planned target to Actual Achievement 2017/18	Reasons for variance
Number of land claims settled	428	617	804	1 001	850	-151	The variance is due to the following: 1) Slow response from OVG in terms of recommendations and sourcing of valuations. 2) Non-acceptance of offers from claimants and land owners: e.g. EC, KZN, MP and WC. 3) Historic valuations conducted by appointed valuers through OVG process do not align with the TuRs and Restitution Financial Policy, hence routed back to OVG for alignment, i.e. EC, KZN & WC.

Programme Performance Indicators (continued)

Programme 4: Restitution							
Performance Indicator	Actual Achievement (2014/15)	Actual Achievement (2015/16)	Actual Achievement (2016/17)	Planned Target (2017/18)	Actual Achievement (2017/18)	Deviation from planned target to Actual Achievement 2017/18	Reasons for variance
Number of phased projects approved	119	82	75	105	71	-34	The variance is due to the following reasons: 1) Slow response from DVC in terms of recommendations and sourcing of valuations e.g. NC, NW & LP. 2) Prolonged responses from land owners and claimants with regard to acceptance of offers: i.e. GP, KZN, MP and NW. 3) Full and final settlements for 11 phased projects, e.g. EC (2); GP (2); KZN (5); MP (1) and WC (1). 4) Multiple phases of the same project were settled whereas the project could only be counted once in the financial year e.g. LP (1); NW (5) and NC (2).
Number of claims lodged by 1998 to be researched	1 518	2 542	1 550	916	1 197	281	The variance is due to the following: 1) The Quarter 1 target of 916, which is also the Annual Target, was not achieved in Quarter 1, leaving a variance of 849. 2) Based on the under-performance in Quarter 1, the National Research Task Team implemented an Intervention Strategy from Quarter 2 onwards. The Commission has been mandated to complete all outstanding research on the older claims.

The department under Programme 4 achieved 1 of 3 targets planned for the year under review. The areas of inadequate performance were on Number of Land Claims Settled and Number of Phased Project Approved. The reasons for variance are captured in the table above.

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.
- Functional systems and institutional arrangements for tenure and land administration to enable agrarian reform in all provinces by 2020.

Performance on strategic objective indicators

Programme 5: Land Reform							
Performance indicator	Actual Achievement (2014/15)	Actual Achievement (2015/16)	Actual Achievement (2016/17)	Planned Target (2017/18)	Actual Achievement (2017/18)	Deviation from planned target to Actual Achievement 2017/18	Reasons for variance
% of total land allocated to smallholder farmers	New indicator	New indicator	-	50%	34%	-16%	The variance is due to delays at conveyancing on acquisition and delays of memorandums on direct disposal. Some of the projects were rejected by the District Land Reform Committees (DLRCs) resulting in lengthy processes (Internal/External).
% of hectares of land allocated under land reform to people living and/or working on farms	New indicator	New indicator	-	10%	10%	None	N/A
% of functional land tenure systems	New indicator	New indicator	-	100%	66%	34%	The variance is due to the lack of human resource capacity to process labour tenent applications; and four hard drives of the Land Administration Web (LAW) server at Telkom crashed for 6 weeks during the fourth quarter

Programme Performance Indicators

Programme 5: Land Reform							
Performance indicator	Actual Achievement (2014/15)	Actual Achievement (2015/16)	Actual Achievement (2016/17)	Planned Target (2017/18)	Actual Achievement (2017/18)	Deviation from planned target to Actual Achievement 2017/18	Reasons for variance
Number of hectares acquired	354 802	242 568	201 430 ALHA: 67,153ha HH: 7,124ha Restituton: 107,149ha	98 165	155 791	59 626	The variance is due to efforts by the department to fast-track land redistribution and an over-achievement of restitution acquisitions.
	Agricultural Holding Account			85 568	81 948	-3 620	Projects that were meant to contribute to this performance and ready did not go through in 2017/2018 plan: 1. Liffard (The owner had no alternative venue hence the transfer had to be delayed for 6 months) 2. Gedults River (The transaction had to go through the legal process) 3. Schurverberg (Withdrawn) 4. Luskop Noord (Withdrawn) 5. Knoffiesvlei (Withdrawn)
	Household Grants			10 597	10 089	-508	Projects that were meant to contribute to this performance and ready did not go through in 2017/2018 plan: 1. Kaland and Rocky Knoks (Withdrawn)
Number of hectares allocated to small-holder farmers	New indicator	247 385	136 838	48 000	51 036,0500	5 036,0500	The variance is due to efforts by the department to fast-track land redistribution and allocation of farms to smallholder farmers.
Number of hectares allocated to farm dwellers and/or labour tenants	New indicator	3 910	18 275	9 600	15 437,8600	5 837,8600	The variance is due to efforts to fast-track the settlement of labour tenant's claims and allocation of farms to farm dwellers.
Number of farms on Strengthening Relative Rights Policy acquired	New indicator	11	10	18	5	-13	The variance is due to policy gaps identified by the National Joint Strategic Committee during Q3. The following projects were put on hold subject to review of the policy: Sun Orange, Bergstroom, Bos Blanco, Mabaleng, Jurgens Boedery Beperk, Bloemendal, Southern Right, Delheim and Saamstaan Seven Oaks, Morgenzone, Leshoka Thabang and Stead Farm.

Programme 5: Land Reform							
Performance indicator	Actual Achievement (2014/15)	Actual Achievement (2015/16)	Actual Achievement (2016/17)	Planned Target (2017/18)	Actual Achievement (2017/18)	Deviation from planned target to Actual Achievement 2017/18	Reasons for variance
Number of household supported through the One Household, One Hectare programme	New indicator	New indicator	New indicator	5 000	4 640	-360	The variance is due to the procurement process that started late due to the process via MOUs not being acceptable SCM practice which affected the performance of Quarter 1, 2 and 3. Unreasonably high bidding prices and cancellation of bids led to re-tendering being necessary. Circular 100 of 2017 issued in October 2017 provided alternatives where bids were not accepted in a specific district and/or province.
Number of household supported through the One Household, Two dairy cows Programme	New indicator	New indicator	New indicator	384	8	-376	The variance is due to the procurement process starting late because MOUs were not acceptable SCM practice which affected the performance of Quarter 1, 2 and 3. Unreasonably high bid prices and cancellation of bids led to re-tendering and delays. Circular 100 of 2017 issued in October provided alternatives to procurement.
Number of jobs created in Land Reform Programme	1 925	2 271	2 742	5 000	4 140	-860	The variance is due to the underperformance in the 1HH1H indicator, the jobs meant to be created within that programme did not materialise.
Number of Communal Property Associations supported to be compliant with legislation	0	251	209	256	304	48	The variance is due to strategies put in place by the provinces to ensure improved performance.
Number of labour tenants applications settled	0	19	67	1 434	60	-1 374	The variance is due to the lack of human resource capacity to process labour tenant applications.
Number of State land parcels confirmed as vested	1 646	1 247	719	666	505	-161	The variance is due to four hard drives of the Land Administration Web (LAW) server at Telkom that crashed for 8 weeks during the fourth quarter.

5. Transfer Payments

Transfer payments to public entities

The table below reflects the transfer payments made for the period 1 April 2017 to 31 March 2018

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.	360 483	2 042	Approval of TA III as per the PPP Manual
Agricultural Research Council	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; CAEs Phase 2 in Mhvezo in the Eastern Cape.	47 705	47 705	Support was provided to farmers and enterprises in the cotton, dairy value chain, poultry value chain and horticulture value chain in terms of inter alia: 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	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 of animals at point of sale in EC, KZN, Limpopo, North West and	63 908	63 908	Inputs supplied for the Biomass piling programme, including fertilizer, chemicals, seeds, and support in terms of the red meat improvement programme in terms of equipment and facilities, including feedlots and kraals as well as delivering of feed and training and practical assistance to beneficiaries including assistance in auctions.
National Wool Growers Association of SA	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; Transfer of funds towards provisioning of animal and veld management infrastructure to rural communities to participate in the livestock (rams) improvement programme.	5 400	5 400	Removal of 3 000 inferior rams in 308 communities and introduction of 3 000 quality rams and on-going training and mentoring.
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.	25 889	25 889	Development support was provided to Donkerhoek, Temohubi, Duiywa, Diyata-rawa, Kei livestock, Ixirama industries in terms of inter alia delivery of agro processing material and inputs, delivery vehicle, industry equipment such as water filters, architectural services, drawings and BOC, development of business plans and due diligence.

Transfer payments to all organisations other than public entities

The table below reflects the transfer payments made for the period 1 April 2017 to 31 March 2018

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	71 193	71 193	
Co-operative bank	Financing	Development and support of an Arts & Craft Co-operative Financial Institution (CFI)	Y	-	-	
Omnia	Financing	Support and reform beneficiaries through recapitalisation and loan funding and provide mentoring and technical support and on-site training. Also Promote and purchase agricultural production inputs to ensure development of rural farmers through REID	Y	-	-	
University of Zululand	University	Cooperatives graduates programme for students doing Diploma in Management of Cooperatives	Y	2 462	2 462	
Human Sciences Research Council	Business advisory	Post settlement and Development Support Project (PSDSP)	Y	3 735	3 735	
Hester Project	Training, technical support and mentoring	To improve the productivity of goat herds and related health interventions through the use of CAHWs as well as on-going research in this regard.	Y	6 783	6 783	
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	-	-	
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	12 719	12 719	
Skellenbosch university	University	Training and development of employees	Y	410	410	

6. Conditional grants

Conditional grants and earmarked funds paid

The table/s below details the conditional grants and ear marked funds paid for the period 1 April 2017 to 31 March 2018.

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/s below details the conditional grants and ear marked funds paid for the period 1 April 2017 to 31 March 2018.

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
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 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 (Still continued in 2017/18 financial year)
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"> • Improving co-ordination and integration across all levels. This will speed up delivery, include more stakeholders and resources, and improve quality. • Improving information, learning and knowledge management. The process of improving feed-back and learning – in terms of policy, procedures and products – needs to be strengthened. <p>The PSDS' 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"> • Analysis of integrated rural development interventions in pilot municipalities; • Integrated rural development interventions are better coordinated and integrated in pilot municipalities. <p>Stakeholder capacities for coordinated integrated rural development interventions are improved.</p>
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 8 922
Amount spent by the department (R'000)	ZAR 8 800
Reasons for the funds unspent	<ol style="list-style-type: none"> 1.Slow payment of invoices. 2.High number of BAS misallocations which are only corrected in March or April. Inability of DRDLR to correct mistakes even if it is brought to their attention numerous times, i.e. unauthorised use of Belgium Funding in KZN PSSC and duplicate payments of invoices (all BAS AP payment documents are available on the DRDLR F-BASE system).
Monitoring mechanism by the donor	<ol style="list-style-type: none"> 1.Expenditure monitored by PSDS Belgium Senior Program Manager and Project Officer through means of BAS Expenditure Reports supplied by DRDLR Financial Division. 2.Internal Audit in 2013 by BTC Brussels. 3.External Audit in 2014 by Moore Stephens UK – framework agreement between BTC Brussels and Moore Stephens UK. 4.Final Evaluation in 2017 by Thomas Pijnenburg, External Consultant appointed by BTC Brussels.

8. Capital Investment

Capital investment, maintenance and asset management plan provide commentary on the following:

Infrastructure projects	2017/2018			2016/2017		
	Final Appropriation R'000	Final Appropriation R'000	(Over)/Under Expenditure R'000	Final Appropriation R'000	Final Appropriation R'000	(Over)/Under Expenditure R'000
New and replacement assets						
Existing infrastructure assets				-	-	-
Upgrades and additions	279	279	-	724	724	-
Rehabilitation, renovations and refurbishments	-	-	-	1 173	1 173	-
Maintenance and repairs	-	-	-	-	-	-
Infrastructure transfer						
Current	-	-	-	-	-	-
Capital	-	-	-	-	-	-
Total	279	279	-	1 897	1 897	-

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rural development
& land reform

Department:
Rural Development and Land Reform
REPUBLIC OF SOUTH AFRICA



1. Introduction

The department continued to be committed in managing risks; maintaining effective, efficient and transparent systems of risk management and internal controls. Furthermore, efforts were made to promote good ethical conduct necessarily 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 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 Business Continuity Policy and Framework. The committee continued to oversee the management of key enterprise-wide and compliance risks.

Business Continuity Plans were reviewed to ensure its completeness; and 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 as well as the Whistle-blowing Policy, 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; codes and policies of the department. Furthermore, as part of raising awareness on fraud prevention, the department celebrated international anti-corruption day in partnership with the Department of Correctional services.

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 thereby 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 286 SMS' financial disclosures targeted for submission to the Public Service Commission, 286 were submitted during the year under review making the department 100 % compliant. No conflict of interest was identified during the year under review.

5. Code of Conduct

The Code of Conduct for the Public Service is a set of rules regulating standards of conduct for all public servants to ensure that their conduct conforms to the basic values and principles governing public administration. It outlines what is expected of employees in the following manner:

- **The relationship with the legislature and the Executive:**
An employee is faithful to the Republic and honours the Constitution and abides thereby in the execution of his or her daily tasks.
- **Relationship with the public:**
An employee promotes the unity and well-being of the South African nation in performing his or her official duties.
- **Relationship among employees:**
An employee co-operates fully with other employees to advance the public interest.
- **Performance**
An employee, during official duties, dresses and behaves in a manner that enhances the reputation of the Public Service.

Training initiative on the Code of Conduct was identified as a measure to promote honesty and integrity in the workplace and inspire even greater efforts from all the public servants to achieve a culture of zero tolerance of corruption in South Africa.

6. Health Safety and Environmental Issues

The following activities were achieved during the 2017/18 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 Facilities Management to be implemented and ensure compliance with the Occupational Health and Safety (OHS) Act, Act No. 85 of 1993 and its Regulations.

PROVINCE	OFFICE/BUILDING	DATE CONDUCTED
Eastern Cape	Port Elizabeth District Office	06 April 2017; 17 November 2017
	SG Office	18 May 2017
	Mthatha Deeds Office	20 June 2017; 13 December 2017
	Queenstown District Office	30 June 2017
	PSSC - Block F	10 July 2017; 01 March 2018
	PSSC - Block H	24 August 2017; 25 January 2018
	King Williams Town Deeds Office	20 September 2017
	Amathole District Office	01 February 2018
Gauteng/National office	RLCC	13 March 2018
	National Office (Old Building) – KZN Practitioner	05 July 2017
	South Block, 10th floor	13 July 2017
North West	Johannesburg Deeds	14 July 2018; 16 October 2018
	Megacity (SPLUM & SG) – KZN Practitioner	06 July 2017
Mpumalanga	Vryburg Deeds Office	09 November 2017
	RLCC Office	25 May 2017
	Pret Relief Office	16 May 2017; 16 March 2018
	SG Office	06 July 2017
	Deeds Office	23 August 2017
	PSSC Office	17 July 2017
	Emelo Lodgement Office	17 October 2017
	SPLUM Office	07 November 2017
Emelo Office	15 March 2018	
Free State	Lakewood hotel, Naysi Hill hotel and Manor guest houses (MARYSEC accommodation)	08 May 2017
	Thaba Nchu College	14 August 2017; 28 August 2017; 13 October 2017; 07 March 2018; 18 March 2018; 26 March 2018
	PSSC Office	27 June 2017; 20 October 2017; 28 November 2017; 28 November 2017
	Deeds Office	28 November 2017; February 2018
	RLCC Office	13 June 2017; 22 August 2017; February 2018
	SG Office	28 June 2017; 21 November 2017
	SPLUM Office	20 November 2017
	Lesalepibana District Office	26 June 2017; 13 March 2018
KwaZulu-Natal	RLCC: 200 Church Street Office	27 March 2018

PROVINCE	OFFICE/BUILDING	DATE CONDUCTED	
Limpopo	Deeds and SG Offices	13 April 2017	
	Sekukhune District Office	31 May 2017	
	Deeds fire equipment Office	13 June 2017	
	SPLUM Office	21 July 2017	
	RLOC: Blizard Office	16 August 2017; 28 Sep 2017	
	PSSC (ABSA Building)	28 September 2017	
	RLOC: Schoeman Office	05 November 2017; 29 Sep 2017	
	SG Office	29 September 2017	
	RLOC: Blizard Office	18 August 2017	
	RLOC: Schoeman Office	12 September 2017	
	PSSC Office	13 September 2017	
	SG Office	17 November 2017	
	SPLUM Office	17 November 2017	
	These five inspections/audits were conducted by Department of Public Works (DPW)		
	Western Cape	Bredasdorp Office	17 May 2017
PSSC Office		02 June 2017	
Ceres Abattoir		21 June 2017	
Deeds Office		28 August 2017	
RLOC Lodgement Office, George		02 November 2017	
RLOC Lodgement Office, Mowbray		16 November 2017	
Bredasdorp Office		17 May 2017	
Mowbray Office		15 November 2017	
George Office		16 November 2017	

OHS assessments conducted at NARYSEC facilities

PROVINCE	OFFICE/BUILDING	DATE CONDUCTED
Free State	Traba Nchu College	17 July 2017
KwaZulu-Natal	African Enterprise Conference Centre	01 August 2017

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

PROVINCE	OFFICE/BUILDING	DATE CONDUCTED
KwaZulu-Natal	Clasco Irrigation Scheme at Ngwelozone	17 August 2017
Western Cape	Prince Albert RID Project	04 April 2017
		05 May 2017
		15 July 2017
		23 August 2017

OHS assessments conducted during ministerial events to ensure that health and safety standards are adhered to

PROVINCE	OFFICE/BUILDING	DATE CONDUCTED
KwaZulu-Natal	Youth Celebration Imbizo	27 June 2017
	NARYSED Graduation Ceremony	04 October 2017
	Launch of CFI Bank for Women in Arts and Craft	03 November 2017
	Presidential visit to the Westcarris Agri-Park in Bekezstadal	10 April 2017
Gauteng	International Women's Day Celebration held at Birchwood hotel	08 March 2018
Eastern Cape	Minister visit the Ghalia Water farm in White oak	24 November 2017
	Minister visit cheese factory in Keiskammahoek	01 December 2017
	Minister hand over 11 tractors in Butterworth	26 January 2018
Western Cape	Cape Sun Hotel	18 May 2017
	Stellenbosch City Hall	18 June 2017
	Lewakamp Community Hall	20 May 2017
	Amiston event planning meeting	12 April 2017
	Women's Month Dialogue, Gugulethu	19 August 2017
	Ndabeni Claimants Meeting with Deputy Minister at Langa Sport Complex	29 September 2017
	CRA nomination and elections in Atlantis	22 October 2017
	House hand over in Gugulethu	07 November 2017

OHS Committee meetings held

Province	Office	Date of the meeting
Gauteng/National office	PSSC: Gauteng	11 August 2017
	ICD Building	13 October 2017
	National Office (Old Building)	February 2018
KwaZulu-Natal	Deeds Office	June 2017
	SG Office	June 2017
Limpopo	SG, SP, UM, RLCC Schoeman, RLCC Bizard and PSSC)	16 May 2017
	PSSC Office	21 July 2017
	RLSS: Bizard & Schoeman Offices	10 August 2017
	SG, SP, UM and Deeds	10 August 2017; 13 November 2017
Mpumalanga	Ernelo Office	15 March 2018
	Fiet Relief Office	16 March 2018

Evacuation drill conducted at these offices:

PROVINCE	OFFICE	DATE OF THE MEETING
KwaZulu Natal	R.L.C.C. Umhlabo House	18 May 2017
	SPLUM	08 September 2017
	Midlands Metro	21 September 2017
	Vryheid	Everything was coordinated through emails & telephonic due to budgetary constraints and was finalized on the day of the fire drill on 27 September 2017
Gauteng/National office	South Block	09 March 2018
Mpumalanga	Deeds Office	13 November 2017
	Erniebe Office	15 March 2018
	Flat Relief Office	18 March 2018
	R.L.C.C. Office	22 March 2018
Western Cape	Worcester Office	01 September 2017
	14 Long Street Office	05 September 2017
	89 Plein Street Office (SG & Deeds)	31 January 2018
	NDI and RLCC Lodgement	27 February 2018
Eastern Cape	Queenstown Office	30 June 2017
	King Williams Town	20 September 2017
	Mbatha District Office	13 December 2017
	PSSC Office	09 February 2018
Free State	R.L.C.C. Office	28 September 2017
	Fezile Dabi District Office	15 March 2018
	Thabo Mofutsanyane District	08 March 2018
Limpopo	SPLUM Office	17 May 2017; 16 November 2017
	Deeds and SG Office	18 May 2017
	R.L.C.C. Schoeman	19 May 2017; 10 November 2017
	R.L.C.C. Bickard	11 August 2017
	PSSC Office	17 August 2017
North West & Northern Cape	No DHS practitioners	No DHS practitioners

Evacuation drill conducted at these offices:

PROVINCE	OFFICE/BUILDING	DATE CONDUCTED
Gauteng	OHS induction conducted to cleaners at National Office	July 2017
	OHS awareness conducted to cleaners at Johannesburg Deeds Office	October 2017
North West	Rustenburg District Office	05 November 2017
	Mogaditj office (SPLUM & SC)	07 November 2017
	Ngaka Modiri Office	08 November 2017
	Dr RS Mampoti District Office	09 November 2017
	Vryburg Deeds Office	09 November 2017
	Dr Kenneth Kaunda District Office	10 November 2017
Limpopo	PSSC (Finance)	25 February 2018
	PSSC (Supply Chain)	25 February 2018
	RLCC Schoeman	27 February 2018
	SPLUM	28 February 2018
	OHS induction conducted to RLCC Schoeman cleaners	29 September 2017

7. Portfolio Committees

No	Date	Committee/ Institution	Purpose	Resolutions
1.	02 May 2017: 10:00, G-26 First Floor, New Wing	Portfolio Committee on Rural Development and Land Reform	Commission on Restitution of Land Rights and Ingonyama Trust Board: Annual Performance and Strategic Plans: 2017/18.	Follow-up meeting with ITB and Commission to discuss their implementation plans to be convened
2.	03 May 2017: 10:00, G-26 First Floor, New Wing	Portfolio Committee on Rural Development and Land Reform	DRDLR Annual Performance and Strategic Plans for 2017/18	DRDLR to submit the following reports to Port-Com: 50/50 policy including copy of the policy Status Report on investigations and suspensions of DRDLR officials. One household, One hectare programme including copy of the policy.
3.	09/05/2017: 10:00, G-26 First Floor, New Wing	Portfolio Committee on Rural Development and Land Reform	DRDLR and Ingonyama Trust Board: Operational Plans against the Annual Performance and Strategic Plans for 2017/18	- ITB to submit roadmap agreed to with Auditor-General with regard to the two legal entities: Ingonyama Trust and Ingonyama Trust Board DRDLR to finalise costed implementation plan and submit to Committee by 7 June 2017
4.	10 May 2017: 10:00, G-26 First Floor, New Wing	Portfolio Committee on Rural Development and Land Reform	Consideration: Draft Committee Report on Budget Vote 32: Department of Rural Development and Land Reform and its entities.	To continue on 16 May
5.	17 May 2017: 10:00, G-26 First Floor, New Wing	Portfolio Committee on Rural Development and Land Reform	Consideration: Draft Committee Report on Budget Vote 32: Department of Rural Development and Land Reform and its entities.	Report adopted by the Portfolio Committee and tabled for formal adoption in the National Assembly
6.	19 May 2017: 10:00-12:00 NA Chamber	PLENARY: National Assembly	Debate on Vote 39: Rural Development and Land Reform: National Assembly Chamber	Budget Vote presented
7.	24 May 2017	Portfolio Committee on Rural Development and Land Reform	SPLUMA transfer to Presidency; Communal Property Associations Amendment Bill	None for DRDLR
8.	30 May 2017	Select Committee on Land and Environmental Affairs	Department of Rural Development and Land Reform on Annual Performance Plan	None for DRDLR
9.	2 June 2017	Standing Committee on Appropriations	Department of Rural Development and Land Reform on the 2017 Appropriation Bill	Reports requested by the Standing Committee on Appropriations
10.	7 June 2017	Portfolio Committee on Rural Development and Land Reform	Strengthening of Relative Rights for people working land (50/50 Policy) & One Household One hectare Policies: briefing	- Organogram of the Senior Management (report of posts that are not permanently occupied + acting letters of senior managers who are acting). - A list of Agri-Parks sites - Breakdown of 1hh1h and 1h2DC sites headed by women and people with disability 1hh1h and 1h2DC sites breakdown per district
11.	13 June 2017	PLENARY: National Assembly	Questions for Oral Reply	-
12.	13 June 2017	PLENARY: National Council of Provinces	NCOP Budget Vote 39 of the DRDLR	-
13.	14 June 2017	Portfolio Committee on Rural Development and Land Reform	Transfer of RADP function from DRDLR to DAFF and SRR Policy	The Committee requested DRDLR to revise the SRR presentation and submit to the Committee.
14.	20 June 2017	Portfolio Committee on Rural Development and Land Reform	Progress report on the claims by Land and Traditional Leadership Movement of SA and Cindi family.	None for DRDLR

No	Date	Committee/ Institution	Purpose	Resolutions
15.	1-2/8/2017 7/8/2017	Portfolio Committee on Rural Development and Land Reform	Public Hearings on CPAs Amendment Bill [B12 – 2017] in the Western Cape Province (Clan William, oversight on the Middelpos farm in Malmesbury and George)	Report on Middelpos farm by 16 August 2017; Report on Elandsbloof CPA by 16 August 2017; Copies of the signed contract and business plan (to be submitted by 9 August 2017). Detailed report on all issues raised in the public hearing at George.
16.	3-4/8/2017	Portfolio Committee on Rural Development and Land Reform	Public Hearings on CPAs Amendment Bill [B12 – 2017] in Queenstown and Port Elizabeth Eastern Cape	1.2.1 Report on investigation into the affairs of some CPAs including issues raised by different CPAs' representatives.
17.	10-11/8/2017	Portfolio Committee on Rural Development and Land Reform	Public Hearings on CPAs Amendment Bill [B12 – 2017] in Tzaneen and Mokopane in Limpopo	A detailed report on all issues raised in Limpopo province.
18.	14-15/8/2017	Portfolio Committee on Rural Development and Land Reform	Public Hearings on CPAs Amendment Bill [B12 – 2017] in Rustenburg and Klerksdorp in North West	A detailed report on all issues raised in North West province.
19.	16/8/2017	Portfolio Committee on Rural Development and Land Reform	Public Hearings on CPAs Amendment Bill [B12 – 2017] in Vryheid, New Castle and oversight at Westcliffe farm in KwaZulu-Natal	A detailed report on all issues raised in the KZN province.
20.	6/9/2017	Portfolio Committee on Rural Development and Land Reform	Briefing by the department and Commission on the 2017/2018 first quarter Expenditure and actual Performance Reports	- A catch up plan per programme given department's poor performance in the first quarter [DDG:CSS and CFO] - Detailed report on the Bazia project in the Eastern Cape: why the programme has not yet been finalised/paid; when will the programme be finalised? [CLCC]; - What amount has been spent to buy land for land reform purposes since 1994 and which part of the land reform is the most expensive? [CLCC, A-DDGs: LRD and LTA] - Detailed report on NARYSEC: the report to cover expenditure for the first quarter, number of youth paid and the amount and number of student paid, amount paid to TVET colleges and the number of students involved [A-DDG RID] - Skills Audit Report [DDG CSS] - Progress report of the OVG for the first quarter, Organogram and capacitation plan [VG]
21.	11-12/9/2017	Portfolio Committee on Rural Development and Land Reform (Kuruman and Kimberley)	Public Hearings on CPAs Amendment Bill [B12 – 2017]	A detailed report on all issues raised in the NC province

No	Date	Committee/ Institution	Purpose	Resolutions
22.	03/10/2017	Portfolio Committee on Rural Development and Land Reform	Briefings by Auditor - General of SA, National Treasury, Financial and Fiscal Commission and Parliamentary Budget Office on the expenditure patterns against the target as set in the APP of the Department of Rural Development and Land Reform and its entities, Commission on Restitution of Land Rights and the DRDLR on the 2016-2017 annual reports AND briefing by Ingonyama Trust Board on the 2016-2017 Annual Report.	<ul style="list-style-type: none"> - Detailed report on Agricultural Projects [CEO Madlopha] - Printout of salary levels [CEO Madlopha] - Report on the 118 people with disability reported on page 11 of the AR: Report to include among others salary levels, units where they are located etc. [DDG: Southgate] - Report on the alleged unfair dismissal of a NARYSEC youth [A-DDG Heimann] - Report on Bakgatla Ba-Kgafela CPA [A-DDG Nxasana] - Updated reports on RAMA and Oppermansgronde CPA [A-DDG Nxasana] - Copy of the policy on Rural Transformation CPAs [A-DDG Nxasana] - Report on a Western Cape Land Claim No. A921 [CLCC] - Report on a Western Cape Land Claim No. A921 [CLCC]
23.	04/10/2017	Portfolio Committee on Rural Development and Land Reform	Briefing by the Department of Rural Development and Land Reform and the Commission on the Annual Reports for 2016-2017 financial year and Briefing on the Communal Property Associations Annual Report (2016/17)	Please refer to part 1.1 above.
24.	05/10/2017	Portfolio Committee on Rural Development and Land Reform	Briefing by MP Mnguni on the Restitution of Land Rights Amendment Bill.	None for DRDLR
25.	10/10/2017	Portfolio Committee on Rural Development and Land Reform	Briefings by the department and Commission on Operation Phakisa.	None for DRDLR
26.	11/10/2017	Portfolio Committee on Rural Development and Land Reform	Further deliberations on Annual Reports (Committees) BRRR recommendation	None for DRDLR
27.	11/10/2017	Portfolio Committee on Rural Development and Land Reform	Public hearings on the CPAs Amendment Bill: Mpumalanga in Ermelo	The Committee requested the department to submit a progress report on all issues raised. It is requested that the report should detail steps the department has taken to address issues raised (not intentions of the department). Further, the report should zoom in on lease, title deeds issues, Ms Zodwa and Mr Maseko's cases amongst others, brought to the attention of the Committee.

No	Date	Committee/ Institution	Purpose	Resolutions
28.	20-21 October 2017.	Portfolio Committee on Rural Development and Land Reform	Public hearings on the CPAs Amendment Bill: Mpumalanga in KaMhlotshwa	CPAs such as Champagne (no title deed, clarity on water rights, monitoring and support request etc.) Sisonke (need for training or skills development.) Masihlanganeni (no list of beneficiaries) Mawewe and others made submissions.
29.	1/11/2017	Portfolio Committee on Rural Development and Land Reform	Briefing on issues highlighted during the CPAs Amendment Bill public hearings held in the Western Cape.	The Committee requested reports from all the provinces, on issues raised during the CPAs public hearing to be submitted to the Committee.
30.	3/11/2017	Portfolio Committee on Rural Development and Land Reform	Public hearings on the CPA Amendment Bill: Gauteng	Reports on issues raised by the members of the community during the public hearings: Due on 30/11/2017
31.	8/11/2017	Portfolio Committee on Rural Development and Land Reform	Briefing on issues raised during the CPAs Amendment Bill public hearings held in the Western Cape.	Report on water rights on the Pniel project
32.	14/11/2017	Joint Portfolio Committees on DAFF and DRDLR:	Briefing on Operation Phakisa and update on the National Food and Nutrition Security	None for DRDLR
33.	30/01/2018	Portfolio Committee on RDLR	Response to public comments on CPA Amendment Bill.	0
34.	31/01/2018	Portfolio Committee on RDLR	Response to public comments on CPA Amendment Bill.	0
35.	01/02/2018	Portfolio Committee on RDLR	Response to public comments on CPA Amendment Bill.	0
36.	14/02/2018	Portfolio Committee on RDLR	Deliberations on the CPAs Bill	Pro-forma documents on CPA Constitution – before the next meeting
37.	28/02/2018	Portfolio Committee on Rural Development and Land Reform. G-26, Ground Floor, New Wing Building, Parliament.	Further deliberation (clause-by-clause reading) on the Communal Property Associations Amendment Bill.	0
38.	07/03/2018	Portfolio Committee on Rural Development and Land Reform. G-26, Ground Floor, New Wing Building, Parliament.	Briefing on high level panel's recommendation and media adverts to convert Permission To Occupy (PTO) to long term leases on Ingonyama Trust Land.	Resolutions: - Presentation by Dr Claassen on the high level panel recommendations deferred to the next meeting due to time constraints. - Minister/department and ITB to meet and work on the issue of conversion of PTOs to long term leases and come up with a better solution. The Committee is not in favour of the move by ITB to convert PTOs to leases.
39.	30/03/2018	Study Group on Rural Development and Land Reform.	Briefing by Dr Aninka Claassen on the high level panel's recommendation.	0

No	Date	Committee/ Institution	Purpose	Resolutions
40.	14/03/2018	Portfolio Committee on Rural Development and Land Reform. G-26, Ground Floor, New Wing Building, Parliament.	Briefing by Dr Aninka Claassen on the high level panel's recommendation.	Reports requested: The department (Commission on Restitution of Land Rights), to start as of today (14/03/2018) and prepare a report on the Mala-Mala Land Claim. The Committee will set a date whereby the Commission will present the report. Resolutions (i)Rejects definitions of Committee and Community as proposed amendments in the CPAs Amendment Bill. Definitions of the two (Committee and Community) should remain the same as defined in the principal act. According to the Parliamentary Legal Advisory team the definitions as stated in the principal act suffice. (ii) Labour tenants have its specific legislation and therefore there is no need for labour tenants to be included in the CPAs Amendment Bill.
41.	20/03/2018	Portfolio Committee on Rural Development and Land Reform	Briefing by the Department of Rural Development and Land Reform on the Malamala Land Claim, status report on commonage programmes, status update on the Rama CPA, Riemvasmaak Trust and the report in land transfers and issuance of title deeds to successful land claimants and beneficiaries of land redistribution.	<ul style="list-style-type: none"> - List of commonages supported through RADP; - Comprehensive report on Riemvasmaak after the meeting of the newly elected trust scheduled for 24 March 2018, takes place. - Detailed plan for the Western Cape Commonages: (Oudtshoorn, Stellenbosch, Prince Albert and Cedarberg). - Progress report on finding grazing land for Mr Bongani Mdaka in the Free State. - Report on all registered title deeds that have been issued to CPAs and Trusts, and those CPAs and Trusts that have not yet received title deeds. - The list of commonage farms circulated to the Portfolio Committee to include Limpopo province.

8. SCOPA Resolutions

The department did not appear to the SCOPA during the financial year of 2017/18.

9. Prior modifications 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 FDC 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, Act No. 105 of 1994 and Public Service Regulations, pensional 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

The role of the Internal Control Unit is to implement:

- 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 error 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 interpretation of policy directives.

In 2017/18 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 recommendation to improve those recommendations through pre-checking of all BAS and Logis 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 and awareness on existing policies.
- Issued Internal Control Plan for the department.
- Awareness on the newly revised Treasury Regulations.

11. Internal Audit and Audit Committees

Key activities and objectives of the internal audit

Internal Audit performs assurance and consulting assignments, in accordance with a risk-based internal audit approach. These assignments are delivered by means of financial audits, performance audits, operational and compliance audits, information technology audits and audits focussing on the risk of fraud and irregularities. Assignments may also combine two or more audit types into the delivery of comprehensive audit assignments. The scope of assurance and consulting assignments excludes legal entities such as Communal Property Associations (CPAs) and trusts, as the Chief Directorate: Internal Audit's focus is restricted to internal processes and therefore does not have the mandate to audit and review external entities.

Summary of audit work done

- Audits on the financial processes of the DRDLR and its trading entities.
- Comprehensive audits on processes falling within the Branches Restitution, Land Tenure and Administration, National Geomatics Management Services, Rural Infrastructure Development and Rural Enterprise and Industrial Development.
- Audits on the processes governing performance information management.
- Information technology audits on various operational and financial systems.

Key activities and objectives of the audit committee

The key activities and objectives of the Audit Committee can be summarised as entailing reviews and the dispensing of other pertinent functions in respect of the following areas:

- The efficiency and effectiveness of the system of internal control applied by the DRDLR;
- Risk Management and its effectiveness, efficiency and transparency and King IV;
- The effectiveness of the Internal Audit function;
- The adequacy, reliability and accuracy of the financial and performance information provided by management to various stakeholders;
- The DRDLR's 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 and Annual Performance Report prior to and after the annual audit.
- 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 and Annual Performance Report prior to and after the annual audit.

Attendance of audit committee meetings by audit committee members

Name	Qualifications	Internal or external member	If internal, position in the department	Date appointed	Date resigned	No. of meetings attended
Dr N Z Qunio (Chairperson)	<ul style="list-style-type: none"> • PHD • Masters in Business Administration • Masters in Commerce (Economics) • Bcom (Hons) (Economics) 	External	Not Applicable	1 February 2017	Not Applicable	8
Mr A N Mhongo (Member)	<ul style="list-style-type: none"> • Chartered Accountant (South Africa) • Chartered Management Accountant • Chartered Global Management Accountant • Bcom (Hons) 	External	Not Applicable	1 February 2017	Not Applicable	8
Mr H G Hontane (Member)	<ul style="list-style-type: none"> • Masters in Information Technology • Bachelor of Science degree in Mathematical Sciences • Diploma in Business Management • Diploma in Project Management 	External	Not Applicable	1 February 2017	Not Applicable	6

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 2018. This report includes the Deeds Registration Trading Account and the Agricultural Land Holding Account.

This report is presented in accordance with the requirements of the Public Finance Management Act, No 1 of 1999 (PFMA), as amended. The recommendations of the King Report on Governance (King IV) 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 eight 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 Qumba (Chairperson)	8
Mr A N Mhlongo (Member)	8
Mr J G Hlamani (Member)	8

Audit Committee responsibility

The Audit Committee reports that it complied with its responsibilities arising from section 38 (1) (a) of the Public Finance Management 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.

However, the AC could not present their oversight reports to the Executive Authority, in compliance to their Charter, due to scheduling challenges in convening a meeting with the Executive Authority during the financial year ended 31 March 2018.

Duties and responsibilities

The duties and responsibilities of the Audit Committee are detailed in the Audit Committee Charter and can be summarised as entailing reviews and the dispensing of other pertinent functions in respect of the following areas:

- The efficiency and effectiveness of the system of internal control applied by the DRDLR;
- Risk Management and its effectiveness, efficiency and transparency and King IV;
- The effectiveness of the Internal Audit function;
- The adequacy, reliability and accuracy of the financial and performance information provided by management to various stakeholders;
- The DRDLR's 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;
- The Audit Committee may communicate any concerns it deems necessary to the Executive Authority, National Treasury and the Auditor-General;
- 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 and Annual Performance Report 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.

Significant control deficiencies were noted in the areas of:

- Information Technology;
- Records Management;
- Compliance Management;
- Project Management;
- Contract Management;
- The Strengthening of Relative Rights (SRR) Programme; and
- Fraud Management – this was compounded by significant weaknesses with respect to the management of the Forensic Investigations Directorate. Evidencing this was the Directorate's failure to report to the Audit Committee on work performed during the first three quarters of the year. The inappropriate organizational positioning of the Directorate and a lack of capacity has characterized this function during the year under review. As a result, the scope of the Audit Committee has been limited.

In-year management and monthly/quarterly report

The Audit Committee raised concerns during the year in respect of the achievement of planned targets.

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 and fruitless and wasteful expenditure.

The Audit Committee concurs with and accepts the AGSA's unqualified audit opinion on the Annual Financial Statements for the Department of Rural Development and Land Reform, the Deeds Registration Trading Account and the Agricultural Land 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 2018

part D

human resource management

Annual Report

2017 | 2018



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rural development
& land reform

Department:
Rural Development and Land Reform
REPUBLIC OF SOUTH AFRICA





Human Resource Management

Introduction

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, 2016 (Chapter 3, Regulation 31).

The Chief Directorate: Human Resources and Organisational Development's primary concern is the management of employees in the department and on the use of policies and systems to do so.

Overview of HR matters in the department

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

- Human resource policies, planning and research; Employee performance management system; Staffing services, including recruitment and selection and mobility; Employee health and wellness programmes; Human resource benefits; Implementation of employment equity; Effective personnel salaries (PERSAL) management infrastructure is in place and maintained; Statistics and information on PERSAL; Code of conduct, labour relations guidelines and practices; Labour relations services; Employee grievances; Labour disputes; Collective bargaining; Implementation of the Skills Development Act, Act No. 97 of 1998 and internship/learnership programmes; Training and development of employees; Managed bursaries; and provided organisational development services.

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.

HRP Objective	Outcomes	Approach to mitigate risk and achieve outcome
Manage and review the organisational structure	<ul style="list-style-type: none"> Review and maintenance of organisational structure is an ongoing process, to ensure delivery of services. 	Ensure organisational structure is fully aligned to the MTEF
Maintenance of job descriptions	<ul style="list-style-type: none"> The review of job description is on-going. Database for job descriptions maintained. 	Ensure job descriptions are aligned to the validity time frame of 60 months
Determine priority posts to be filled	<ul style="list-style-type: none"> List of vacant priority posts was approved by Executive Management and was aligned to the available compensation of employees (CoE) budget. Only funded vacant posts indicated on PERSAL. Quarterly reports on the filling of posts in line with the CoE submitted to Executive Management. 	Ensure that funded vacant posts are filled within the set time frame
Reduce vacancy rate	<ul style="list-style-type: none"> The DRDLR implemented a recruitment plan and filled the identified critical/priority posts. Managers were held accountable for the delays in the completion of the selection process and adherence to the recruitment and selection time frames. 	<ul style="list-style-type: none"> Review vacancy rate on a continuous bases Identify interventions to be implemented to improve vacancy rate Implement retention and counter offer strategies where necessary
Monitor the compliance & adherence to the Employment Equity (EE) Plan	<ul style="list-style-type: none"> EE Plans implemented and monitored to identify and address gaps. EE targets adhered to and quarterly reports submitted to the senior designated employee equity manager. Appointment of People with Disabilities achieved 2.1% in line with DPSA directive and others such as race, gender, etc. Annual EE Report submitted to Department of Labour. Aligned policies with framework. 	<ul style="list-style-type: none"> Interventions for 50/50 SMS representatively in the department to be the focus for 2018/2019 financial year Establish a EE Forum to be based at National Office
Develop employees on critical skills	<ul style="list-style-type: none"> Partnerships forged with tertiary institutions to enhance development of employees. Allocation of bursaries aligned to critical skills as identified in skills audit. 	<ul style="list-style-type: none"> Executive Coaching, Advanced Management Development Programme (AMDP), development programmes to be the focus for the 2018/2019 financial year Ensure alignment of skills to job requirements for the department Full implementation of Skills Audit action plan
Signing/ submission of PAs and assessments	<ul style="list-style-type: none"> 84% Performance Agreements (PAs) signed by all employees and submitted by the due dates. 99% of PAs for SMS received and quality assured. Workshops conducted to assist with signing of PAs/ assessments. Disciplinary action taken for non-compliance. Quality assured all PAs/assessments submitted. 	<ul style="list-style-type: none"> Report on compliance and enforce accountability Manage non-compliance decisively and through disciplinary action
Alignment of HR policies	<ul style="list-style-type: none"> Four policies reviewed and consulted with labour. One policy successfully implemented and advocated to all staff. 	<ul style="list-style-type: none"> Recurrent identification of critical policies to be reviewed and align to directives and departmental objectives Continuous consultation and information sharing with organised labour to get buy-in

HRP Objective	Outcomes	Approach to mitigate risk and achieve outcome
Employee Health & Wellness.	<ul style="list-style-type: none"> • Psycho-social counselling services rendered. • Senior and middle managers trained in EHWP services • Health screening performed in the department. • Conducted health promotion programmes • Conducted life skills programmes • Conducted HIV&AIDS, TB and STIs management programmes 	<ul style="list-style-type: none"> • Intensive marketing of the health and wellness programmes for the department • Integrated approach to implementation of health and wellness
Improve labour relations management in the department	<ul style="list-style-type: none"> • Organisational Rights Agreement developed and consulted. • Buy-in by labour to Labour Relations Forum within provinces to be implemented in 2018/2019. 	<ul style="list-style-type: none"> • Enforce and implement Organisational Rights Agreement within the department • National and Provincial Labour Relations Forums to be established and strengthen relationships and capacity in the department • Educate and advocate the management of discipline to SMS members • Educate and advocate the code of conduct to all staff members • Training of SMS on labour relations

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

Workforce planning, now referred to as Human Resource Planning, is an inclusive and dynamic process that involves the identification of both current and future human resource needs, as well as potential challenges in order for the department to consistently achieve its organisational objectives. HR Planning is a two way operational link between high-level strategy and action-orientated implementation that can be regularly monitored and evaluated. Therefore HR planning aims to ensure that a department has the right people at the right place, at the right time, all the time.

The HR Plan of the department for the period 2015/18 expired on 31 March 2018. A new HR Plan for the period 2018/21 was developed and submitted to the Department of Public Service and Administration (DPSA) as required. The plan will be implemented to address the current and future human resource needs of the department, as well as guide the implementation of HR Strategies, including Organisational Development; Training and Development; and Employee Health and Wellness Strategies to ensure attraction, recruitment and retention of a skilled and capable workforce in the department.

The successful implementation of the HR Plan will contribute towards the identification of the gaps and application of interventions to address current and future HR needs of the department.

Employee performance management framework

The Employee Performance Management System for salary levels 1 – 12 and Performance Management and Development System for Senior Management Service (SMS) provide a standardised framework for managing employee performance in the department. Managing employee performance and aligning the 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 execute 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.

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 programme include the following:

Psycho-social counselling services

Psycho-social support addresses the on-going 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 counselling sessions shall be considered where short-term psychological counselling is appropriate; Critical incident service offers prompt and professional trauma debriefing and counselling 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 medication, alcohol, tobacco, and other drugs. Life skills, health and wellness programmes and interventions are provided to employees as and when a need arise.

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.

The department developed a Discipline policy to give effect to the provisions of PSCBC Resolution 1 of 2003 (disciplinary code and procedures for the public service), and to further provide the department with a quick and easy reference for the application and the interpretation of the resolution.

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

Achievements

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

- Functional National Women Empowerment Forum
- Successful Women’s Day event
- A compliance percentage of 84% (Levels 1-12) and 97% (SMS members) were reached for the signing of performance agreements.
- 232 SMS members annual performance assessments for the 2016/2017 finalised
- 10 SMS members cases of previous performance cycles were finalised
- 100% implementation of probations
- Two exhibitions on the DRDLR’s services were held during the 2017-2018 financial year, one at St George’s Hotel as part of the Africa Public Service Day Event and one outside the Old Building to commemorate Public Service Month (PSM); and
- Officials from the DRDLR attended a PSM Event at Kwaggafontein in Mpumalanga
- The SDC was reviewed during the 2017-2018 financial year.
- The SDIP Unit undertook the SDC Awareness Campaigns in seven provinces
- A workshop was held with Provincial Batho Pele Forum Coordinators as a prelude to reviving the DRDLR Batho Pele Forum. No further funding was provided to continue to host further workshops of the DRDLR Batho Pele Forum.
- The SDIP 2015-2018 was reviewed against the APP of 2016/17.
- The SDIP 2015-2018 implementation was monitored during the 2017 – 2018 financial year.

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. The department also experienced challenges in the following business operational areas:

- Budget not located with operational unit.
- Lack of adequate resources in terms of personnel.
- Inaccessibility to strategic meetings to lobby and ensure mainstreaming.
- Lack of responsive budgeting by Branches.
- Late submission or no submission of compliance reports.
- Timeous finalisation of moderations.
- Compliance to due dates in assessment reports by employees and supervisors.
- Delay in approval of new EPMDS policy.

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:

- Maintenance of approved organisational structure to ensure alignment with MTEF.
- Manage the recruitment and selection process for the department.
- Transformation and Diversity management.
- Development and retention of scarce and critical skills.
- Review, implementation and monitor HR policies, practices and procedures.
- Implement and monitor interventions through the EHW Programme to ensure a conducive working environment.
- Foster sound labour relations in the department.
- Monitor and report on SDIP.

Human Resources Oversight Statistics

3.1 Personnel related expenditure

The following tables summarise the final audited personnel related expenditure by programme (Table 3.1.1) and by salary bands (Table 3.1.2). In particular, it provides an indication of the amount spent on personnel 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 for the period 1 April 2017 and 31 March 2018

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	47 857	27 405	5 602	14 450	57.50	19 631
Geo-Spatial and Cadastral Services	64 140	64 140	0.00	0.00	100.00	89 416
Rural Development	51 113	51 113	0.00	0.00	100.00	109 685
Restitition	71 106	71 106	0.00	0.00	100.00	99 170
Land Reform	64 463	64 463	0.00	0.00	100.00	107 616
Deeds Registration	685 490	487 721	1 241	89 805	71.05	421 175
Total	1 054 038	785 947	7 044	84 355	75.31	148 938

Table 3.1.2 Personnel costs by salary band for the period 1 April 2017 and 31 March 2018

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	0.00	0	0
Skilled (Levels 3-5)	81429	10.36	752	108.283
Highly skilled production (Levels 6-8)	221 228	28.15	2460	89.930
Highly skilled supervision (Levels 9-12)	353 455	44.97	1 778	198.794
SMS (Levels 13-16)	129 835	16.52	287	452.387
Total	785 947	100.00	5 277	148.938

Table 3.1.3 Salaries, Overtime, Housing Allowance and Medical Aid by programme for the period 1 April 2017 and 31 March 2018

Programme	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
Administration	13 112	1.86	2 441	38.75	4 531	14.59	7 321	16.25
Geo-Spatial and Cadastral Services	76 911	10.93	101	1.60	2 044	9.45	4 184	9.29
Rural Development	47 199	6.71	351	5.56	1 413	4.55	2 150	4.75
Restitutions	64 050	9.10	458	7.26	2 462	8.03	4 108	9.12
Land Reform	58 776	8.35	263	4.15	1 933	6.23	3 491	7.75
Deeds Registration	443 537	63.04	2 981	42.59	17 735	57.12	23 768	52.80
Total	703 565	89.32	6 295	6.80	31 048	3.95	45 019	5.73

Table 3.1.4 Salaries, Overtime, Housing Allowance and Medical Aid by salary bands for the period 1 April 2017 and 31 March 2018

Salary Bands	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
Lower skilled (Levels 1-2)	0	0.00	0	0.00	0	0.00	0	0.00
Skilled (Levels 3-5)	65 957	9.38	1 025	16.25	5 951	19.26	8 456	18.75
Highly skilled production (Levels 6-8)	178 376	25.35	3 649	57.97	15 129	46.73	24 074	53.45
Highly skilled supervision (Levels 9-12)	332 896	47.31	1 621	25.75	8 490	30.57	9 446	20.98
EMTs (Levels 13-16)	126 344	17.95	0	-	448	1.44	3 043	6.75
Total	703 565	89.32	6 295	6.80	31 048	3.95	45 019	5.73

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 as on 31 March 2018

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administration	1592	1396	12.31	25
Geo-Spatial and Cadastral Services	1014	941	7.20	201
Rural Development	521	466	16.56	24
Restitution	775	717	7.43	5
Land Reform	669	599	10.46	7
Goods Registration	1324	1158	12.54	12
Total	5895	5277	10.48	277

Table 3.2.2 Employment and vacancies by salary band as on 31 March 2018

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)	849	752	10.48	41
Highly skilled production (Levels 6-8)	2589	2469	6.52	141
Highly skilled supervision (Levels 9-12)	2005	1778	11.32	90
SMS (Levels 13-16)	361	287	20.50	5
Total	5895	5277	10.48	277

Table 3.2.3 Employment and vacancies by critical occupations as on 31 March 2018

Critical occupations	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Agriculture Related	7	7	0.00	0
Architects Town and Traffic Planners	38	31	13.89	2
Cartographers and Surveyors	313	292	6.71	90
Cartographic Surveying and Related Technicians	38	34	6.58	4
Community Development Workers	547	513	6.23	3
Engineers and related Professionals	23	19	17.39	14
Other	4533	4381	11.18	164
Total	5895	5277	10.48	277

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 timeframes and disciplinary steps taken.

Table 3.3.1 SMS post information as on 31 March 2018

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	0	0.00	1	100.00
Salary Level 16	1	1	100.00	0	50.00
Salary Level 15	13	9	69.23	4	30.77
Salary Level 14	94	78	82.97	16	17.02
Salary Level 13	252	195	78.96	57	21.03
Total	361	267	73.90	94	26.10

Table 3.3.2 SMS post information as on 30 September 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
Salary level 16	1	1	100.00	0	100.00
Salary level 15	13	9	69.23	4	30.77
Salary level 14	94	77	81.91	17	18.08
Salary level 13	252	194	76.98	58	23.01
ccc	36	281	77.83	80	22.16

Table 3.3.3 Advertising and filling of SMS posts for the period 1 April 2017 and 31 March 2018

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
Salary level 16	1	0	0
Salary level 15	3	0	0
Salary level 14	9	1	1
Salary level 13	65	1	2
Total	78	2	3

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 becoming vacant for the period 1 April 2017 and 31 March 2018

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 for the period 1 April 2017 and 31 March 2018

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
Warning letters issued for non-compliance to affected officials

Reasons for vacancies not filled within six months
Unavailability of panel members

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 2018, where remuneration levels exceeded the grade determined by job evaluation. The job evaluation was not necessary 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 for the period 1 April 2017 and 31 March 2018

Salary band	Number of posts on approved establishment	Number of Jobs Evaluated	% of posts evaluated by salary bands	Posts upgraded		Posts downgraded	
				Number	% of posts evaluated	Number	% of posts evaluated
Lower skilled (Levels 1-2)	0	0	0.00	0	0.00	0	0.00
Skilled (Levels 3-5)	840	2	0.24	0	0.00	0	0.00
Highly skilled production (Levels 6-8)	2689	15	0.56	0	0.00	0	0.00
Highly skilled supervision (Levels 9-12)	2005	53	2.64	0	0.00	0	0.00
SMS Band A	252	46	18.25	0	0.00	0	0.00
SMS Band B	94	33	35.11	0	0.00	0	0.00
SMS Band C	13	6	46.15	0	0.00	0	0.00
SMS BandD	2	1	50.00	0	0.00	0	0.00
Total	5895	156	2.65	0	0.00	0	0.00

Table 3.4.2 Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2017 and 31 March 2018

Gender	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	0	0	0	0	0
Total	0	0	0	0	0
Employees with a disability					0

Table 3.4.3 Employees with salary levels higher than those determined by job evaluation by occupation for the period 1 April 2017 and 31 March 2018

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
Total number of employees whose salaries exceeded the level determined by job evaluation				21
Percentage of total employment				0.98

Table 3.4.4 Profile of employees who have salary levels higher than those determined by job evaluation for the period 1 April 2017 and 31 March 2018

Gender	African	Asian	Coloured	White	Total
Female	7	1	0	6	14
Male	12	0	1	4	17
Total	19	1	1	10	31
Employees with a disability					1

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 3.5.1 Annual turnover rates by salary band for the period 1 April 2017 and 31 March 2018

Salary band	Number of employees per band as on 1 April 2017	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)	833	35	156	13.93
Highly skilled production (Levels 6-8)	2681	35	156	5.04
Highly skilled supervision (Levels 9-12)	1626	33	61	4.44
SMS Band A	198	1	0	0.00
SMS Band B	77	1	0	0.00
SMS Band C	9	0	0	0.00
SMS Band D	2	0	1	50.00
Total	5326	105	354	6.41

Table 3.5.2 Annual turnover rates by critical occupation for the period 1 April 2017 and 31 March 2018

Critical occupation	Number of employees per occupation as on 1 April 2017	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Agriculture Related	8	0	1	12.5
Architects Town and Traffic Planners	34	1	4	11.76
Cartographers and Surveyors	352	2	102	29.02
Geographic Surveying and Related Technicians	77	0	43	55.84
Community Development Workers	126	0	107	84.92
Engineers and related Professions	11	10	1	9.09
Other	4878	92	98	1.97
Total	5326	105	354	6.41

Table 3.5.3 Reasons why employees left the department for the period 1 April 2017 and 31 March 2018

Termination Type	Number	% of Total Resignations
Death	16	4.52
Resignation	143	40.40
Expiry of contract	122	34.45
Dismissal – misconduct	12	3.39
Discharged due to ill health	7	1.98
Retirement	39	11.02
Transfers to other Public Service departments	15	4.24
Total	354	100.00
Total number of employees who left as a % of total employment		8.70

Table 3.5.4 Promotions by critical occupation for the period 1 April 2017 and 31 March 2018

Critical Occupation	Employees as at 1 April 2017	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	0	0.00
Architects, Town and Traffic Planners	34	0	0.00	25	73.53
Cartographers and Surveyors	352	0	0.00	214	60.80
Cartographic Surveying and Related Technicians	77	1	1.30	65	84.42
Community Development Workers	126	0	0.00	52	41.27
Engineers and related Professionals	11	0	0.00	7	63.64
Other	4978	47	0.95	4068	81.78
Total	5525	48	0.87	4421	80.00

Table 3.5.5 Promotions by salary band for the period 1 April 2017 and 31 March 2018

Salary Band	Employees 1 April 2017	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)	832	5	0.60	341	40.99
Highly skilled production (Levels 6-8)	2585	16	0.62	2427	94.00
Highly skilled supervision (Levels 9-12)	1876	21	1.15	1443	77.03
SMS (Levels 13-16)	236	6	2.10	210	73.43
Total	5529	48	0.87	4421	80.00

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, 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 2018

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	128	12	12	15	80	6	6	16	275
Professionals	892	66	18	117	831	82	35	162	2204
Technicians and associate professionals	871	26	7	25	816	38	14	77	1479
Clerks	360	21	5	9	818	77	17	51	1158
Service and sales workers	17	2	0	4	9	1	0	0	33
Craft and related trades workers	18	1	1	1	1	1	0	3	23
Elementary occupations	60	6	0	1	38	8	0	0	105
Total	2143	137	44	172	2187	213	72	309	5277
Employees with disabilities	40	3	1	15	25	3	1	14	112

Table 3.6.2 Total number of Employees (including employees with disabilities) in each of the following Occupational Bands as on 31 March 2018

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	6	2	0	0	2	0	1	1	11
Senior Management	131	9	12	15	80	6	5	17	275
Professionally qualified specialists and mid-management	556	38	19	98	463	29	17	86	1350
Skilled technical and economically qualified workers	1232	63	11	52	1491	163	47	202	3251
Semi-skilled and discretionary decision making	136	26	2	7	151	26	2	3	410
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	2143	137	44	172	2187	213	72	309	5277

Table 3.6.3 Recruitment for the period 1 April 2017 and 31 March 2018

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	1	0	0	0	0	0	0	0	0
Senior Management	6	1	0	0	3	0	0	1	11
Professionally qualified specialists and mid-management	14	1	1	0	6	0	0	1	23
Skilled technical and academically qualified workers	14	3	0	0	21	0	0	0	38
Semi-skilled and discretionary decision making	39	0	0	0	15	1	0	0	35
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	83	5	0	0	45	0	0	2	105
Employees with disabilities	1	0	0	0	0	0	0	0	1

Table 3.6.4 Promotions for the period 1 April 2017 and 31 March 2018

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	1	2	0	0	2	0	1	0	6
Senior Management	76	5	9	10	54	3	5	12	174
Professionally qualified specialists and mid-management	629	39	14	91	548	35	15	95	1404
Skilled technical and academically qualified workers	871	52	9	38	1150	124	37	165	2447
Semi-skilled and discretionary decision making	149	22	2	7	133	13	1	3	330
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	1726	120	34	146	1895	175	59	276	4421
Employees with disabilities	38	4	1	11	29	3	1	16	131

Table 3.6.5 Terminations for the period 1 April 2017 and 31 March 2018

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	1	1	0	0	1	0	0	0	3
Senior Management	10	1	0	0	6	1	0	2	20
Professionally qualified specialists and mid-management	35	4	1	12	27	0	0	5	67
Skilled technical and academically qualified workers	62	5	2	2	60	5	0	32	177
Semi-skilled and discretionary decision making	42	2	0	1	21	1	0	0	67
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	151	13	3	15	124	7	0	39	354
Employees with disabilities	1	0	1	3	1	0	0	3	9

Table 3.6.6 Disciplinary action for the period 1 April 2017 and 31 March 2018

Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Written warning	0	1	0	0	1	0	0	0	2
Final written warning	0	0	0	0	0	0	0	1	1
Dismissal	2	1	0	0	1	0	0	0	4
Not guilty	0	0	0	0	0	0	0	0	0
Suspension without pay and final written warning	3	0	0	0	1	0	0	0	4
Member dismissed, resigned, before sanction / referred to new dept.	0	0	0	0	0	0	0	0	0
Total	5	2	0	0	3	0	0	1	11

Table 3.6.7 Skills Development for the period 1 April 2017 and 31 March 2018

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	569	19	19	15	398	21	06	22	1069
Professionals	482	29	9	64	375	36	4	115	1115
Technicians and associate professionals	333	9	5	6	302	13	11	30	709
Clerks	605	50	14	34	975	105	50	89	2123
Service and sales workers	35	2	0	4	75	0	0	6	121
Elementary occupations	127	11	3	2	59	13	3	0	216
Total	2151	120	50	123	2186	188	74	261	5355
Employees with disabilities	65	6	3	19	28	2	0	6	118

3.7 Signing of Performance Agreements by SMS Members

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

Table 3.7.1 Signing of Performance Agreements by SMS Members as on 31 May 2018

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 18	1	1	1	100.00
Salary Level 15	13	9	9	100.00
Salary Level 14	94	77	74	96.10
Salary Level 13	262	158	187	94.44
Total	381	286	272	95.18

Table 3.7.2 Reasons for not having concluded performance agreements for all SMS members as on 31 March 2018

Reasons
Performance agreements were complete 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 2018

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 2017/18 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 for the period 1 April 2017 and 31 March 2018

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	954	2108	45.73	14995	15,576
Coloured Male	52	134	38.81	1101	19,783
Asian Male	15	43	34.88	505	27,250
White Male	69	156	43.67	1666	22,342
African Female	1046	2147	48.72	14757	13,631
Coloured Female	88	210	41.90	1383	15,837
Asian Female	37	71	52.11	769	18,564
White Female	141	294	47.98	3009	21,514
Employees with disabilities	44	112	38.29	758	17,466
Total	2456	5277	46.54	38986	19,016

Table 3.8.2 Performance rewards by salary bands for personnel below Senior Management Service for the period 1 April 2017 and 31 March 2018

Salary band	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee (R)
Lower skilled (Levels 1-2)	0	0	0.00	0	0
Skilled (Levels 3-5)	236	752	31.25	1701	8,756
Highly skilled production (Levels 6-8)	1341	2463	54.51	15503	23,223
Highly skilled supervision (Levels 9-12)	816	1778	45.89	17388	21,208
Total	2392	4988	47.94	34692	17,729

Table 3.8.3 Performance rewards by critical occupations for the period 1 April 2017 and 31 March 2018

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	6	7	86.71	156	25.821
Architects Town and Traffic Planners	23	31	74.19	579	25.181
Cartographers and Surveyors	103	252	36.27	2363	22.944
Cartographic Surveying and Related Technicians	32	34	94.12	611	19.132
Community Development Workers	69	513	13.45	654	13.824
Engineers and related Professionals	4	19	21.05	73	18.235
Other	2219	4381	50.65	34145	6.032
Total	2458	5277	48.54	38860	19.078

Table 3.8.4 Performance related rewards (cash bonus), by salary band, for Senior Management Service for the period 1 April 2017 and 31 March 2018

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	40	198	20.20	2379	55.098
SMS Band B	10	77	24.68	1331	66.132
SMS Band C	5	9	56.26	478	89.834
SMS Band D	0	2	0.00	0	0
Total	64	286	22.38	4188	53.251

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 by salary band for the period 1 April 2017 and 31 March 2018

Salary band	1 April 2017		31 March 2018		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	6	100.00	2	100.00
SMS (Levels 13-16)	0	0.00	0	0.00	0	0.00
Total	4	100.00	6	100.00	2	100.00

Table 3.9.2 Foreign worker by major occupation for the period 1 April 2017 and 31 March 2018

Major occupation	1 April 2017		31 March 2018		Change	
	Number	% of total	Number	% of total	Number	% change
Agriculture Related	0	0.00	0	0.00	0	0.00
Architects Town and Traffic Planners	2	50.00	2	33.33	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	4	66.66	2	100.00
Total	4	100.00	6	100.00	2	100.00

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 for the period 1 January 2017 to 31 December 2017

Salary Band	Total days	% days with medical certification	Number of Employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated Cost (R 000)
Lower skilled (Levels 1-2)	0	0.00	0	0.00	0	0
Skilled (Levels 3-5)	3026	67.93	429	55.85	7	2.706
Highly skilled production (Levels 6-8)	23185	64.93	2586	105.12	6	20.963
Highly skilled supervision (Levels 9-12)	11444	63.51	1415	79.58	6	27.255
SMS (Levels 13-16)	1494	73.16	205	71.43	6	5.784
Total	39743	69.40	4626	67.66	5	64.730

Table 3.10.2 Disability leave (temporary and permanent) for the period 1 January 2017 to 31 December 2017

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	0.00	0	0.00	0	0
Skilled (Levels 3-5)	705	100.00	25	3.32	32	637
Highly skilled production (Levels 6-8)	2923	100.00	127	5.16	22	3.685
Highly skilled supervision (Levels 9-12)	1402	100.00	62	3.49	15	3.313
SMS (Levels 13-16)	569	100.00	19	3.48	70	2.630
Total	5669	100.00	224	4.24	139	16.268

Table 3.10.3 Annual leave for the period 1 January 2017 to 31 December 2017

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)	10537	19	491
Highly skilled production (Levels 6-8)	60853	16	3031
Highly skilled supervision (Levels 9-12)	42548	19	1798
SMS (Levels 13-16)	6328	20	294
Total	129764	14.8	5614

Table 3.10.4 Capped leave for the period 1 January 2017 to 31 December 2017

Salary Bands	Total days of capped leave taken	Number of Employees using capped leave	Average number of days taken per employee	Capped leave available as on 31 December 2017
Lower skilled (Levels 1-2)	0	0	0	0
Skilled (Levels 3-5)	24	5	5.6	1031
Highly skilled production (Levels 6-8)	45	20	2	9850
Highly skilled supervision (Levels 9-12)	59	13	4	11490
SMS (Levels 13-15)	12	6	3	4274
Total	148	44	3.8	27253

Table 3.10.5 Leave pay outs for the period 1 April 2017 to 31 March 2018

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 per employee (R'000)
Leave pay out for 2017/18 due to non-utilisation of leave for the previous cycle	273	7	39000
Capped leave pay outs on termination of service for 2017/18	7273	162	42877
Current leave pay out on termination of service for 2017/18	645	42	14126
Total	8191	211	31935

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 S Ngomano 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		Sub-Directorate: Employee Health and Wellness Management (EHWM) 1 x Deputy Director; 2 x National Coordinators (ASDs); 1 x Occupational Health Specialist (ASD); 8 x Provincial Coordinators (ASDs); Annual budget – R 3,500,000.00.
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 DPSA Framework. Representation includes EHWM Coordinators, HR Managers, and 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"> HIV/AIDS, TB and STI Policy Employee Health and Wellness Policy. Health Productivity Management. Safety, Health, Environment, Risk and Quality (SHERQ) management.
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 Counselling 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 1984 (37%); the number of VCT participants was 1090 which gives a percentage of 55%
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 Gowaba
National Coordinator	Khonjwe Radebe
National Coordinator	Nocawe Morake
Occupational Health Specialist	Lucia Leth

EHW Management Committee members

Provinces	KwaZulu-Natal	Western Cape	Mpumelanga	North West	Free State
Provincial Coordinators	Happy Kwele	Vuyolwethu Noyi	Post Vacant	Resigned (recruitment process has begun)	Khulucane Mkhonza
HR Managers	Sharon Budhoo	Tobani Mintsilana	Asandu Mdala	Selamelo Mokopyant	Zola Mokoena
Committee Members	Happy Kwele	Vuyolwethu Noyi	Zanele Ngwenya Thembu Makama	None	Khulucane Mkhonza
Provinces	Limpopo	Gauteng	Northern Cape	Eastern Cape	National Office
Provincial Coordinators	Mashengu Ntshale	Post Vacant	Haroldine Wells	Siphokazi Ntongl	MY S Ngomane (Chairperson)
HR Managers	Moraka Sha	Monemodi Moidi	Thapelo Mashopi	Mosbis Oka	Bongeka Gowaba (Programme Manager)
Committee Members	Mashengu Ntshale	Agnes Kibe Monyal Coxhoni Keren Kröpper Nokwanda Mkwango Samuel Moleleki David Sema Jennifer Mosepe	Haroldine Wells Clemat Makebe	Siphokazi Ntongl	Lucia Lethoia Khonjwe Radebe Nocawe Morake Simon Msage Constance Metabane Siphonwe Jacobs Lindiwe Motlu Nancy Manganyi Motlalo Hammudu Botshapo Moemedi

3.12 Labour Relations

The purpose of Directorate: Labour Relations is to fulfil the primary objects of the Labour relations Act, which are:

- To give effect to and regulate the fundamental rights conferred by Section 23 of the Constitution of the Republic of South Africa, 1996;
- To give effect to obligations incurred by the Republic as a member state internal Labour Organisation;
- To provide a framework within which employees and their trade unions, employers and employers' organisations can-
- Collectively bargain to determine wages, terms and conditions of employment and other matters of mutual interest; and
- Formulate industrial policy; and
- To promote)
 - i) Orderly collective bargaining;
 - ii) Collective bargaining at sectoral level;
 - iii) Employee participation in decision-making in the workplace; and
 - iv) The effective resolution of labour disputes.

Table 3.12.1 Collective agreements for the period 1 April 2017 and 31 March 2018

Subject matter	Date
Discipline Policy	2017/2018
Gift Management Policy	2017/2018
Acting Allowance Policy	2017/2018
Business Management Policy	2017/2018
Transfers Policy	2017/2018
Recruitment and Selection Policy	2017/2018
Working Hours Policy	2017/2018
EPMS Policy	2017/2018
Parking Policy	2017/2018
Language Policy	2017/2018
Total	10

Table 3.12.2 Misconduct and disciplinary hearings finalised for the period 1 April 2017 and 31 March 2018

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	2	0.03
Final written warning	1	0.02
Dismissal	4	0.07
Not guilty	0	0.00
Suspension	4	0.07
Case withdrawn	0	0.00
Appeals	16	0.28
Pending	31	0.53
Total	58	100.00

Table 3.12.3 Types of misconduct addressed at disciplinary hearings for the period 1 April 2017 and 31 March 2018

Type of misconduct	Number	% of total
Theft/Fraud/Corruption	17	40.47
Incapacity/ poor work performance	6	14.29
Insubordination/insolence/misrepresentation	3	7.14
Regularities	3	7.14
Conduct considered in an improper, disgraceful and unacceptable manner while on duty	10	23.80
Failure to comply with departmental procedure	3	7.14
Total	42	100.00

Table 3.12.4 Grievances lodged for the period 1 April 2017 and 31 March 2018

Grievances	Number	% of Total
Number of grievances resolved	0	0.00
Number of grievances not resolved	294	100.00
Total number of grievances lodged	294	100.00

Table 3.12.5 Disputes lodged with Councils for the period 1 April 2017 and 31 March 2018

Disputes	Number	% of Total
Number of disputes upheld	0	0.00
Number of disputes dismissed	0	0.00
Withdrawn or settlement reached	1	0.06
Still in process	16	94.11
Total number of disputes lodged	17	100.00

Table 3.12.6 Strike actions for the period 1 April 2017 and 31 March 2018

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

Table 3.12.7 Precautionary suspensions for the period for the period 1 April 2017 and 31 March 2018

Number of people suspended	10
Number of people whose suspension exceeded 30 days	10
Average number of days suspended	5,400
Cost (R'000) of suspensions	6,057

3.13 Skills development

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

Table 3.13.1 Training needs identified for the period 1 April 2017 and 31 March 2018

Occupational Category	Gender	Number of employees as at 1 April 2017	Training needs identified at start of reporting period			
			Apprenticeships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	114	0	493	0	607
	Male	173	0	477	0	650
Professionals	Female	1125	0	242	0	242
	Male	1138	0	226	0	226
Technicians and associate professionals	Female	825	0	175	0	175
	Male	814	0	168	0	168
Clerks	Female	777	0	1138	0	1138
	Male	393	0	756	0	756
Service and sales workers	Female	10	0	3	0	3
	Male	23	0	2	0	2
Craft and related trades workers	Female	5	0	0	0	0
	Male	19	0	0	0	0
Elementary occupations	Female	41	0	89	0	89
	Male	69	0	79	0	79
Sub Total	Female	2897	0	2123	0	2123
	Male	2629	0	1708	0	1708
Total		5526	0	3831	0	3831

Table 3.13.2 Training provided for the period 1 April 2017 and 31 March 2018

Occupational Category	Gender	Number of employees as at 1 April 2017	Training needs identified at start of reporting period			
			Apprenticeships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	114	0	57	0	57
	Male	173	0	52	0	52
Professionals	Female	1125	0	54	0	54
	Male	1138	0	70	0	70
Technicians and associate professionals	Female	825	0	68	0	68
	Male	814	0	54	0	54
Clerks	Female	777	0	445	0	445
	Male	393	0	286	0	286
Service and sales workers	Female	10	0	1	0	1
	Male	23	0	2	0	2
Craft and related trades workers	Female	5	0	0	0	0
	Male	19	0	0	0	0
Elementary occupations	Female	41	0	3	0	3
	Male	69	0	8	0	8
Sub Total	Female	2897	0	628	0	628
	Male	2629	0	472	0	472
Total		5526	0	1100	0	1100

3.14 Injury on duty

The following tables provide basic information on injury on duty.

Table 3.14.1 Injury on duty for the period 1 April 2017 and 31 March 2018

Nature of injury on duty	Number	% of total
Required basic medical attention only	7	67.50
Temporary Total Disablement	0	0.00
Permanent Disablement	1	12.50
Fatal	0	0.00
Total	8	100.00

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 for the period
1 April 2017 and 31 March 2018**

Nature of Consulting Services	Amount Paid (R'000)
Audit Committee (Non-Officials)	1 411
Board Member	4 789
Financial Management	13 501
Organisational Management	8 227
Project Management	365 094
Research & Advisory	04 187
Valuer	1 719
Com Of Enquiry	348
Qualification Verification	88
Translation & Transcription	95
Geo Information Services	172
Land & City Survey Services	715
L/Pvt Firm Legal Services	164 142
State Attorney Legal Advice	57 108
Aerial Photography	11 338
Casual Labourers	85
Employee Wellness	1 642
Event Promoters	178
Graphic Design	40
Interior Decorators	69
Photographer	1
Medical Services	35
Stage And Sound Crew	5
Trading Agent & Debt Collectors	175
Transport/Rick Contr	106
Plant Flowers & Other Decorations	27
Mnt&Rep Other Machinery & Equipment	3 160
A&S/O/S: Administration & Support Staff	8 385
A&S/O/S: Numbon Services: Communities	2 006
A&S/O/S: Financial Management	5 641
A&S/O/S: Land Claim Verification	234
A&S/O/S: Personnel & Labour	190
A&S/O/S: Researcher	311
Total Consultants And Professional Service	728 500

3.16 Severance Packages

Table 3.16.1 Granting of employee initiated severance packages for the period 1 April 2017 and 31 March 2018

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
Total	0	0	0	0

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rural development
& land reform

Department:
Rural Development and Land Reform
REPUBLIC OF SOUTH AFRICA



1. Report of Accounting Office

Department of Rural Development and Land Reform Report of the Accounting Officer to the Executive Authority and Parliament of the Republic of South Africa for the year ended 31 March 2018.

1. Overview of the operations of the department

It is my pleasure to present the Annual Report of the Department of Rural Development and Land Reform for 2017/18 financial year. The department has the following five programmes:-

Programme 1: Administration

Programme 2: National Geomatics Management Services

Programme 3: Rural Development

Programme 4: Restitution

Programme 5: Land Reform

During the period under review, the department successfully achieved 62% of performance targets that were set in the Annual Performance Plan of the department. Most of the performance targets that were achieved are under programme 4: Rural Development. The contributing factors to the achievement in this area was because provinces such as KwaZulu-Natal and Free State managed to facilitate additional skills development opportunities; KwaZulu-Natal also managed to support additional enterprises within arts and craft value-chain; and lastly, there was additional procurement of the mechanisation, implements and production inputs to support new agricultural enterprises in 44 districts municipalities aligned to the Agri-Parks programme.

The overall performance of the department was negatively affected by performance in programme 4: Restitution and programme 5: Land Reform. The challenges in restitution relate to non- acceptance of offers by claimants and land owners on restitution projects; and slow response from the newly created Office of the Valuer-General in terms of recommendations and sourcing of valuations. Under land reform, challenges relate to the Strengthening of Relative Rights projects that were put on-hold as a result of policy gaps that were identified; lack of adequate human resources to process labour tenants applications; and delays in the procurement processes for one household one hectare, and one household two dairy cows projects due to unreasonably high bid prices and cancellations.

In terms of the budget allocated for 2017/18, the department spent R 9.730 billion or 95.5 per cent of the adjusted appropriation of R 10.184 billion, leaving the total of unspent funds of R 454.1 million. Unspent funds were mainly due to vacant posts and the unspent funds allocated to the Public Private Partnership project for the construction of the office accommodation.

1.1 Departmental revenue

Department receipts	2017/18			2016/17		
	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	23 502	22 865	637	22 382	21 852	730
Interest, dividends and rent on land	48 564	30 940	18 624	27 889	29 761	(2 072)
Sales of capital assets	300	595	(295)	185	439	(254)
Transactions in financial assets and liabilities	13 781	27 208	(13 427)	7 859	21 797	(13 938)
Total revenue collected	87 147	81 608	5 539	58 115	73 849	(15 534)

The department's revenue increased from R73, 6 million in 2016/17 to R81,6 million in 2017/18. This represents an increase of R 8 million, however we have collected less than what we had estimated. The under collection on actual against estimate is R 5.5 million. The increase in actual collection is due to more money collected on the recoverable expenditure.

1.2 Programme expenditure

Programme	2017/18			2016/17		
	Final Appropriation	Actual Expenditure	Variance	Final Appropriation	Actual Expenditure	Variance
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	1 762 212	1 373 037	389 175	1 621 877	1 607 482	14 935
National Geomatics Management Services	652 389	618 203	34 186	676 947	668 582	8 365
Rural Development	2 009 507	1 996 657	13 850	1 832 279	1 814 769	17 510
Restitution	3 097 519	3 093 990	3 529	3 335 794	3 331 114	4 680
Land Reform	2 662 613	2 649 294	13 319	2 657 448	2 645 052	12 396
Total	10 184 240	9 730 181	454 059	10 124 345	10 066 999	57 346

Expenditure for the 2017/18 financial year was R9.730 billion or 95.5% of the final appropriation of R10.184 billion. In comparison, expenditure in 2016/17 was R10, 066 billion or 99.4% of the 2016/17 final appropriation of R10, 124 billion. Compared to 2016/17, expenditure in 2017/18 decreased by R336 million or annual average rate of 3.3%. This was mainly due to the unspent funds allocated to the Public Private Partnership project for the construction of the office accommodation.

Virement/Rollovers

Unspent funds within the department were shifted from Programme 4: Restitution (R141, 9 million) and Programme 2: National Geomatics Management Services (R8, 9 million), as depicted in the table below.

Programmes	2017/18	2017/18	2017/18
	Adjusted Appropriation	Virement	Final Appropriation
	R'000	R'000	R'000
Administration	1 735 790	26 422	1 762 212
National Geomatics Management Services	661 278	(8 889)	652 389
Rural Development	1 907 482	102 025	2 009 507
Restitution	3 236 450	(141 931)	3 094 519
Land Reform	2 640 240	22 373	2 662 613
Grand Total	10 184 240	-	10 184 240

Of the total unspent funds within Programme 4: Restitution, R58,1 million was shifted from Goods and Services items to cater for the legal services costs related to Land Rights Management Facility and office accommodation charges that were incurred within Programme 5: Land Reform and Programme 1: Administration respectively. Further, R83,8 million was shifted from Households items within Programme 4: Restitution to cater for spending on more rural enterprise and industrial development projects expenditure within Programme 3: Rural Development.

Programme 2: National Geomatics Management Services unspent funds mainly due to registration of fewer students than expected in the 2017 academic year were also shifted to cater for more rural enterprise and industrial development projects expenditure within Programme 3: Rural Development.

The department will realign and direct adequate budget where there is overspending during the budget process to prevent the recurrence of overspending in future years

Rollovers

The department had no rollovers.

1.3 Irregular, Fruitless and Wasteful expenditure

The reasons for fruitless and wasteful expenditure are attributed largely to the travel agency duplicate invoices and court orders against the department regarding land restitution cases, while the reason for irregular expenditure is attributable to contravention of supply chain prescripts such as failure to obtain approval before committing the departmental expenditure which results in ex-post facto. The department remains committed to eradicate non-compliance with laws and regulations and controls are continuously monitored.

The department hosted a workshop with officials, Internal Audit, the Auditor-General on compliance, clean audit and performance. The workshop also focused on adherence to reporting requirements as prescribed in the Public Finance Management Act (PFMA) as well as the Treasury Regulations; adherence to Supply Chain Management Prescripts in procuring goods and services; prevention and detection of irregular, unauthorised and fruitless and wasteful expenditure; and late payment of service providers.

2. Service rendered by the department

The department renders the followings services:

- Facilitating integrated spatial planning and land use management in all provinces;
- Providing support to rural communities in prioritised rural districts to enable them to improve their livelihoods;
- Facilitating infrastructure development to support rural economic transformation;
- Facilitating the development of rural enterprises and industries in areas with economic development potential and opportunities;
- Increasing job opportunities and ensure skills development through CRDP and land reform initiatives;
- Facilitating restoration of land rights or alternative forms of equitable redress
- Promoting equitable land redistribution and agricultural development by acquiring strategically located land;
- Providing comprehensive farm development support to smallholder farmers and land reform beneficiaries;
- Providing functional systems and institutional arrangements for tenure and land administration

3. Departmental challenges

The department's budget was never increased when the Rural Development Mandate was incorporated to the department in 2009, therefore it had to rearrange its budget allocation so that it also caters for the Rural Development mandate. The budget initially allocated for Land restoration, redistribution and development was then reduced drastically to accommodate rural development programme. This led to drastic reduction of budget for Land restoration, redistribution and development and therefore slowing down delivery of these programmes. Although strides have been made in restoring the land to its rightful owners, there has been deficiencies to ensure that this economic asset is productive through development funding due to limited funding available for the post settlement support.

The challenges in fasttracking land tenure and restitution matters are both financial and human resources capacity which is very lean to enable meaningful acceleration and insufficient financial resources to acquire more land.

4. Future plans of the department

The plans that the department has put in place for the new financial years seek to better integrate rural areas into the economy through the strengthening of the Land Reform Programmes, Infrastructure Development, Enterprise Development; job creation and skills development.

The department will urgently commence with phase three of the land audit which will look into land ownership patterns of trusts, companies and other communal entities. In the 2017/18 financial year the department will continue to implement various initiatives to transform the land administration system of our country, including the proposed legislative amendments of the Deeds environment. The capacity of the Commission will be increased in order to fast track the Land Restitution Programme.

For the 2018/19 financial year, the department has targeted to settle 1 151 land claims. The department has also targeted to acquire 90 000 hectares of strategically located land for allocation to benefit the smallholder farmers. The focus this year is to ensure that the acquired farms are productive and contribute to the agricultural economy. In order to ensure that this happens, the department will finalise the assessment of all PLAS farms in order to enable decision-making in terms of support required, leasing and disposal. All properties acquired since 1995 through various Land Reform projects will also be assessed.

The Agri-parks programme will also be fast tracked with the focus being on Farmer Support Units and Agri-hubs. Food security and productive utilisation of land remains a priority in the rural space and the department will aggressively pursue the implementation of the One Household, One Hectare and One Household, Two Dairy Cows programmes to improve household incomes and well-being.

The focus will also be to ensure enterprise development and job creation in the rural space with the Narysec programme being the major contributor in skills development in the rural space.

5. Public Private Partnerships

The Environmental Impact Assessment report was done, finalised and approved. The Traffic Impact assessment was completed and approved. The Early Works Agreement was finalised in June 2018 and the PPP agreement signed by October 2018. Construction will commence between December 2018 and January 2019. The draft layout of the 3D-Design of the office accommodation was presented to the Acting Director-General on 22 May 2018. The Technical Evaluation Committee was held on the 29 May 2018 to evaluate the proposal. Heritage Impact Assessment will be conducted before October 2018 as part of the Early Works Agreement in compliance with the safety regulations issues pertaining to building ability to accommodate people.

6. Discontinued activities/activities to be discontinued

There are no discontinued activities.

7. Supply Chain Management

7.1 Unsolicited bid proposals concluded for the year under review

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

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

Supply Chain Management processes and systems are implemented accordingly to prevent irregular expenditure i.e. Procurement Plan is submitted accordingly by 31 March every year and monitored quarterly and reported to National Treasury. Approvals and deviations are approved in writing by the delegated officials and relevant governance structures.

8. Exemptions and deviations received from National Treasury

All SCM deviations requests were prepared in line with SCM Instruction Note no 3 of 2016/2017. The National Treasury has supported few of SCM deviation requests presented to it by this department.

9. Gifts and donations received in kind from non-related parties

No such gifts and donations were received; however the department has donated assets to various schools and communities to the value of R 2 926 790.72.

10. Conclusion

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.

The department will also continue to improve corporate governance through 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.

The department continues to strive for improved governance by reducing adverse audit findings and working towards maintaining the record of unqualified audit 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.

11. Acknowledgements/appreciation

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.

I would like to specifically acknowledge the contribution and dedication shown by Ms Leona Archary, whilst serving as the acting Director-General during the period under review.

I also like to thank the Audit Committee; and the Risk and Compliance Committee for their guidance and support throughout the financial year.

The effective oversight role played by the Portfolio Committee on Rural Development and Land Reform and other Committees of Parliament is also acknowledged.



Ms Rendani Sadiki
Acting Director-General
Department of Rural Development and Land Reform

2. 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 114 to 189, which comprise the appropriation statement, the statement of financial position as at 31 March 2018, 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 2018, and its financial performance and cash flows for the year then ended in accordance with the Modified Cash Standards and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999).

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 this auditor's 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) and 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 25.1 to the financial statements, claims of R2 144 million (2017: R1 962 million) were instituted against the department. 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 25.1 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 R306,8 million (2017: R2,3 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 30.3 and 15.7 to the financial statements, provision is made for an impairment of R93,9 million, R80,2 million of which relates to the non-recovery of accrued departmental revenue (2017: R73 millions), while R13,7 million (2017: R11,6 million) relates to the provision for doubtful debts on staff debts.

Restatement of corresponding figures

10. As disclosed in notes 44 to the financial statements, the corresponding figures for 31 March 2017 were restated as a result of errors in the financial statements of the department at, and for the year ended 31 March 2018.

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 and the requirements of the PFMA of South Africa, 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 of Rural Development and Land Reform'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 the accounting officer either intends to liquidate the department or to cease operations, or has 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 the 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.
14. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

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 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.

17. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the department for the year ended 31 March 2018:

Programmes	Pages in the annual performance report
Programme 2 – geospatial and cadastral services	34 - 35
Programme 3 – rural development	36 - 37
Programme 4 - restitution	38 - 39
Programme 5 – land reform	40 - 42

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 raise 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

Other matters

20. I draw attention to the matters below.

Achievement of planned targets

21. Refer to the annual performance report on pages 32 to 42 for information on the achievement of planned targets for the year and explanations provided for the under/over achievement of a significant number of targets.

Adjustment of material misstatements

22. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of geospatial and cadastral service, rural development, and restitution and land reform. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

Report on the audit of compliance with legislation

Introduction and scope

23. 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.

24. The material findings on compliance with specific matters in key legislations are as follows:

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 R 2 946 000 as disclosed in note 31.1 to the annual financial statements, as required by section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1
27. Effective steps were not taken to prevent fruitless and wasteful expenditure amounting to R 11 545 000, as disclosed in note 32 to the annual financial statements, in contravention of section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1

Annual financial statements

28. The annual financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework, as required by section 40(1)(b) of the PFMA. Material misstatements relating to disclosures of commitments, principal-agent arrangements, prior period errors, contingent liabilities, public-private partnerships, as well as irregular and fruitless expenditure identified by the auditors in the submitted financial statements should be adequately corrected and/or the supporting records should be provided, which might then result in an improved audit outcome.

Other information

29. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report, which includes executive authority report, the accounting officer's report and the audit committee report. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported on in the auditor's report.
30. 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.
31. 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.
32. 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

33. 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 on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the annual performance report and the findings on compliance with legislation included in this report.

Leadership

34. Oversight and leadership was not fully effective, as evidenced by the misstatements identified in the financial statements. The department 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

35. 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 does not support the preparation of complete and credible financial information that is free of material misstatements.

Other reports

36. 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.

37. There are 70 cases currently under investigation by the Forensic Investigation Directorate. These investigations relate to:

- Allegations of misuse of S&T claims
- Allegations of travel irregularities at the ministry
- Allegations of fraud with RDP funding and housing
- Allegations of corruption
- Allegations of illegal activities
- Allegations of financial mismanagement
- Allegations of fraud and corruption committed by private companies
- Allegations of failure to pay monthly NARYSEC stipend
- Allegations of procurement irregularities
- Allegations of unlawful occupation of state owned farms
- Allegations of fraudulent activities
- Allegations of alleged land claim irregularities
- Allegations of corruption with supplier payments
- Allegations of fraud and corruption
- The Recapitalisation and development projects
- Allegations of unlawful land claims
- Allegations of irregular appointments of service providers
- Allegations of property fraud
- Mismanagement of land transfers
- Allegations of financial misconduct
- By-passing the billing system
- Allegations of manipulation of fuel claims
- Negligence
- Allegations of travel mismanagement
- The verification process and legitimacy of claimants
- Allegations of fraud with the SCM process
- Allegations of fraudulent transfers of state land
- Allegations of irregular and unlawful submission of tender documents
- Allegations of mismanagement of RADP funding
- Allegations of mismanagement of valuations

38. As at 31 March 2018, the department's Forensic Investigations Directorate had concluded 19 investigations relating to the following:

- Allegations of fraud and corruption
- Allegations of corruption with the appointment of service providers
- Allegations of procurement irregularities
- Allegations of financial mismanagement
- Allegations of manipulation of fuel claims
- Allegations of mismanagement of travel claims

Auditor-General

Pretoria
31 July 2018



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 this 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 this auditor's report. However, future events or conditions may cause a department to cease continuing 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.

Annual Financial Statements for the year ended 31 March 2018

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Appropriation Statement for the year ended 31 March 2018

APPROPRIATION PER PROGRAMME									
	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation Actual Expenditure	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Voted funds and Direct charges									
Programme									
1.ADMINISTRATION	1,735,790	-	26,422	1,762,212	1,373,037	389,175	77.9%	1,621,877	1,607,482
2.NATIONAL GEOMATIC MANAGEMENT SERVICES	661,278	-	(8,889)	652,389	618,203	34,186	94.8%	676,947	668,582
3.RURAL DEVELOPMENT	1,907,482	-	102,025	2,009,507	1,995,657	13,850	99.3%	1,832,279	1,814,769
4.RESTITUTION	3,239,450	-	(141,931)	3,097,519	3,093,990	3,529	99.9%	3,335,794	3,331,114
5.LAND REFORM	2,640,240	-	22,373	2,662,613	2,649,294	13,319	99.5%	2,657,448	2,645,052
TOTAL	10,184,240	-	-	10,184,240	9,730,181	454,059	95.5%	10,124,345	10,066,999
Reconciliation with Statement of Financial Performance									
Add:									
Departmental receipts				81,609				89,761	
Aid assistance				8,922				26,979	
Actual amounts per Statement of Financial Performance (Total Revenue)				10,274,771				10,241,085	
Add: Aid assistance					8,800				23,878
Actual amounts per Statement of Financial Performance Expenditure					9,738,981				10,090,877

APPROPRIATION PER ECONOMIC CLASSIFICATION									
	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation Actual Expenditure	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	3,922,442	(2,042)	-	3,920,400	3,466,561	453,839	88.4%	3,826,631	3,746,038
Compensation of employees	2,194,584	-	-	2,194,584	2,085,585	108,999	95.0%	2,142,593	2,065,290
Salaries and wages	1,917,695	1,557	-	1,919,252	1,817,716	101,536	94.7%	1,873,774	1,806,131
Social contributions	276,889	(1,557)	-	275,332	267,869	7,463	97.3%	268,819	259,159
Goods and services	1,727,858	(2,042)	-	1,725,816	1,377,245	348,571	79.8%	1,683,230	1,679,942
Administrative fees	29,298	1,223	(2,699)	27,822	27,807	15	99.9%	31,245	31,096
Advertising	15,914	(4,505)	(1,044)	10,365	10,362	3	100.0%	16,889	16,840
Minor assets	26,019	(17,266)	(2,327)	6,426	6,421	5	99.9%	10,662	10,487
Audit costs: External	21,420	(1,042)	(309)	20,069	20,069	-	100.0%	18,818	18,816
Bursaries: Employees	4,536	1,010	-	5,546	5,546	-	100.0%	4,149	4,149
Catering: Departmental activities									
Communication (G&S)	6,307	(805)	(726)	4,776	4,771	5	99.9%	5,056	5,002
Computer services	50,017	5,564	(1,462)	54,119	54,110	9	100.0%	63,831	63,612
Consultants: Business and advisory services	178,779	(40,524)	(72)	138,183	138,183	-	100.0%	227,337	227,313
Infrastructure and planning services	601,258	(90,729)	(21,644)	488,885	140,398	348,487	28.7%	188,723	188,704
Legal services	4,063	(1,684)	(1,492)	887	887	-	100.0%	710	707
Legal services	105,632	70,388	35,231	211,251	211,250	1	100.0%	193,730	193,715
Contractors	26,543	(8,922)	(656)	16,965	16,950	15	99.9%	30,706	30,654
Agency and support / outsourced services	29,052	(5,738)	(5,356)	17,958	17,958	-	100.0%	27,372	27,342
Entertainment	17	(14)	-	3	3	-	100.0%	2	-

Appropriation Statement for the year ended 31 March 2018

APPROPRIATION PER ECONOMIC CLASSIFICATION (CONTINUED)									
	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation Actual Expenditure	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Goods and services (cont)									
Fleet services (including government motor transport)	23,393	(2,280)	(1,980)	19,133	19,131	2	100.0%	17,864	17,733
Consumable supplies	12,480	(5,515)	(1,127)	5,838	5,837	1	100.0%	7,496	7,069
Consumable: Stationery, printing and office supplies	41,175	(9,560)	(4,772)	26,843	26,838	5	100.0%	30,120	29,901
Operating leases	165,535	32,907	26,654	225,096	225,093	3	100.0%	263,762	263,685
Property payments	140,222	(6,324)	(3,352)	130,546	130,545	1	100.0%	136,827	136,765
Transport provided:									
Departmental activity	3,805	(613)	(847)	2,345	2,345	-	100.0%	2,896	2,890
Travel and subsistence	158,958	92,956	(5,116)	246,798	246,786	12	100.0%	301,889	300,547
Training and development	16,686	(9,511)	(1)	7,174	7,173	1	100.0%	13,013	12,999
Operating payments	19,601	(8,292)	(2,565)	8,744	8,743	1	100.0%	13,239	13,112
Venues and facilities	41,606	7,291	(1,926)	46,971	46,967	4	100.0%	70,071	69,994
Rental and hiring	5,542	(57)	(2,412)	3,073	3,072	1	100.0%	6,823	6,810
Interest and rent on land	-	-	-	-	3,731	(3,731)	-	808	806
Interest (Incl. interest on unitary Spayments (PPP))	-	-	-	-	3,731	(3,731)	-	808	806
Transfers and subsidies	6,225,239	(680,608)	-	5,544,631	5,542,133	2,498	100.0%	5,565,213	5,563,969
Provinces and municipalities	94,999	122,742	-	217,741	217,740	1	100.0%	115,344	115,330
Municipalities	94,999	122,742	-	217,741	217,740	1	100.0%	115,344	115,330
Municipal bank accounts	94,999	122,742	-	217,741	217,740	1	100.0%	115,344	115,330
Departmental agencies and accounts	1,436,930	15	-	1,436,945	1,436,945	-	100.0%	1,539,208	1,539,207
Departmental agencies (non-business entities)	1,436,930	15	-	1,436,945	1,436,945	-	100.0%	1,539,208	1,539,207
Foreign governments and international organisations	1,653	732	-	2,385	2,385	-	100.0%	2,360	2,333
Public corporations and private enterprises	1	-	-	1	-	1	-	1	-
Public corporations	1	-	-	1	-	1	-	1	-
Subsidies on products and production (pc)	-	-	-	-	-	-	-	1	-
Other transfers to public corporations	1	-	-	1	-	1	-	-	-
Non-profit institutions	3,492	-	-	3,492	3,492	-	100.0%	3,326	3,326
Households	4,688,164	(804,097)	-	3,884,067	3,881,571	2,496	99.9%	3,904,974	3,903,773
Social benefits	1,937	2,383	1,527	5,847	5,847	-	100.0%	7,055	7,007
Other transfers to households	4,686,227	(806,480)	(1,527)	3,787,220	3,875,724	2,496	99.9%	3,897,919	3,896,766
Payments for capital assets	36,559	682,650	-	719,209	718,035	1,174	99.8%	732,501	732,278
Buildings and other fixed structures	-	563,316	-	563,316	563,316	-	100%	568,868	568,866
Buildings	-	2,042	-	2,042	2,042	-	100%	-	-
Other fixed structures	-	561,274	-	561,274	561,274	-	100%	568,868	568,866
Machinery and equipment	36,559	12,149	(3,939)	44,769	43,595	1,174	97.4%	59,228	59,009
Transport equipment	2,027	17	(707)	1,337	1,337	-	100.0%	3,684	3,682
Other machinery and equipment	34,532	12,132	(3,232)	43,432	42,258	1,174	97.3%	55,544	55,327
Land and sub-soil assets	-	107,185	3,939	111,124	111,124	-	100.0%	104,405	104,403
Payment for financial assets	-	-	-	-	3,452	(3,452)	-	-	24,714
	10,184,240	-	-	10,184,240	9,730,181	454,059	95.5%	10,124,345	10,066,999

Appropriation Statement for the year ended 31 March 2018

PROGRAMME 1: ADMINISTRATION									
	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation Actual Expenditure	Actual Expenditure
Voted funds and Direct charges	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
SUB PROGRAMME									
1.MINISTRY	42,745	2,504	-	45,249	45,223	26	99.9%	46,604	46,568
2.MANAGEMENT	171,231	(1,802)	152	169,581	164,863	4,718	97.2%	166,169	165,933
3.INTERNAL AUDIT	39,321	(4,335)	(127)	34,859	34,434	425	98.8%	41,389	40,462
4.CORPORATE SERVICES	412,464	(34,987)	(1,636)	375,841	364,269	11,572	96.9%	476,902	469,435
5.FINANCIAL SERVICES	186,423	(3,330)	(497)	182,596	179,887	2,709	98.5%	282,812	282,636
6.OFFICE ACCOMMODATION	531,990	20,672	27,508	580,170	231,729	348,441	39.9%	262,873	262,871
7.PROVINCIAL CO-ORDINATION	351,616	21,278	1,022	373,916	352,632	21,284	94.3%	345,128	339,577
	1,735,790	-	26,422	1,762,212	1,373,037	389,175	77.9%	1,621,877	1,607,482

Economic classification									
Current payments	1,722,327	(2,042)	27,508	1,747,793	1,358,069	389,724	77.7%	1,598,122	1,578,703
Compensation of employees	739,278	-	-	739,278	697,285	41,993	94.3%	718,196	700,157
Salaries and wages	645,045	2,269	-	647,314	607,840	39,474	93.9%	627,330	612,526
Social contributions	94,233	(2,269)	-	91,964	89,445	2,519	97.3%	90,866	87,631
Goods and services	983,049	(2,042)	27,508	1,008,515	660,033	348,482	65.4%	879,807	878,427
Administrative fees	6,337	(514)	-	5,823	5,817	6	99.9%	6,732	6,664
Advertising	7,239	(3,416)	-	3,823	3,822	1	100.0%	5,840	5,827
Minor assets	6,169	(3,884)	-	2,285	2,284	1	100.0%	2,119	2,047
Audit costs: External	17,584	799	-	18,383	18,383	-	100.0%	17,203	17,203
Bursaries: Employees	4,497	1,049	-	5,546	5,546	-	100.0%	4,149	4,149
Catering: Departmenta activities	863	(269)	-	594	592	2	99.7%	502	488
Communication (G&S)	18,590	1,946	-	20,536	20,531	5	100.0%	18,598	18,511
Computer services	158,875	(36,795)	-	122,080	122,080	-	100.0%	208,093	208,078
Consultants: Business and advisory services	378,515	(3,092)	-	375,423	26,978	348,445	7.2%	97,153	97,146
Legal services	6,834	17,439	-	24,273	24,272	1	100.0%	24,425	24,420
Contractors	6,421	(4,046)	-	2,375	2,371	4	99.8%	5,789	5,771
Agency and support / outsourced services	15,113	(6,843)	-	8,270	8,270	-	100.0%	9,446	9,440
Entertainment	5	(3)	-	2	2	-	100.0%	2	-
Fleet services (including government motortransport)	7,021	(1,380)	-	5,641	5,640	1	100.0%	6,712	6,649
Consumable supplies	4,852	(2,635)	-	2,217	2,217	-	100.0%	2,539	2,336
Consumable: Stationery, printing and office supplies	10,034	(2,912)	-	7,122	7,119	3	100.0%	10,451	10,349
Operating leases	149,948	27,705	27,508	205,161	205,160	1	100.0%	236,448	236,408
Property payments	113,161	(3,665)	-	109,496	109,495	1	100.0%	111,937	111,916
Travel and subsistence	43,829	25,003	-	68,832	68,823	9	100.0%	80,210	79,650
Training and development	14,771	(9,166)	-	5,605	5,604	1	100.0%	9,778	9,773
Operating payments	6,367	(3,183)	-	3,184	3,184	-	100.0%	4,912	4,864
Venues and facilities	5,938	5,066	-	11,004	11,003	1	100.0%	16,313	16,283
Rental and hiring	86	754	-	840	840	-	100.0%	456	455
Interest and rent on land	-	-	-	-	751	(751)	-	119	119
Interest (Incl. interest on unitary payments)(PPP)	-	-	-	-	751	(751)	-	119	119

Appropriation Statement for the year ended 31 March 2018

PROGRAMME 1: ADMINISTRATION (CONTINUED)									
	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation Actual Expenditure	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Transfers and subsidies	569	-	1,522	2,091	2,091	-	100.0%	2,269	2,244
Provinces and municipalities	31	(13)	(5)	13	13	-	100.0%	28	24
Municipalities	31	(13)	(5)	13	13	-	100.0%	28	24
Municipal bank Accounts	31	(13)	(5)	13	13	-	100.0%	28	24
Departmental agencies and accounts	-	13	-	13	13	-	100.0%	1	-
Departmental agencies (non-business entities)	-	13	-	13	13	-	100.0%	1	-
Households	538	-	1,527	2,065	2,065	-	100.0%	2,240	2,220
Social benefits	538	-	1,527	2,065	2,065	-	100.0%	2,237	2,218
Other transfers to households	-	-	-	-	-	-	-	3	2
Payments for capital assets	12,894	2,042	(2,608)	12,328	11,157	1,171	90.5%	21,486	21,402
Buildings and other fixed structures	-	2,042	-	2,042	2,042	-	100.0%	2,703	2,701
Buildings	-	2,042	-	2,042	2,042	-	100.0%	-	-
Other fixed structures	-	-	-	-	-	-	-	2,703	2,701
Machinery and equipment	12,894	-	(2,608)	10,286	9,115	1,171	88.6%	18,783	18,701
Transport equipment	2,027	(27)	(707)	1,293	1,293	-	100.0%	1,040	1,040
Other machinery and equipment	10,867	27	(1,901)	8,993	7,822	1,171	87.0%	17,743	17,661
Payment for financial assets	-	-	-	-	1,720	(1,720)	-	-	5,133
	1,735,790	-	26,422	1,762,212	1,373,037	389,175	77.9%	1,621,877	1,607,482

Appropriation Statement for the year ended 31 March 2018

SUB PROGRAMME: 1.1: MINISTRY									
	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation Actual Expenditure	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	42,457	2,450	-	44,907	44,749	158	99.6%	46,377	46,284
Compensation of employees	24,990	2,004	-	26,994	26,840	154	99.4%	23,979	23,958
Salaries and wages	23,125	1,992	-	25,117	24,967	150	99.4%	22,212	22,198
Social contributions	1,865	12	-	1,877	1,873	4	99.8%	1,767	1,760
Goods and services	17,467	446	-	17,913	17,909	4	100.0%	22,279	22,207
Administrative fees	328	210	-	538	538	-	100.0%	725	718
Advertising	20	(16)	-	4	3	1	75.0%	1	1
Minor assets	200	(126)	-	74	74	-	100.0%	21	17
Catering: Departmental activities	16	(13)	-	3	3	-	100.0%	13	12
Communication (G&S)	1,025	176	-	1,201	1,200	1	99.9%	1,492	1,487
Computer services	6	(6)	-	-	-	-	-	15	15
Consultants: Business and advisory services	1,077	(96)	-	981	981	-	100.0%	907	907
Legal services	-	-	-	-	-	-	-	124	123
Contractors	10	(10)	-	-	-	-	-	-	-
Fleet services (including government motor transport)	978	253	-	1,231	1,231	-	100.0%	1,103	1,092
Consumable supplies	104	(41)	-	63	63	-	100.0%	63	56
Consumable: Stationery, printing and office supplies	818	(370)	-	448	448	-	100.0%	578	573
Operating leases	1,330	(128)	-	1,202	1,202	-	100.0%	1,627	1,625
Travel and subsistence	11,353	619	-	11,972	11,970	2	100.0%	15,512	15,485
Training and development	70	(70)	-	-	-	-	-	-	-
Operating payments	100	16	-	116	116	-	100.0%	83	82
Venues and facilities	32	48	-	80	80	-	100.0%	15	14
Interest and rent on land	-	-	-	-	-	-	-	119	119
Interest (Incl. interest on unitary payments (PPP))	-	-	-	-	-	-	-	119	119
Transfers and subsidies	-	-	-	-	-	-	-	11	10
Departmental agencies and accounts	-	-	-	-	-	-	-	1	-
Departmental agencies (non-business entities)	-	-	-	-	-	-	-	1	-
Households	-	-	-	-	-	-	-	10	10
Social benefits	-	-	-	-	-	-	-	10	10
Payments for capital assets	288	54	-	342	342	-	100.0%	216	213
Machinery and equipment	288	54	-	342	342	-	100.0%	216	213
Transport equipment	-	-	-	-	-	-	-	-	-
Other machinery and equipment	288	54	-	342	342	-	100.0%	216	213
Payment for financial assets	-	-	-	-	132	(132)	-	-	61
Total	42,745	2,504	-	45,249	45,223	26	99.9%	46,604	46,568

Appropriation Statement for the year ended 31 March 2018

SUB PROGRAMME: 1.2: MANAGEMENT									
	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation Actual Expenditure	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	170,696	(1,598)	-	169,098	164,142	4,956	97.1%	165,072	164,737
Compensation of employees	80,920	(1,922)	-	78,998	74,049	4,949	93.7%	72,657	72,563
Salaries and wages	71,739	(2,035)	-	69,704	65,199	4,505	93.5%	64,105	64,045
Social contributions	9,181	113	-	9,294	8,850	444	95.2%	8,552	8,518
Goods and services	89,776	324	-	90,100	90,093	7	100.0%	92,415	92,174
Administrative fees	619	(75)	-	544	543	1	99.8%	1,345	1,333
Advertising	115	(84)	-	31	31	-	100.0%	251	248
Minor assets	91	(49)	-	42	42	-	100.0%	212	207
Catering: Departmental activities	215	(95)	-	120	119	1	99.2%	130	127
Communication (G&S)	1,117	210	-	1,327	1,326	1	99.9%	1,429	1,412
Computer services	4,172	(413)	-	3,759	3,759	-	100.0%	4,033	4,030
Consultants: Business and advisory services	14,720	227	-	14,947	14,946	1	100.0%	2,318	2,316
Contractors	2,038	(2,015)	-	23	22	1	95.7%	1,202	1,198
Agency and support / outsourced services	58	(58)	-	-	-	-	-	693	692
Entertainment	-	-	-	-	-	-	-	2	-
Fleet services (including government motor transport)	200	(102)	-	98	98	-	100.0%	116	110
Consumable supplies	678	(478)	-	200	200	-	100.0%	211	183
Consumable: Stationery, printing and office supplies	1,098	(228)	-	870	870	-	100.0%	1,595	1,579
Operating leases	184	63	-	247	247	-	100.0%	372	365
Property payments	56,397	1,377	-	57,774	57,774	-	100.0%	55,033	55,032
Travel and subsistence	6,477	2,108	-	8,585	8,583	2	100.0%	19,059	18,944
Training and development	-	-	-	-	-	-	-	2	2
Operating payments	667	(306)	-	361	361	-	100.0%	633	627
Venues and facilities	930	242	-	1,172	1,172	-	100.0%	3,328	3,319
Rental and hiring	-	-	-	-	-	-	-	451	450
Transfers and subsidies	-	-	152	152	152	-	100.0%	139	137
Households	-	-	152	152	152	-	100.0%	139	137
Social benefits	-	-	152	152	152	-	100.0%	139	137
Payments for capital assets	535	(204)	-	331	331	-	100.0%	958	950
Machinery and equipment	535	(204)	-	331	331	-	100.0%	958	950
Other machinery and equipment	535	(204)	-	331	331	-	100.0%	958	950
Payment for financial assets	-	-	-	-	238	(238)	-	-	109
Total	171,231	(1,802)	152	169,581	164,863	4,718	97.2%	166,169	165,933

Appropriation Statement for the year ended 31 March 2018

SUB PROGRAMME: 1.3: INTERNAL AUDIT									
	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation Actual Expenditure	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	38,893	(4,232)	-	34,661	34,219	442	98.7%	41,201	40,255
Compensation of employees	24,473	-	-	24,473	24,035	438	98.2%	31,165	30,273
Salaries and wages	21,657	(19)	-	21,638	21,248	390	98.2%	27,701	26,864
Social contributions	2,816	19	-	2,835	2,787	48	98.3%	3,464	3,409
Goods and services	14,420	(4,232)	-	10,188	10,184	4	100.0%	10,036	9,982
Administrative fees	84	13	-	97	96	1	99.0%	113	109
Minor assets	196	(4)	-	192	192	-	100.0%	5	4
Catering: Departmental activities	43	(2)	-	41	41	-	100.0%	33	32
Communication (G&S)	237	5	-	242	242	-	100.0%	335	332
Computer services	596	(596)	-	-	-	-	-	139	139
Consultants: Business and advisory services	1,246	(222)	-	1,024	1,023	1	99.9%	1,077	1,076
Contractors	-	-	-	-	-	-	-	5	5
Agency and support / outsourced services	9,384	(3,743)	-	5,641	5,641	-	100.0%	4,605	4,604
Fleet services (including government motor transport)	35	(25)	-	10	10	-	100.0%	14	13
Consumable supplies	48	(15)	-	33	33	-	100.0%	53	43
Consumable: Stationery, printing and office supplies	240	(104)	-	136	136	-	100.0%	225	224
Operating leases	51	22	-	73	73	-	100.0%	95	94
Travel and subsistence	2,040	398	-	2,438	2,436	2	99.9%	3,169	3,143
Training and development	-	-	-	-	-	-	-	10	10
Operating payments	220	30	-	250	250	-	100.0%	158	154
Venues and facilities	-	11	-	11	11	-	100.0%	-	-
Transfers and subsidies	80	-	-	80	80	-	100.0%	116	114
Households	80	-	-	80	80	-	100.0%	116	114
Social benefits	80	-	-	80	80	-	100.0%	116	114
Other transfers to households	-	-	-	-	-	-	-	-	-
Payments for capital assets	348	(103)	(127)	118	118	-	100.0%	72	72
Machinery and equipment	348	(103)	(127)	118	118	-	100.0%	72	72
Other machinery and equipment	348	(103)	(127)	118	118	-	100.0%	72	72
Payment for financial assets	-	-	-	-	17	(17)	-	-	21
Total	39,321	(4,335)	(127)	34,859	34,434	425	98.8%	41,389	40,462

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SUB PROGRAMME: 1.4: CORPORATE SERVICES									
	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation Actual Expenditure	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	407,228	(34,983)	-	372,245	360,299	11,946	96.8%	470,312	458,304
Compensation of employees	183,351	-	-	183,351	171,413	11,938	93.5%	191,974	180,318
Salaries and wages	161,220	1,449	-	162,669	150,868	11,801	92.7%	170,807	159,778
Social contributions	22,131	(1,449)	-	20,682	20,545	137	99.3%	21,167	20,540
Goods and services	223,877	(34,983)	-	188,894	188,886	8	100.0%	278,334	277,986
Administrative fees	2,894	(1,555)	-	1,339	1,338	1	99.9%	1,418	1,406
Advertising	5,701	(2,399)	-	3,302	3,302	-	100.0%	4,427	4,424
Minor assets	1,857	(1,551)	-	306	306	-	100.0%	332	316
Bursaries: Employees	4,492	1,054	-	5,546	5,546	-	100.0%	4,149	4,149
Catering: Departmental activities	11	53	-	64	63	1	98.4%	99	99
Communication (G&S)	1,858	3,153	-	5,011	5,011	-	100.0%	6,440	6,420
Computer services	151,694	(34,157)	-	117,537	117,537	-	100.0%	198,120	198,113
Consultants: Business and advisory services	9,670	(936)	-	8,734	8,733	1	100.0%	3,338	3,335
Legal services	6,728	16,312	-	23,040	23,039	1	100.0%	23,520	23,518
Contractors	2,235	(525)	-	1,710	1,710	-	100.0%	2,367	2,364
Agency and support/ outsourced services	3,013	(2,739)	-	274	274	-	100.0%	1,161	1,161
Fleet services (including government motor transport)	92	(22)	-	70	70	-	100.0%	129	125
Consumable supplies	1,152	(373)	-	779	779	-	100.0%	1,045	978
Consumable: Stationery, printing and office supplies	2,180	(507)	-	1,673	1,673	-	100.0%	2,413	2,481
Operating leases	164	(63)	-	101	100	1	99.0%	190	176
Property payments	486	(316)	-	170	169	1	99.4%	749	744
Travel and subsistence	7,378	(187)	-	7,191	7,190	1	100.0%	8,315	8,175
Training and development	14,698	(9,093)	-	5,605	5,604	1	100.0%	9,300	9,297
Operating payments	3,335	(1,738)	-	1,597	1,597	-	100.0%	2,655	2,641
Venues and facilities	4,226	619	-	4,845	4,845	-	100.0%	8,071	8,064
Rental and hiring	13	(13)	-	-	-	-	-	-	-
Transfers and subsidies	212	-	138	350	350	-	100.0%	1,171	1,165
Households	212	-	138	350	350	-	100.0%	1,171	1,165
Social benefits	212	-	138	350	350	-	100.0%	1,171	1,165
Payments for capital assets	5,024	(4)	(1,774)	3,246	2,495	751	76.9%	5,419	5,397
Machinery and equipment	5,024	(4)	(1,774)	3,246	2,495	751	76.9%	5,419	5,397
Other machinery and equipment	5,024	(4)	(1,774)	3,246	2,495	751	76.9%	5,419	5,397
Payment for financial assets	-	-	-	-	1,125	(1,125)	-	-	4,569
Total	412,464	(34,987)	(1,636)	375,841	364,269	11,572	96.9%	476,902	469,435

Appropriation Statement for the year ended 31 March 2018

SUB PROGRAMME: 1.5: FINANCIAL SERVICES									
	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation Actual Expenditure	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	182,663	(3,321)	-	179,342	176,969	2,373	98.7%	274,311	274,057
Compensation of employees	114,808	-	-	114,808	111,690	3,118	97.3%	115,667	115,611
Salaries and wages	98,720	534	-	99,254	96,313	2,941	97.0%	100,667	100,630
Social contributions	16,088	(534)	-	15,554	15,377	177	98.9%	15,000	14,981
Goods and services	67,855	(3,321)	-	64,534	64,528	6	100.0%	158,644	158,446
Administrative fees	1,728	(392)	-	1,336	1,335	1	99.9%	2,288	2,280
Advertising	848	(607)	-	241	241	-	100.0%	555	553
Minor assets	1,320	(795)	-	525	525	-	100.0%	795	777
Audit costs: External	17,584	799	-	18,383	18,383	-	100.0%	17,203	17,203
Catering: Departmental activities	147	(74)	-	73	73	-	100.0%	10	8
Communication (G&S)	11,044	(3,548)	-	7,496	7,495	1	100.0%	4,204	4,196
Computer services	2,395	(1,612)	-	783	783	-	100.0%	5,570	5,566
Consultants: Business and advisory services	1,319	(23)	-	1,296	1,295	1	99.9%	88,506	88,505
Contractors	1,472	(861)	-	611	610	1	99.8%	1,791	1,789
Agency and support/outsourced services	492	(99)	-	393	393	-	100.0%	393	393
Fleet services (including government motor transport)	2,094	(1,248)	-	846	845	1	99.9%	1,458	1,448
Consumable supplies	2,129	(1,379)	-	750	750	-	100.0%	824	787
Consumable: Stationery, printing and office supplies	2,065	(661)	-	1,404	1,404	-	100.0%	1,895	1,881
Operating leases	4,678	(1,027)	-	3,651	3,651	-	100.0%	2,094	2,087
Property payments	12,083	(1,624)	-	10,459	10,459	-	100.0%	11,008	11,003
Travel and subsistence	5,723	8,849	-	14,572	14,571	1	100.0%	15,986	15,917
Training and development	-	-	-	-	-	-	-	439	438
Operating payments	696	(416)	-	280	280	-	100.0%	482	474
Venues and facilities	38	1,397	-	1,435	1,435	-	100.0%	3,143	3,141
Interest and rent on land	-	-	-	-	-	-	-	-	-
Interest (Incl. interest on unitary payments (PPP))	-	-	-	-	751	(751)	-	-	-
Interest (Incl. interest on unitary payments (PPP))	-	-	-	-	751	(751)	-	-	-
Transfers and subsidies	169	(11)	210	368	368	-	100.0%	93	92
Provinces and municipalities	20	(11)	-	9	9	-	100.0%	10	9
Municipalities	20	(11)	-	9	9	-	100.0%	10	9
Municipal bank accounts	20	(11)	-	9	9	-	100.0%	10	9
Households	149	-	210	359	359	-	100.0%	83	83
Social benefits	149	-	210	359	359	-	100.0%	83	83
Payments for capital assets	3,591	2	(707)	2,886	2,466	420	85.4%	8,408	8,388
Buildings and other fixed structures	-	-	-	-	-	-	-	2,703	2,701
Other fixed structures	-	-	-	-	-	-	-	2,703	2,701
Machinery and equipment	3,591	2	(707)	2,886	2,466	420	85.4%	5,705	5,687
Transport equipment	2,027	(27)	(707)	1,293	1,293	-	100.0%	1,040	1,040
Other machinery and equipment	1,564	29	-	1,593	1,173	420	73.6%	4,665	4,647
Payment for financial asset	-	-	-	-	84	(84)	-	-	99
Total	186,423	(3,330)	(497)	182,596	179,887	2,709	98.5%	282,812	282,636

Appropriation Statement for the year ended 31 March 2018

SUB PROGRAMME: 1.6: OFFICE ACCOMMODATION									
	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation Actual Expenditure	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	531,990	18,630	27,508	578,128	229,687	348,441	39.7%	262,873	262,871
Goods and services	531,990	18,630	27,508	578,128	229,687	348,441	39.7%	262,873	262,871
Consultants: Business and advisory services	350,483	(2,042)	-	348,441	-	348,441	-	-	-
Operating leases	141,696	22,999	27,508	192,203	192,203	-	100.0%	221,537	221,536
Property payments	39,811	(2,327)	-	37,484	37,484	-	100.0%	41,336	41,335
Payments for capital assets	-	2,042	-	2,042	2,042	-	100.0%	-	-
Buildings and other fixed structures	-	2,042	-	2,042	2,042	-	100.0%	-	-
Buildings	-	2,042	-	2,042	2,042	-	100.0%	-	-
Total	531,990	20,672	27,508	580,170	231,729	348,441	39.9%	262,873	262,871

Appropriation Statement for the year ended 31 March 2018

SUB PROGRAMME: 1.7: PROVINCIAL COORDINATION									
	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation Actual Expenditure	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	348,400	21,012	-	369,412	348,004	21,408	94.2%	337,976	332,195
Compensation of employees	310,736	(82)	-	310,654	289,258	21,396	93.1%	282,754	277,434
Salaries and wages	268,584	348	-	268,932	249,245	19,687	92.7%	241,838	239,011
Social contributions	42,152	(430)	-	41,722	40,013	1,709	95.9%	40,916	38,423
Goods and services	37,664	21,094	-	58,758	58,746	12	100.0%	55,222	54,761
Administrative fees	684	1,285	-	1,969	1,967	2	99.9%	843	818
Advertising	555	(310)	-	245	245	-	100.0%	606	601
Minor assets	2,505	(1,359)	-	1,146	1,145	1	99.9%	754	726
Bursaries: Employees	5	(5)	-	-	-	-	-	-	-
Catering: Departmental activities	431	(138)	-	293	293	-	100.0%	217	210
Communication (G&S)	3,309	1,950	-	5,259	5,257	2	100.0%	4,698	4,664
Computer services	12	(11)	-	1	1	-	100.0%	216	215
Consultants: Business and advisory services	-	-	-	-	-	-	-	1,007	1,007
Legal services	106	1,127	-	1,233	1,233	-	100.0%	781	779
Contractors	666	(635)	-	31	29	2	93.5%	424	415
Agency and support / outsourced services	2,166	(204)	-	1,962	1,962	-	100.0%	2,594	2,590
Entertainment	5	(3)	-	2	2	-	100.0%	-	-
Fleet services (including government motor transport)	3,622	(236)	-	3,386	3,386	-	100.0%	3,892	3,861
Consumable supplies	741	(349)	-	392	392	-	100.0%	343	289
Consumable: Stationery, printing and office supplies	3,633	(1,042)	-	2,591	2,588	3	99.9%	3,645	3,611
Operating leases	1,845	5,839	-	7,684	7,684	-	100.0%	10,533	10,525
Property payments	4,384	(775)	-	3,609	3,609	-	100.0%	3,811	3,802
Travel and subsistence	10,858	13,216	-	24,074	24,073	1	100.0%	18,169	17,986
Training and development	3	(3)	-	-	-	-	-	27	26
Operating payments	1,349	(769)	-	580	580	-	100.0%	901	886
Venues and facilities	712	2,749	-	3,461	3,460	1	100.0%	1,756	1,745
Rental and hiring	73	767	-	840	840	-	100.0%	5	5
Transfers and subsidies	108	11	1,022	1,141	1,141	-	100.0%	739	726
Provinces and municipalities	11	(2)	(5)	4	4	-	100.0%	18	15
Municipalities	11	(2)	(5)	4	4	-	100.0%	18	15
Municipal bank accounts	11	(2)	(5)	4	4	-	100.0%	18	15
Departmental agencies and accounts	-	13	-	13	13	-	100.0%	-	-
Departmental agencies (non-business entities)	-	13	-	13	13	-	100.0%	-	-
Households	97	-	1,027	1,124	1,124	-	100.0%	721	711
Social benefits	97	-	1,027	1,124	1,124	-	100.0%	718	709
Other transfers to households	-	-	-	-	-	-	-	3	2
Payments for capital assets	3,108	255	-	3,363	3,363	-	100.0%	6,413	6,382
Machinery and equipment	3,108	255	-	3,363	3,363	-	100.0%	6,413	6,382
Other machinery and equipment	3,108	255	-	3,363	3,363	-	100.0%	6,413	6,382
Payment for financial assets	-	-	-	-	124	(124)	-	-	274
Total	351,616	21,278	1,022	373,916	352,632	21,284	94.3%	345,128	339,577

Appropriation Statement for the year ended 31 March 2018

PROGRAMME 2: NATIONAL GEOMATICS MANAGEMENT SERVICES									
	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation Actual Expenditure	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
SUB PROGRAMME									
1.NATIONAL GEOMATICS MANAGEMENT SERVICES	494,396	3,485	(8,261)	489,620	467,085	22,535	95.4%	510,604	505,713
2.SPATIAL PLANNING AND LAND USE MANAGEMENT	159,390	(3,485)	(628)	155,277	143,626	11,651	92.5%	159,017	155,543
3.REGISTRATION OF DEEDS TRADING ACCOUNT	-	-	-	-	-	-	-	-	-
4.SOUTH AFRICAN COUNCIL FOR PLANNERS	3,492	-	-	3,492	3,492	-	100.0%	3,326	3,326
5.SOUTH AFRICAN GEOMATICS COUNCIL	4,000	-	-	4,000	4,000	-	100.0%	4,000	4,000
	661,278		(8,889)	652,389	618,203	34,186	94.8%	676,947	668,582

	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation Actual Expenditure	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Economic classification									
Current payments	617,717	-	1,743	619,460	584,677	34,783	94.4%	631,426	611,864
Compensation of employees	487,122	-	-	487,122	452,359	34,763	92.9%	484,981	465,745
Salaries and wages	429,633	(275)	-	429,358	395,905	33,453	92.2%	427,016	411,332
Social contributions	57,489	275	-	57,764	56,454	1,310	97.7%	57,965	54,413
Goods and services	130,595	-	1,743	132,338	132,318	20	100.0%	146,445	146,119
Administrative fees	998	(144)	-	854	854	-	100.0%	1,789	1,767
Advertising	1,677	68	-	1,745	1,745	-	100.0%	2,636	2,628
Minor assets	3,168	(1,881)	265	1,552	1,551	1	99.9%	794	782
Catering: Departmental activities	197	(90)	3	110	107	3	97.3%	282	272
Communication (G&S)	3,790	1,074	2	4,866	4,864	2	100.0%	6,595	6,560
Computer services	16,063	(2,386)	-	13,677	13,677	-	100.0%	13,623	13,620
Consultants: Business and advisory services	62,885	(1,384)	-	61,501	61,501	-	100.0%	55,458	55,454
Infrastructure and planning services	1,652	(1,482)	-	170	170	-	100.0%	101	100
Legal services	-	-	-	-	-	-	-	4	4
Contractors	12,745	1,082	157	13,984	13,974	10	99.9%	17,420	17,412
Agency and support / outsourced services	-	197	-	197	197	-	100.0%	3,346	3,344
Entertainment	-	1	-	1	1	-	100.0%	-	-
Fleet services (including government motor transport)	637	487	-	1,124	1,124	-	100.0%	1,176	1,164
Consumable supplies	1,435	(737)	51	749	748	1	99.9%	856	809
Consumable: Stationery, printing and office supplies	4,263	(970)	-	3,293	3,292	1	100.0%	4,769	4,756
Operating leases	2,045	133	170	2,348	2,348	-	100.0%	3,172	3,166

Appropriation Statement for the year ended 31 March 2018

PROGRAMME 2: NATIONAL GEOMATICS MANAGEMENT SERVICES (CONTINUED)									
	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation Actual Expenditure	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Economic classification									
Current payments									
Goods and services									
Property payments	5,288	(629)	202	4,861	4,861	-	100.0%	6,776	6,769
Travel and subsistence	9,863	6,282	744	16,889	16,889	-	100.0%	21,962	21,839
Training and development	1,760	(617)	-	1,143	1,143	-	100.0%	1,067	1,065
Operating payments	1,047	90	149	1,286	1,285	1	99.9%	2,010	2,003
Venues and facilities	1,082	906	-	1,988	1,987	1	99.9%	2,609	2,605
Transfers and subsidies	35,249	-	(7,937)	27,312	27,312	-	100.0%	32,249	32,212
Provinces and municipalities	16	-	(8)	8	8	-	100.0%	2	2
Municipalities	16	-	(8)	8	8	-	100.0%	2	2
Municipal bank accounts	16	-	(8)	8	8	-	100.0%	2	2
Departmental agencies and accounts	4,000	-	-	4,000	4,000	-	100.0%	4,000	4,000
Departmental agencies (non-business entities)	4,000	-	-	4,000	4,000	-	100.0%	4,000	4,000
Foreign governments and international organisations	1,653	732	-	2,385	2,385	-	100.0%	2,360	2,333
Non-profit institutions	3,492	-	-	3,492	3,492	-	100.0%	3,326	3,326
Households	26,088	(732)	(7,929)	17,427	17,427	-	100.0%	22,561	22,551
Social benefits	734	1,086	-	1,820	1,820	-	100.0%	3,060	3,051
Other transfers to households	25,354	(1,818)	(7,929)	15,607	15,607	-	100.0%	19,501	19,500
Payments for capital assets	8,312	-	(2,695)	5,617	5,617	-	100.0%	13,272	13,240
Machinery and equipment	8,312	-	(2,695)	5,617	5,617	-	100.0%	13,272	13,240
Transport equipment	-	-	-	-	-	-	-	2,601	2,600
Other machinery and equipment	8,312	-	(2,695)	5,617	5,617	-	100.0%	10,671	10,640
Payment for financial assets	-	-	-	-	597	(597)	-	-	11,266
	661,278	-	(8,889)	652,389	618,203	34,186	94.8%	676,947	668,582

Appropriation Statement for the year ended 31 March 2018

SUB PROGRAMME: 2.1: NATIONAL GEOMATICS MANAGEMENT SERVICES									
	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation Actual Expenditure	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	460,527	3,491	1,743	465,761	442,692	23,069	95.0%	474,234	463,333
Compensation of employees	411,099	-	-	411,099	388,045	23,054	94.4%	403,095	392,399
Salaries and wages	360,779	18	-	360,797	338,639	22,158	93.9%	353,615	344,705
Social contributions	50,320	(18)	-	50,302	49,406	896	98.2%	49,480	47,694
Goods and services	49,428	3,491	1,743	54,662	54,647	15	100.0%	71,139	70,934
Administrative fees	478	(83)	-	395	395	-	100.0%	854	840
Advertising	144	(17)	-	127	127	-	100.0%	210	206
Minor assets	1,025	101	265	1,391	1,391	-	100.0%	356	349
Catering: Departmental activities	39	15	3	57	54	3	94.7%	39	36
Communication (G&S)	2,205	1,059	2	3,266	3,264	2	99.9%	4,487	4,467
Computer services	15,677	(2,000)	-	13,677	13,677	-	100.0%	13,623	13,620
Consultants: Business and advisory services	-	-	-	-	-	-	-	22	21
Infrastructure and planning services	1,652	(1,482)	-	170	170	-	100.0%	101	100
Contractors	12,727	1,076	157	13,960	13,950	10	99.9%	17,377	17,370
Agency and support/outsourced services	-	197	-	197	197	-	100.0%	3,179	3,178
Entertainment	-	1	-	1	1	-	100.0%	-	-
Fleet services (including government motor transport)	629	478	-	1,107	1,107	-	100.0%	1,166	1,155
Consumable supplies	467	(109)	51	409	409	-	100.0%	714	684
Consumable: Stationery, printing and office supplies	2,517	(247)	-	2,270	2,270	-	100.0%	4,204	4,195
Operating leases	1,983	114	170	2,267	2,267	-	100.0%	3,082	3,077
Property payments	4,075	(110)	202	4,167	4,167	-	100.0%	5,725	5,719
Travel and subsistence	5,173	4,387	744	10,304	10,304	-	100.0%	14,021	13,946
Training and development	-	13	-	13	13	-	100.0%	534	533
Operating payments	484	(8)	149	625	625	-	100.0%	994	988
Venues and facilities	153	106	-	259	259	-	100.0%	451	450
Transfers and subsidies	27,610	(6)	(7,937)	19,667	19,667	-	100.0%	24,703	24,669
Provinces and municipalities	16	-	(8)	8	8	-	100.0%	2	2
Municipalities	16	-	(8)	8	8	-	100.0%	2	2
Municipal bank accounts	16	-	(8)	8	8	-	100.0%	2	2
Foreign governments and international organisations	1,653	732	-	2,385	2,385	-	100.0%	2,360	2,333
Households	25,941	(738)	(7,929)	17,274	17,274	-	100.0%	22,341	22,334
Social benefits	587	1,080	-	1,667	1,667	-	100.0%	2,840	2,834
Other transfers to households	25,354	(1,818)	(7,929)	15,607	15,607	-	100.0%	19,501	19,500
Payments for capital assets	6,259	-	(2,067)	4,192	4,192	-	100.0%	11,667	11,653
Machinery and equipment	6,259	-	(2,067)	4,192	4,192	-	100.0%	11,667	11,653
Transport equipment	-	-	-	-	-	-	-	2,601	2,600
Other machinery and equipment	6,259	-	(2,067)	4,192	4,192	-	100.0%	9,066	9,053
Payment for financial assets	-	-	-	-	534	(534)	-	-	6,058
Total	494,396	3,485	(8,261)	489,620	467,085	22,535	95.4%	510,604	505,713

Appropriation Statement for the year ended 31 March 2018

SUB PROGRAMME: 2.2: SPATIAL PLANNING AND LAND USE MANAGEMENT									
	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation Actual Expenditure	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	157,190	(3,491)	-	153,699	141,985	11,714	92.4%	157,192	148,531
Compensation of employees	76,023	-	-	76,023	64,314	11,709	84.6%	81,886	73,346
Salaries and wages	68,854	(293)	-	68,561	57,266	11,295	83.5%	73,401	66,627
Social contributions	7,169	293	-	7,462	7,048	414	94.5%	8,485	6,719
Goods and services	81,167	(3,491)	-	77,676	77,671	5	100.0%	75,306	75,185
Administrative fees	520	(61)	-	459	459	-	100.0%	935	927
Advertising	1,533	85	-	1,618	1,618	-	100.0%	2,426	2,422
Minor assets	2,143	(1,982)	-	161	160	1	99.4%	438	433
Catering: Departmental activities	158	(105)	-	53	53	-	100.0%	243	236
Communication (G&S)	1,585	15	-	1,600	1,600	-	100.0%	2,108	2,093
Computer services	386	(386)	-	-	-	-	-	-	-
Consultants: Business and advisory services	62,885	(1,384)	-	61,501	61,501	-	100.0%	55,436	55,433
Legal services	-	-	-	-	-	-	-	4	4
Contractors	18	6	-	24	24	-	100.0%	43	42
Agency and support/outsourced services	-	-	-	-	-	-	-	167	166
Fleet services (including government motor transport)	8	9	-	17	17	-	100.0%	10	9
Consumable supplies	968	(628)	-	340	339	1	99.7%	142	125
Consumable: Stationery, printing and office supplies	1,746	(723)	-	1,023	1,022	1	99.9%	565	561
Operating leases	62	19	-	81	81	-	100.0%	90	89
Property payments	1,213	(519)	-	694	694	-	100.0%	1,051	1,050
Travel and subsistence	4,690	1,895	-	6,585	6,585	-	100.0%	7,941	7,893
Training and development	1,760	(630)	-	1,130	1,130	-	100.0%	533	532
Operating payments	563	98	-	661	660	1	99.8%	1,016	1,015
Venues and facilities	929	800	-	1,729	1,728	1	99.9%	2,158	2,155
Transfers and subsidies	147	6	-	153	153	-	100.0%	220	217
Households	147	6	-	153	153	-	100.0%	220	217
Social benefits	147	6	-	153	153	-	100.0%	220	217
Payments for capital assets	2,053	-	(628)	1,425	1,425	-	100.0%	1,605	1,587
Machinery and equipment	2,053	-	(628)	1,425	1,425	-	100.0%	1,605	1,587
Other machinery and equipment	2,053	-	(628)	1,425	1,425	-	100.0%	1,605	1,587
Payment for financial assets	-	-	-	-	63	(63)	-	-	5,208
Total	159,390	(3,485)	(628)	155,277	143,626	11,651	92.5%	159,017	155,543

Appropriation Statement for the year ended 31 March 2018

SUB PROGRAMME: 2.3: REGISTRATION OF DEEDS TRADING ACCOUNT									
	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation Actual Expenditure	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	-	-	-	-	-	-	-	-	-
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payments for capital assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-

SUB PROGRAMME: 2.4: SOUTH AFRICAN COUNCIL FOR PLANNERS									
	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation Actual Expenditure	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Transfers and subsidies	3,492	-	-	3,492	3,492	-	100.0%	3,326	3,326
Non-profit institutions	3,492	-	-	3,492	3,492	-	100.0%	3,326	3,326
Total	3,492	-	-	3,492	3,492	-	100.0%	3,326	3,326

SUB PROGRAMME: 2.5: SOUTH AFRICAN GEOMATICS COUNCIL									
	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation Actual Expenditure	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Transfers and subsidies	4,000	-	-	4,000	4,000	-	100.0%	4,000	4,000
Departmental agencies and accounts	4,000	-	-	4,000	4,000	-	100.0%	4,000	4,000
Departmental agencies (non-business entities)	4,000	-	-	4,000	4,000	-	100.0%	4,000	4,000
Total	4,000	-	-	4,000	4,000	-	100.0%	4,000	4,000

Appropriation Statement for the year ended 31 March 2018

PROGRAMME 3: RURAL DEVELOPMENT									
	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation Actual Expenditure	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
SUB PROGRAMME									
1.RURAL INFRASTRUCTURE DEVELOPMENT	917,174	(130,371)	-	786,803	780,954	5,849	99.3%	813,504	807,567
2.RURAL ENTERPRISE AND INDUSTRIAL DEVELOPMENT	554,564	114,924	93,144	762,632	757,231	5,401	99.3%	579,620	571,732
3.NATIONAL RURAL YOUTH SERVICES CORPS	435,744	15,447	8,881	460,072	457,472	2,600	99.4%	439,155	435,470
	1,907,482	-	102,025	2,009,507	1,995,657	13,850	99.3%	1,832,279	1,814,769

	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation Actual Expenditure	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Economic classification									
Current payments	387,820	-	(2,019)	385,801	372,239	13,562	96.5%	440,376	422,183
Compensation of employees	286,318	-	-	286,318	272,793	13,525	95.3%	282,506	264,951
Salaries and wages	252,951	219	-	253,170	240,381	12,789	94.9%	249,465	233,372
Social contributions	33,367	(219)	-	33,148	32,412	736	97.8%	33,041	31,579
Goods and services	101,502	-	(2,019)	99,483	99,445	38	100.0%	157,870	157,232
Administrative fees	3,161	801	-	3,962	3,955	7	99.8%	5,424	5,403
Advertising	1,212	(1,108)	-	104	104	-	100.0%	635	626
Minor assets	1,557	(1,207)	-	350	350	-	100.0%	2,573	2,541
Catering: Departmental activities	1,236	238	-	1,474	1,474	-	100.0%	2,049	2,038
Communication (G&S)	3,971	556	-	4,527	4,527	-	100.0%	5,582	5,550
Computer services	23	(5)	-	18	18	-	100.0%	238	237
Consultants: Business and advisory services	35,993	(20,629)	(559)	14,805	14,776	29	99.8%	12,598	12,595
Legal services	48	(48)	-	-	-	-	-	-	-
Contractors	329	(298)	-	31	31	-	100.0%	1,013	1,006
Agency and support / outsourced services	222	901	-	1,123	1,123	-	100.0%	1,002	995
Fleet services (including government motor transport)	2,164	(805)	-	1,359	1,359	-	100.0%	1,310	1,292
Consumable supplies	1,290	(802)	-	488	488	-	100.0%	964	898
Consumable: Stationery, printing and office supplies	6,206	(1,336)	(1,460)	3,410	3,410	-	100.0%	2,945	2,903
Operating leases	1,845	639	-	2,484	2,483	1	100.0%	2,359	2,351
Property payments	2,620	(876)	-	1,744	1,744	-	100.0%	2,819	2,812
Transport provided:									
Departmental activity	60	(4)	-	56	56	-	100.0%	-	-
Travel and subsistence	33,410	22,504	-	55,914	55,914	-	100.0%	85,619	85,298
Training and development	50	74	-	124	124	-	100.0%	206	204
Operating payments	2,106	(939)	-	1,167	1,167	-	100.0%	1,656	1,628

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PROGRAMME 3: RURAL DEVELOPMENT (CONTINUED)									
	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation Actual Expenditure	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Economic classification (continued)									
Current payments									
Goods and services									
Venues and facilities	3,485	2,515	-	6,000	5 999	1	100.0%	26,666	26,649
Rental and hiring	514	(171)	-	343	343	-	100.0%	2,212	2,206
Interest and rent on land	-	-	-	-	1	(1)	-	-	-
Interest (Incl. interest on unitary payments (PPP))	-	-	-	-	1	(1)	-	-	-
Transfers and subsidies	1,514,034	(573,422)	106,618	1,047,230	1,046,625	605	99.9%	818,934	818,814
Households	1,514,034	(573,422)	106,618	1,047,230	1,046,625	605	99.9%	818,934	818,814
Social benefits	13	457	-	470	470	-	100.0%	558	550
Other transfers to households	1,514,021	(573,879)	106,618	1,046,760	1,046,155	605	99.9%	818,376	818,264
Payments for capital assets	5,628	573,422	(2,574)	576,476	576,476	-	100.0%	572,969	572,950
Buildings and other fixed structures	-	561,274	-	561,274	561,274	-	100.0%	566,165	566,165
Other fixed structures	-	561,274	-	561,274	561,274	-	100.0%	566,165	566,165
Machinery and equipment	5,628	12,148	(2,574)	15,202	15,202	-	100.0%	6,804	6,785
Other machinery and equipment	5,628	12,148	(2,574)	15,202	15,202	-	100.0%	6,804	6,785
Payment for financial assets	-	-	-	-	317	(317)	-	-	822
	1,907,482	-	102,025	2,009,507	1,995,657	13,850	99.3%	1,832,279	1,814,769

Appropriation Statement for the year ended 31 March 2018

SUB PROGRAMME: 3.1: RURAL INFRASTRUCTURE DEVELOPMENT									
	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation Actual Expenditure	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	120,917	(2,279)	-	118,638	112,712	5,926	95.0%	151,243	145,147
Compensation of employees	87,777	-	-	87,777	81,880	5,897	93.3%	84,764	78,892
Salaries and wages	78,881	308	-	79,189	73,477	5,712	92.8%	75,359	70,530
Social contributions	8,896	(308)	-	8,588	8,403	185	97.8%	9,405	8,362
Goods and services	33,140	(2,279)	-	30,861	30,831	30	99.9%	66,479	66,255
Administrative fees	659	55	-	714	714	-	100.0%	1,515	1,508
Advertising	696	(666)	-	30	30	-	100.0%	54	50
Minor assets	300	(207)	-	93	93	-	100.0%	520	510
Catering: Departmental activities	32	41	-	73	73	-	100.0%	979	975
Communication (G&S)	1,353	(156)	-	1,197	1,197	-	100.0%	1,467	1,457
Consultants: Business and advisory services	16,062	(5,671)	-	10,391	10,362	29	99.7%	12,597	12,595
Legal services	48	(48)	-	-	-	-	-	-	-
Contractors	9	20	-	29	29	-	100.0%	753	750
Agency and support /outsourced services	17	5	-	22	22	-	100.0%	35	34
Fleet services (including government motor transport)	353	(164)	-	189	189	-	100.0%	319	313
Consumable supplies	229	(105)	-	124	124	-	100.0%	470	445
Consumable: Stationery, printing and office supplies	2,235	(913)	-	1,322	1,322	-	100.0%	439	419
Operating leases	222	228	-	450	450	-	100.0%	407	405
Property payments	595	(171)	-	424	424	-	100.0%	262	260
Transport provided:									
Departmental activity	55	1	-	56	56	-	100.0%	-	-
Travel and subsistence	8,391	4,446	-	12,837	12,837	-	100.0%	26,119	26,007
Training and development	50	(36)	-	14	14	-	100.0%	145	144
Operating payments	818	(221)	-	597	597	-	100.0%	479	471
Venues and facilities	790	1,475	-	2,265	2,264	1	100.0%	18,656	18,650
Rental and hiring	226	(192)	-	34	34	-	100.0%	1,263	1,262
Interest and rent on land	-	-	-	-	1	(1)	-	-	-
Interest (Incl. interest on unitary payments (PPP))	-	-	-	-	1	(1)	-	-	-
Transfers and subsidies	795,187	(701,650)	-	93,537	93,537	-	100.0%	94,268	94,208
Households	795,187	(701,650)	-	93,537	93,537	-	100.0%	94,268	94,208
Social benefits	-	116	-	116	116	-	100.0%	332	328
Other transfers to households	795,187	(701,766)	-	93,421	93,421	-	100.0%	93,936	93,880
Payments for capital assets	1,070	573,558	-	574,628	574,628	-	100.0%	567,993	567,987
Buildings and other fixed structures	-	561,274	-	561,274	561,274	-	100.0%	566,165	566,165
Other fixed structures	-	561,274	-	561,274	561,274	-	100.0%	566,165	566,165
Machinery and equipment	1,070	12,284	-	13,354	13,354	-	100.0%	1,828	1,822
Other machinery and equipment	1,070	12,284	-	13,354	13,354	-	100.0%	1,828	1,822
Payment for financial assets	-	-	-	-	77	(77)	-	-	225
Total	917,174	(130,371)	-	786,803	780,954	5,849	99.3%	813,504	807,567

Appropriation Statement for the year ended 31 March 2018

SUB PROGRAMME: 3.2: RURAL ENTERPRISE AND INDUSTRIAL DEVELOPMENT									
	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation Actual Expenditure	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	187,097	(2,994)	(2,019)	182,084	177,179	4,905	97.3%	200,892	192,734
Compensation of employees	137,584	-	-	137,584	132,679	4,905	96.4%	136,728	128,798
Salaries and wages	120,230	(139)	-	120,091	115,670	4,421	96.3%	120,012	112,287
Social contributions	17,354	139	-	17,493	17,009	484	97.2%	16,716	16,511
Goods and services	49,513	(2,994)	(2,019)	44,500	44,500	-	100.0%	64,164	63,936
Administrative fees	1,877	(318)	-	1,559	1,559	-	100.0%	2,219	2,213
Advertising	406	(332)	-	74	74	-	100.0%	470	467
Minor assets	431	(403)	-	28	28	-	100.0%	1,050	1,035
Catering: Departmental activities	1,125	213	-	1,338	1,338	-	100.0%	937	932
Communication (G&S)	1,653	800	-	2,453	2,453	-	100.0%	2,998	2,986
Computer services	20	(2)	-	18	18	-	100.0%	-	-
Consultants: Business and advisory services	19,931	(14,958)	(559)	4,414	4,414	-	100.0%	1	-
Contractors	250	(250)	-	-	-	-	-	249	247
Agency and support /outsourced services	202	511	-	713	713	-	100.0%	699	694
Fleet services (including government motor transport)	748	(224)	-	524	524	-	100.0%	275	268
Consumable supplies	424	(102)	-	322	322	-	100.0%	157	140
Consumable: Stationery, printing and office supplies	1,831	436	(1,460)	807	807	-	100.0%	997	986
Operating leases	509	748	-	1,257	1,257	-	100.0%	484	481
Property payments	1,000	(58)	-	942	942	-	100.0%	1,630	1,627
Transport provided:									
Departmental activity	5	(5)	-	-	-	-	-	-	-
Travel and subsistence	15,446	11,204	-	26,650	26,650	-	100.0%	42,657	42,541
Training and development	-	-	-	-	-	-	-	61	60
Operating payments	746	(344)	-	402	402	-	100.0%	857	847
Venues and facilities	2,629	331	-	2,960	2,960	-	100.0%	7,795	7,787
Rental and hiring	280	(241)	-	39	39	-	100.0%	628	625
Transfers and subsidies	363,822	118,167	97,737	579,726	579,121	605	99.9%	375,031	374,991
Households	363,822	118,167	97,737	579,726	579,121	605	99.9%	375,031	374,991
Social benefits	13	316	-	329	329	-	100.0%	32	30
Other transfers to households	363,809	117,851	97,737	579,397	578,792	605	99.9%	374,999	374,961
Payments for capital assets	3,645	(249)	(2,574)	822	822	-	100.0%	3,697	3,690
Machinery and equipment	3,645	(249)	(2,574)	822	822	-	100.0%	3,697	3,690
Transport equipment	-	-	-	-	-	-	-	-	-
Other machinery and equipment	3,645	(249)	(2,574)	822	822	-	100.0%	3,697	3,690
Payment for financial assets	-	-	-	-	109	(109)	-	-	317
Total	554,564	114,924	93,144	762,632	757,231	5,401	99.3%	579,620	571,732

Appropriation Statement for the year ended 31 March 2018

SUB PROGRAMME: 3.3: NATIONAL RURAL YOUTH SERVICES CORPS									
	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation Actual Expenditure	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	79,806	5,273	-	85,079	82,348	2,731	96.8%	88,241	84,302
Compensation of employees	60,957	-	-	60,957	58,234	2,723	95.5%	61,014	57,261
Salaries and wages	53,840	50	-	53,890	51,234	2,656	95.1%	54,094	50,555
Social contributions	7,117	(50)	-	7,067	7,000	67	99.1%	6,920	6,706
Goods and services	18,849	5,273	-	24,122	24,114	8	100.0%	27,227	27,041
Administrative fees	625	1,064	-	1,689	1,682	7	99.6%	1,690	1,682
Advertising	110	(110)	-	-	-	-	-	111	109
Minor assets	826	(597)	-	229	229	-	100.0%	1,003	996
Catering: Departmental activities	79	(16)	-	63	63	-	100.0%	133	131
Communication (G&S)	965	(88)	-	877	877	-	100.0%	1,117	1,107
Computer services	3	(3)	-	-	-	-	-	238	237
Contractors	70	(68)	-	2	2	-	100.0%	11	9
Agency and support/ outsourced services	3	385	-	388	388	-	100.0%	268	267
Fleet services (including government motor transport)	1,063	(417)	-	646	646	-	100.0%	716	711
Consumable supplies	637	(595)	-	42	42	-	100.0%	337	313
Consumable: Stationery, printing and office supplies	2,140	(859)	-	1,281	1,281	-	100.0%	1,509	1,498
Operating leases	1,114	(337)	-	777	776	1	99.9%	1,468	1,465
Property payments	1,025	(647)	-	378	378	-	100.0%	927	925
Travel and subsistence	9,573	6,854	-	16,427	16,427	-	100.0%	16,843	16,750
Training and development	-	110	-	110	110	-	100.0%	-	-
Operating payments	542	(374)	-	168	168	-	100.0%	320	310
Venues and facilities	66	709	-	775	775	-	100.0%	215	212
Rental and hiring	8	262	-	270	270	-	100.0%	321	319
Transfers and subsidies	355,025	10,061	8,881	373,967	373,967	-	100.0%	349,635	349,615
Households	355,025	10,061	8,881	373,967	373,967	-	100.0%	349,635	349,615
Social benefits	-	25	-	25	25	-	100.0%	194	192
Other transfers to households	355,025	10,036	8,881	373,942	373,942	-	100.0%	349,441	349,423
Payments for capital assets	913	113	-	1,026	1,026	-	100.0%	1,279	1,273
Machinery and equipment	913	113	-	1,026	1,026	-	100.0%	1,279	1,273
Transport equipment	-	-	-	-	-	-	-	-	-
Other machinery and equipment	913	113	-	1,026	1,026	-	100.0%	1,279	1,273
Payment for financial assets	-	-	-	-	131	(131)	-	-	280
Total	435,744	15,447	8,881	460,072	457,472	2,600	99.4%	439,155	435,470

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PROGRAMME 4: RESTITUTION									
	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation Actual Expenditure	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
SUB PROGRAMME									
1.RESTITUTION NATIONAL OFFICE	153,219	(12,082)	(24,530)	116,607	116,454	153	99.9%	94,108	90,730
2.RESTITUTION REGIONAL OFFICES	477,457	126,499	(33,550)	570,406	568,867	1,539	99.7%	564,072	562,992
3.RESTITUTION GRANTS	2,608,774	(114,417)	(83,851)	2,410,506	2,408,669	1,837	99.9%	2,677,614	2,677,392
	3,239,450	-	(141,931)	3,097,519	3,093,990	3,529	99.9%	3,335,794	3,331,114

	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation Actual Expenditure	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Economic classification									
Current payments	615,228	-	(63,874)	551,354	549,228	2,126	99.6%	535,563	524,273
Compensation of employees	346,884	-	-	346,884	341,857	5,027	98.6%	336,637	325,509
Salaries and wages	299,180	290	-	299,470	295,304	4,166	98.6%	291,596	281,195
Social contributions	47,704	(290)	-	47,414	46,553	861	98.2%	45,041	44,314
Goods and services	268,344	-	(63,874)	204,470	204,446	24	100.0%	198,299	198,138
Administrative fees	8,102	6,359	(2,699)	11,762	11,760	2	100.0%	6,279	6,269
Advertising	4,055	1,100	(1,044)	4,111	4,110	1	100.0%	3,403	3,393
Minor assets	6,206	(2,629)	(2,592)	985	985	-	100.0%	3,373	3,367
Audit costs: External	2,006	(11)	(309)	1,686	1,686	-	100.0%	1,017	1,016
Catering: Departmental activities	1,775	(274)	(729)	772	772	-	100.0%	543	538
Communication (G&S)	10,247	879	(1,464)	9,662	9,660	2	100.0%	12,218	12,199
Computer services	805	864	(72)	1,597	1,597	-	100.0%	3,998	3,997
Consultants: Business and advisory services	101,958	(43,978)	(21,085)	36,895	36,882	13	100.0%	21,866	21,864
Infrastructure and planning services	2,406	(200)	(1,492)	714	714	-	100.0%	391	391
Legal services	24,495	7,302	(1,411)	30,386	30,386	-	100.0%	37,114	37,109
Contractors	6,385	(5,103)	(813)	469	468	1	99.8%	5,384	5,380
Agency and support / outsourced services	13,270	(812)	(5,356)	7,102	7,102	-	100.0%	11,749	11,742
Fleet services (including government motor transport)	8,499	394	(1,980)	6,913	6,912	1	100.0%	3,447	3,435
Consumable supplies	2,038	(200)	(1,178)	660	660	-	100.0%	1,100	1,081
Consumable: Stationery, printing and office supplies	9,852	1,112	(3,312)	7,652	7,652	-	100.0%	6,316	6,313
Operating leases	4,798	2,767	(1,024)	6,541	6,541	-	100.0%	8,449	8,445
Property payments	10,592	(1,496)	(3,554)	5,542	5,542	-	100.0%	6,685	6,681
Transport provided: Departmental activity	2,151	(294)	(847)	1,010	1,010	-	100.0%	1,332	1,330
Travel and subsistence	31,680	26,826	(5,860)	52,646	52,644	2	100.0%	49,383	49,347
Training and development	35	14	(1)	48	48	-	100.0%	1,910	1,908

Appropriation Statement for the year ended 31 March 2018

PROGRAMME 4: RESTITUTION (CONTINUED)									
	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation Actual Expenditure	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Economic classification (continued)									
Current payments									
Goods and services									
Operating payments	4,592	(482)	(2,714)	1,396	1,396	-	100.0%	1,963	1,959
Venues and facilities	8,616	8,243	(1,926)	14,933	14,932	1	100.0%	7,704	7,700
Rental and hiring	3,781	(381)	(2,412)	988	987	1	99.9%	2,675	2,674
Interest and rent on land	-	-	-	-	2,925	(2,925)	-	627	626
Interest (Incl. interest on unitary payments (PPP))	-	-	-	-	2,925	(2,925)	-	627	626
Transfers and subsidies	2,619,471	(107,186)	(83,838)	2,428,447	2,426,610	1,837	99.9%	2,687,862	2,687,629
Provinces and municipalities	10,393	7,326	13	17,732	17,732	-	100.0%	9,568	9,564
Municipalities	10,393	7,326	13	17,732	17,732	-	100.0%	9,568	9,564
Municipal bank accounts	10,393	7,326	13	17,732	17,732	-	100.0%	9,568	9,564
Departmental agencies and accounts	-	1	-	1	1	-	100.0%	-	-
Departmental agencies (non-business entities)	-	1	-	1	1	-	100.0%	-	-
Households	2,609,078	(114,513)	(83,851)	2,410,714	2,408,877	1,837	99.9%	2,678,294	2,678,065
Social benefits	304	(96)	-	208	208	-	100.0%	486	482
Other transfers to households	2,608,774	(114,417)	(83,851)	2,410,506	2,408,669	1,837	99.9%	2,677,808	2,677,583
Payments for capital assets	4,751	107,186	5,781	117,718	117,718	-	100.0%	112,369	112,343
Machinery and equipment	4,751	1	1,842	6,594	6,594	-	100.0%	7,964	7,940
Other machinery and equipment	4,751	1	1,842	6,594	6,594	-	100.0%	7,964	7,940
Land and sub-soil assets	-	107,185	3,939	111,124	111,124	-	100.0%	104,405	104,403
Payment for financial assets	-	-	-	-	434	(434)	-	-	6,869
	3,239,450	-	(141,931)	3,097,519	3,093,990	3,529	99.9%	3,335,794	3,331,114

Appropriation Statement for the year ended 31 March 2018

SUB PROGRAMME: 4.1: RESTITUTION NATIONAL OFFICE									
	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation Actual Expenditure	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	152,713	(12,098)	(24,543)	116,072	115,893	179	99.8%	91,152	86,612
Compensation of employees	42,992	434	-	43,426	43,259	167	99.6%	44,046	39,544
Salaries and wages	37,833	669	-	38,502	38,373	129	99.7%	39,279	34,823
Social contributions	5,159	(235)	-	4,924	4,886	38	99.2%	4,767	4,721
Goods and services	109,721	(12,532)	(24,543)	72,646	72,634	12	100.0%	47,106	47,068
Administrative fees	5,414	4,623	(1,647)	8,390	8,389	1	100.0%	3,667	3,665
Advertising	1,249	1,498	(198)	2,549	2,548	1	100.0%	909	904
Minor assets	890	(347)	(508)	35	35	-	100.0%	2,750	2,750
Catering: Departmental activities	452	(25)	(251)	176	176	-	100.0%	170	169
Communication (G&S)	540	(74)	(6)	460	459	1	99.8%	513	509
Computer services	-	1,593	-	1,593	1,593	-	100.0%	1,982	1,982
Consultants: Business and advisory services	76,347	(25,648)	(15,597)	35,102	35,095	7	100.0%	13,826	13,825
Infrastructure and planning services	-	-	-	-	-	-	-	136	136
Legal services	2,939	(2,351)	(406)	182	182	-	100.0%	2,277	2,277
Contractors	4,372	(4,352)	(6)	14	14	-	100.0%	4,962	4,962
Agency and support/ outsourced services	6,947	(79)	(2,969)	3,899	3,899	-	100.0%	4,214	4,212
Fleet services (including government motor transport)	3,205	1,130	(303)	4,032	4,031	1	100.0%	88	85
Consumable supplies	629	(330)	(168)	131	131	-	100.0%	408	399
Consumable: Stationery, printing and office supplies	1,549	1,841	(1,614)	1,776	1,776	-	100.0%	1,392	1,392
Operating leases	116	19	(63)	72	72	-	100.0%	53	53
Property payments	6	-	(6)	-	-	-	-	449	449
Travel and subsistence	3,584	2,411	(107)	5,888	5,887	1	100.0%	6,375	6,367
Training and development	35	-	-	35	35	-	100.0%	1,738	1,737
Operating payments	1,233	(231)	(690)	312	312	-	100.0%	204	204
Venues and facilities	199	7,805	(4)	8,000	8,000	-	100.0%	993	991
Rental and hiring	15	(15)	-	-	-	-	-	-	-
Transfers and subsidies	83	23	-	106	106	-	100.0%	288	287
Provinces and municipalities	83	15	-	98	98	-	100.0%	107	107
Municipalities	83	15	-	98	98	-	100.0%	107	107
Municipal bank accounts	83	15	-	98	98	-	100.0%	107	107
Households	-	8	-	8	8	-	100.0%	181	180
Social benefits	-	8	-	8	8	-	100.0%	181	180
Payments for capital assets	423	(7)	13	429	429	-	100.0%	2,668	2,663
Machinery and equipment	423	(7)	13	429	429	-	100.0%	2,668	2,663
Transport equipment	-	-	-	-	-	-	-	-	-
Other machinery and equipment	423	(7)	13	429	429	-	100.0%	2,668	2,663
Payment for financial assets	-	-	-	-	26	(26)	-	-	1,168
Total	153,219	(12,082)	(24,530)	116,607	116,454	153	99.9%	94,108	90,730

Appropriation Statement for the year ended 31 March 2018

SUB PROGRAMME: 4.2: RESTITUTION REGIONAL OFFICES									
	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation Actual Expenditure	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	462,515	12,098	(39,331)	435,282	433,335	1,947	99.6%	444,411	437,661
Compensation of employees	303,892	(434)	-	303,458	298,598	4,860	98.4%	292,591	285,965
Salaries and wages	261,347	(379)	-	260,968	256,931	4,037	98.5%	252,317	246,372
Social contributions	42,545	(55)	-	42,490	41,667	823	98.1%	40,274	39,593
Goods and services	158,623	12,532	(39,331)	131,824	131,812	12	100.0%	151,193	151,070
Administrative fees	2,688	1,736	(1,052)	3,372	3,371	1	100.0%	2,612	2,604
Advertising	2,806	(398)	(846)	1,562	1,562	-	100.0%	2,494	2,489
Minor assets	5,316	(2,282)	(2,084)	950	950	-	100.0%	623	617
Audit costs: External	2,006	(11)	(309)	1,686	1,686	-	100.0%	1,017	1,016
Catering: Departmental activities	1,323	(249)	(478)	596	596	-	100.0%	373	369
Communication (G&S)	9,707	953	(1,458)	9,202	9,201	1	100.0%	11,705	11,690
Computer services	805	(729)	(72)	4	4	-	100.0%	2,016	2,015
Consultants: Business and advisory services	25,611	(18,330)	(5,488)	1,793	1,787	6	99.7%	8,040	8,039
Infrastructure and planning services	2,406	(200)	(1,492)	714	714	-	100.0%	255	255
Legal services	21,556	9,653	(1,005)	30,204	30,204	-	100.0%	34,837	34,832
Contractors	2,013	(751)	(807)	455	454	1	99.8%	422	418
Agency and support / outsourced services	6,323	(733)	(2,387)	3,203	3,203	-	100.0%	7,535	7,530
Fleet services (including government motor transport)	5,294	(736)	(1,677)	2,881	2,881	-	100.0%	3,359	3,350
Consumable supplies	1,409	130	(1,010)	529	529	-	100.0%	692	682
Consumable: Stationery, printing and office supplies	8,303	(729)	(1,698)	5,876	5,876	-	100.0%	4,924	4,921
Operating leases	4,682	2,748	(961)	6,469	6,469	-	100.0%	8,396	8,392
Property payments	10,586	(1,496)	(3,548)	5,542	5,542	-	100.0%	6,236	6,232
Transport provided:									
Departmental activity	2,151	(294)	(847)	1,010	1,010	-	100.0%	1,332	1,330
Travel and subsistence	28,096	24,415	(5,753)	46,758	46,757	1	100.0%	43,008	42,980
Training and development	-	14	(1)	13	13	-	100.0%	172	171
Operating payments	3,359	(251)	(2,024)	1,084	1,084	-	100.0%	1,759	1,755
Venues and facilities	8,417	438	(1,922)	6,933	6,932	1	100.0%	6,711	6,709
Rental and hiring	3,766	(366)	(2,412)	988	987	1	99.9%	2,675	2,674
Interest and rent on land	-	-	-	-	2,925	(2,925)	-	627	626
Interest (Incl. interest on unitary payments (PPP))	-	-	-	-	2,925	(2,925)	-	627	626

Appropriation Statement for the year ended 31 March 2018

SUB PROGRAMME: 4.2: RESTITUTION REGIONAL OFFICES (CONTINUED)									
	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation Actual Expenditure	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Transfers and subsidies	10,614	7,208	13	17,835	17,835	-	100.0%	9,960	9,950
Provinces and municipalities	10,310	7,311	13	17,634	17,634	-	100.0%	9,461	9,457
Municipalities	10,310	7,311	13	17,634	17,634	-	100.0%	9,461	9,457
Municipal bank accounts	10,310	7,311	13	17,634	17,634	-	100.0%	9,461	9,457
Departmental agencies and accounts	-	1	-	1	1	-	100.0%	-	-
Departmental agencies (non-business entities)	-	1	-	1	1	-	100.0%	-	-
Households	304	(104)	-	200	200	-	100.0%	499	493
Social benefits	304	(104)	-	200	200	-	100.0%	305	302
Other transfers to households	-	-	-	-	-	-	-	194	191
Payments for capital assets	4,328	107,193	5,768	117,289	117,289	-	100.0%	109,701	109,680
Machinery and equipment	4,328	8	1,829	6,165	6,165	-	100.0%	5,296	5,277
Other machinery and equipment	4,328	8	1,829	6,165	6,165	-	100.0%	5,296	5,277
Land and sub-soil assets	-	107,185	3,939	111,124	111,124	-	100.0%	104,405	104,403
Payment for financial assets	-	-	-	-	408	(408)	-	-	5,701
Total	477,457	126,499	(33,550)	570,406	568,867	1,539	99.7%	564,072	562,992

SUB PROGRAMME: 4.3: RESTITUTION GRANTS									
	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation Actual Expenditure	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Transfers and subsidies	2,608,774	(114,417)	(83,851)	2,410,506	2,408,669	1,837	99.9%	2,677,614	2,677,392
Households	2,608,774	(114,417)	(83,851)	2,410,506	2,408,669	1,837	99.9%	2,677,614	2,677,392
Other transfers to households	2,608,774	(114,417)	(83,851)	2,410,506	2,408,669	1,837	99.9%	2,677,614	2,677,392
Total	2,608,774	(114,417)	(83,851)	2,410,506	2,408,669	1,837	99.9%	2,677,614	2,677,392

Appropriation Statement for the year ended 31 March 2018

PROGRAMME 5: LAND REFORM									
	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation Actual Expenditure	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
SUB PROGRAMME									
1.LAND REFORM NATIONAL OFFICE	261,677	(22,991)	1,104	239,790	230,460	9,330	96.1%	247,141	242,878
2.LAND REFORM PROVINCIAL OFFICES	407,555	139,846	37,634	585,035	581,100	3,935	99.3%	486,792	485,553
3.LAND REFORM GRANTS	538,078	(116,855)	(16,365)	404,858	404,804	54	100.0%	382,229	381,416
4.KWAZULU-NATAL INGONYAMA TRUST BOARD	19,727	-	-	19,727	19,727	-	100.0%	18,788	18,788
5.AGRICULTURAL LAND HOLDING ACCOUNT	1,348,397	-	-	1,348,397	1,348,397	-	100.0%	1,502,117	1,502,117
6.OFFICE OF VALUER-GENERAL	64,806	-	-	64,806	64,806	-	100.0%	20,381	14,300
	2,640,240	-	22,373	2,662,613	2,649,294	13,319	99.5%	2,657,448	2,645,052

	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation Actual Expenditure	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Economic classification									
Current payments	579,350	-	36,642	615,992	602,348	13,644	97.8%	621,144	609,015
Compensation of employees	334,982	-	-	334,982	321,291	13,691	95.9%	320,273	308,928
Salaries and wages	290,886	(946)	-	289,940	278,286	11,654	96.0%	278,367	267,706
Social contributions	44,096	946	-	45,042	43,005	2,037	95.5%	41,906	41,222
Goods and services	244,368	-	36,642	281,010	281,003	7	100.0%	300,809	300,026
Administrative fees	10,700	(5,279)	-	5,421	5,421	-	100.0%	11,021	10,993
Advertising	1,731	(1,149)	-	582	581	1	99.8%	4,375	4,366
Minor assets	8,919	(7,665)	-	1,254	1,251	3	99.8%	1,803	1,750
Audit costs: External	1,830	(1,830)	-	-	-	-	-	598	597
Bursaries: Employees	39	(39)	-	-	-	-	-	-	-
Catering: Departmental activities	2,236	(410)	-	1,826	1,826	-	100.0%	1,680	1,666
Communication (G&S)	13,419	1,109	-	14,528	14,528	-	100.0%	20,838	20,792
Computer services	3,013	(2,202)	-	811	811	-	100.0%	1,385	1,381
Consultants: Business and advisory services	21,907	(21,646)	-	261	261	-	100.0%	1,648	1,645
Infrastructure and planning services	5	(2)	-	3	3	-	100.0%	218	216
Legal services	74,255	45,695	36,642	156,592	156,592	-	100.0%	132,187	132,182
Contractors	663	(557)	-	106	106	-	100.0%	1,100	1,085
Agency and support / outsourced services	447	819	-	1,266	1,266	-	100.0%	1,829	1,821
Entertainment	12	(12)	-	-	-	-	-	-	-
Fleet services (including government motor transport)	5,072	(976)	-	4,096	4,096	-	100.0%	5,219	5,193
Consumable supplies	2,865	(1,141)	-	1,724	1,724	-	100.0%	2,037	1,945

Appropriation Statement for the year ended 31 March 2018

PROGRAMME 5: LAND REFORM (CONTINUED)									
	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation Actual Expenditure	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Economic classification (continued)									
Current payments									
Goods and services									
Consumable: Stationery, printing and office supplies	10,820	(5,454)	-	5,366	5,365	1	100.0%	5,639	5,580
Operating leases	6,899	1,663	-	8,562	8,561	1	100.0%	13,334	13,315
Property payments	8,561	342	-	8,903	8,903	-	100.0%	8,610	8,587
Transport provided:									
Departmental activity	1,594	(315)	-	1,279	1,279	-	100.0%	1,564	1,560
Travel and subsistence	40,176	12,341	-	52,517	52,516	1	100.0%	64,715	64,413
Training and development	70	184	-	254	254	-	100.0%	52	49
Operating payments	5,489	(3,778)	-	1,711	1,711	-	100.0%	2,698	2,658
Venues and facilities	22,485	(9,439)	-	13,046	13,046	-	100.0%	16,779	16,757
Rental and hiring	1,161	(259)	-	902	902	-	100.0%	1,480	1,475
Interest and rent on land	-	-	-	-	54	(54)	-	62	61
Interest (Incl. interest on unitary payments (PPP))	-	-	-	-	54	(54)	-	62	61
Transfers and subsidies	2,055,916	-	(16,365)	2,039,551	2,039,495	56	100.0%	2,023,899	2,023,070
Provinces and municipalities	84,559	115,429	-	199,988	199,987	1	100.0%	105,746	105,740
Municipalities	84,559	115,429	-	199,988	199,987	1	100.0%	105,746	105,740
Municipal bank accounts	84,559	115,429	-	199,988	199,987	1	100.0%	105,746	105,740
Departmental agencies and accounts	1,432,930	1	-	1,432,931	1,432,931	-	100.0%	1,535,207	1,535,207
Departmental agencies (non-business entities)	1,432,930	1	-	1,432,931	1,432,931	-	100.0%	1,535,207	1,535,207
Public corporations and private enterprises	1	-	-	1	-	1	-	1	-
Public corporations	1	-	-	1	-	1	-	1	-
Subsidies on products and production (pc)	-	-	-	-	-	-	-	1	-
Other transfers to public corporations	1	-	-	1	-	1	-	-	-
Households	538,426	(115,430)	(16,365)	406,631	406,577	54	100.0%	382,945	382,123
Social benefits	348	936	-	1,284	1,284	-	100.0%	714	706
Other transfers to households	538,078	(116,366)	(16,365)	405,347	405,293	54	100.0%	382,231	381,417
Payments for capital assets	4,974	-	2,096	7,070	7,067	3	100.0%	12,405	12,343
Machinery and equipment	4,974	-	2,096	7,070	7,067	3	100.0%	12,405	12,343
Transport equipment	-	44	-	44	44	-	100.0%	43	42
Other machinery and equipment	4,974	(44)	2,096	7,026	7,023	3	100.0%	12,362	12,301
Payment for financial assets	-	-	-	-	384	(384)	-	-	624
	2,640,240	-	22,373	2,662,613	2,649,294	13,319	99.5%	2,657,448	2,645,052

Appropriation Statement for the year ended 31 March 2018

SUB PROGRAMME: 5.1: LAND REFORM NATIONAL OFFICE									
	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation Actual Expenditure	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	258,980	(23,933)	-	235,047	225,456	9,591	95.9%	245,305	241,020
Compensation of employees	168,427	-	-	168,427	158,837	9,590	94.3%	71,271	67,263
Salaries and wages	146,584	(246)	-	146,338	137,844	8,494	94.2%	62,846	59,228
Social contributions	21,843	246	-	22,089	20,993	1,096	95.0%	8,425	8,035
Goods and services	90,553	(23,933)	-	66,620	66,618	2	100.0%	174,034	173,757
Administrative fees	5,268	(3,779)	-	1,489	1,489	-	100.0%	8,680	8,667
Advertising	636	(328)	-	308	308	-	100.0%	3,200	3,199
Minor assets	4,988	(4,384)	-	604	604	-	100.0%	315	297
Audit costs: External	-	-	-	-	-	-	-	598	597
Catering: Departmental activities	1,208	(225)	-	983	983	-	100.0%	181	180
Communication (G&S)	10,081	1,468	-	11,549	11,549	-	100.0%	1,108	1,093
Computer services	82	(82)	-	-	-	-	-	727	724
Consultants: Business and advisory services	13,471	(13,211)	-	260	260	-	100.0%	1,261	1,260
Legal services	2,971	(1,185)	-	1,786	1,786	-	100.0%	126,467	126,465
Contractors	290	(210)	-	80	80	-	100.0%	98	96
Agency and support/ outsourced services	206	(109)	-	97	97	-	100.0%	515	514
Fleet services (including government motor transport)	3,598	84	-	3,682	3,682	-	100.0%	-	-
Consumable supplies	1,343	(341)	-	1,002	1,002	-	100.0%	189	149
Consumable: Stationery, printing and office supplies	4,312	(1,955)	-	2,357	2,356	1	100.0%	1,331	1,306
Operating leases	5,809	2,224	-	8,033	8,032	1	100.0%	45	36
Property payments	5,505	(578)	-	4,927	4,927	-	100.0%	18	15
Transport provided:									
Departmental activity	854	(371)	-	483	483	-	100.0%	179	178
Travel and subsistence	19,766	3,483	-	23,249	23,249	-	100.0%	19,344	19,220
Training and development	-	254	-	254	254	-	100.0%	21	19
Operating payments	3,712	(2,545)	-	1,167	1,167	-	100.0%	189	183
Venues and facilities	6,023	(2,169)	-	3,854	3,854	-	100.0%	9,249	9,241
Rental and hiring	430	26	-	456	456	-	100.0%	319	318
Interest and rent on land	-	-	-	-	1	(1)	-	-	-
Interest (Incl. interest on unitary payments (PPP))	-	-	-	-	1	(1)	-	-	-

Appropriation Statement for the year ended 31 March 2018

SUB PROGRAMME: 5.1: LAND REFORM NATIONAL OFFICE (CONTINUED)									
	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation Actual Expenditure	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Transfers and subsidies	240	942	-	1,182	1,181	1	99.9%	292	287
Provinces and municipalities	2	-	-	2	1	1	50.0%	-	-
Municipalities	2	-	-	2	1	1	50.0%	-	-
Municipal bank accounts	2	-	-	2	1	1	50.0%	-	-
Departmental agencies and accounts	-	1	-	1	1	-	100.0%	-	-
Departmental agencies (non-business entities)	-	1	-	1	1	-	100.0%	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	1	-
Public corporations	-	-	-	-	-	-	-	1	-
Subsidies on products and production (pc)	-	-	-	-	-	-	-	1	-
Households	238	941	-	1,179	1,179	-	100.0%	291	287
Social benefits	238	941	-	1,179	1,179	-	100.0%	291	287
Payments for capital assets	2,457	-	1,104	3,561	3,559	2	99.9%	1,544	1,528
Machinery and equipment	2,457	-	1,104	3,561	3,559	2	99.9%	1,544	1,528
Other machinery and equipment	2,457	-	1,104	3,561	3,559	2	99.9%	1,544	1,528
Payment for financial assets	-	-	-	-	264	(264)	-	-	43
Total	261,677	(22,991)	1,104	239,790	230,460	9,330	96.1%	247,141	242,878

Appropriation Statement for the year ended 31 March 2018

SUB PROGRAMME: 5.2: LAND REFORM PROVINCIAL OFFICES									
	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation Actual Expenditure	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	320,370	23,933	36,642	380,945	376,892	4,053	98.9%	369,758	367,995
Compensation of employees	166,555	-	-	166,555	162,454	4,101	97.5%	242,921	241,665
Salaries and wages	144,302	(700)	-	143,602	140,442	3,160	97.8%	209,693	208,478
Social contributions	22,253	700	-	22,953	22,012	941	95.9%	33,228	33,187
Goods and services	153,815	23,933	36,642	214,390	214,385	5	100.0%	126,775	126,269
Administrative fees	5,432	(1,500)	-	3,932	3,932	-	100.0%	2,341	2,326
Advertising	1,095	(821)	-	274	273	1	99.6%	1,175	1,167
Minor assets	3,931	(3,281)	-	650	647	3	99.5%	1,488	1,453
Audit costs: External	1,830	(1,830)	-	-	-	-	-	-	-
Bursaries: Employees	39	(39)	-	-	-	-	-	-	-
Catering: Departmental activities	1,028	(185)	-	843	843	-	100.0%	1,499	1,486
Communication (G&S)	3,338	(359)	-	2,979	2,979	-	100.0%	19,730	19,699
Computer services	2,931	(2,120)	-	811	811	-	100.0%	658	657
Consultants: Business and advisory services	8,436	(8,435)	-	1	1	-	100.0%	387	385
Infrastructure and planning services	5	(2)	-	3	3	-	100.0%	218	216
Legal services	71,284	46,880	36,642	154,806	154,806	-	100.0%	5,720	5,717
Contractors	373	(347)	-	26	26	-	100.0%	1,002	989
Agency and support/ outsourced services	241	928	-	1,169	1,169	-	100.0%	1,314	1,307
Entertainment	12	(12)	-	-	-	-	-	-	-
Fleet services (including government motor transport)	1,474	(1,060)	-	414	414	-	100.0%	5,219	5,193
Consumable supplies	1,522	(800)	-	722	722	-	100.0%	1,848	1,796
Consumable: Stationery, printing and office supplies	6,508	(3,499)	-	3,009	3,009	-	100.0%	4,308	4,274
Operating leases	1,090	(561)	-	529	529	-	100.0%	13,289	13,279
Property payments	3,056	920	-	3,976	3,976	-	100.0%	8,592	8,572
Transport provided:									
Departmental activity	740	56	-	796	796	-	100.0%	1,385	1,382
Travel and subsistence	20,410	8,858	-	29,268	29,267	1	100.0%	45,371	45,193
Training and development	70	(70)	-	-	-	-	-	31	30
Operating payments	1,777	(1,233)	-	544	544	-	100.0%	2,509	2,475
Venues and facilities	16,462	(7,270)	-	9,192	9,192	-	100.0%	7,530	7,516
Rental and hiring	731	(285)	-	446	446	-	100.0%	1,161	1,157
Interest and rent on land	-	-	-	-	53	(53)	-	62	61
Interest (Incl. interest on unitary payments (PPP))	-	-	-	-	53	(53)	-	62	61

Appropriation Statement for the year ended 31 March 2018

SUB PROGRAMME: 5.2: LAND REFORM PROVINCIAL OFFICES (CONTINUED)									
	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation Actual Expenditure	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Transfers and subsidies	84,668	115,913	-	200,581	200,580	1	100.0%	106,173	106,162
Provinces and municipalities	84,557	115,429	-	199,986	199,986	-	100.0%	105,746	105,740
Municipalities	84,557	115,429	-	199,986	199,986	-	100.0%	105,746	105,740
Municipal bank accounts	84,557	115,429	-	199,986	199,986	-	100.0%	105,746	105,740
Departmental agencies and accounts	-	-	-	-	-	-	-	2	2
Departmental agencies (non-business entities)	-	-	-	-	-	-	-	2	2
Public corporations and private enterprises	1	-	-	1	-	1	-	-	-
Public corporations	1	-	-	1	-	1	-	-	-
Other transfers to public corporations	1	-	-	1	-	1	-	-	-
Households	110	484	-	594	594	-	100.0%	425	420
Social benefits	110	(5)	-	105	105	-	100.0%	423	419
Other transfers to households	-	489	-	489	489	-	100.0%	2	1
Payments for capital assets	2,517	-	992	3,509	3,508	1	100.0%	10,861	10,815
Machinery and equipment	2,517	-	992	3,509	3,508	1	100.0%	10,861	10,815
Transport equipment	-	44	-	44	44	-	100.0%	43	42
Other machinery and equipment	2,517	(44)	992	3,465	3,464	1	100.0%	10,818	10,773
Payment for financial assets	-	-	-	-	120	(120)	-	-	581
Total	407,555	139,846	37,634	585,035	581,100	3,935	99.3%	486,792	485,553

SUB PROGRAMME: 5.3: LAND REFORM GRANTS									
	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation Actual Expenditure	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Transfers and subsidies	538,078	(116,855)	(16,365)	404,858	404,804	54	100.0%	382,229	381,416
Households	538,078	(116,855)	(16,365)	404,858	404,804	54	100.0%	382,229	381,416
Other transfers to households	538,078	(116,855)	(16,365)	404,858	404,804	54	100.0%	382,229	381,416
Total	538,078	(116,855)	(16,365)	404,858	404,804	54	100.0%	382,229	381,416

Appropriation Statement for the year ended 31 March 2018

SUB PROGRAMME: 5.4: KWAZULU-NATAL INGONYAMA TRUST BOARD									
	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation Actual Expenditure	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Transfers and subsidies	19,727	-	-	19,727	19,727	-	100.0%	18,788	18,788
Departmental agencies and accounts	19,727	-	-	19,727	19,727	-	100.0%	18,788	18,788
Departmental agencies (non-business entities)	19,727	-	-	19,727	19,727	-	100.0%	18,788	18,788
Total	19,727	-	-	19,727	19,727	-	100.0%	18,788	18,788

SUB PROGRAMME: 5.5: AGRICULTURAL LAND HOLDING ACCOUNT									
	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation Actual Expenditure	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Transfers and subsidies	1,348,397	-	-	1,348,397	1,348,397	-	100.0%	1,502,117	1,502,117
Departmental agencies and accounts	1,348,397	-	-	1,348,397	1,348,397	-	100.0%	1,502,117	1,502,117
Departmental agencies (non-business entities)	1,348,397	-	-	1,348,397	1,348,397	-	100.0%	1,502,117	1,502,117
Total	1,348,397	-	-	1,348,397	1,348,397	-	100.0%	1,502,117	1,502,117

SUB PROGRAMME: 5.6: OFFICE OF VALUER-GENERAL									
	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation Actual Expenditure	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	-	-	-	-	-	-	-	6,081	-
Compensation of employees	-	-	-	-	-	-	-	6,081	-
Salaries and wages	-	-	-	-	-	-	-	5,828	-
Social contributions	-	-	-	-	-	-	-	253	-
Transfers and subsidies	64,806	-	-	64,806	64,806	-	100.0%	14,300	14,300
Departmental agencies and accounts	64,806	-	-	64,806	64,806	-	100.0%	14,300	14,300
Departmental agencies (non-business entities)	64,806	-	-	64,806	64,806	-	100.0%	14,300	14,300
Total	64,806	-	-	64,806	64,806	-	100.0%	20,381	14,300

Notes to the Appropriation Statement for the year ended 31 March 2018

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

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

4. Explanations of material variances from Amounts Voted (after Virement):

4.1 Per programme:	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Approp.
	R'000	R'000	R'000	R'000
Administration	1,762,212	1,373,037	389,175	22%
Ministry	45,249	45,223	26	0.08%
Management	189,591	184,663	4,718	2.79%
Internal audit	34,859	34,434	425	1.22%
Corporate services	375,941	364,289	11,572	3.09%
Financial services	182,598	179,687	2,709	1.48%
Office accommodation	580,170	231,729	348,441	60.06%
Provincial coordination	373,916	362,632	21,284	5.69%

Explanation of variance

The under-spending of 60,41% is due to the delays in the construction of the new head office accommodation, 207 vacant posts and a high vacancy rate of 13,2% which led to the under-spending of the Compensation of Employees' budget by 5,7% or R41.9 million.

Geomatics Management Services	652,389	618,203	34,186	5%
National Geomatics Management Services	489,620	467,085	22,335	4.6%
Spatial Planning and Land Use Management	155,277	143,626	11,651	7.5%
Registration of Deeds Trading Account	-	-	-	-
South African Council for Planners	3,492	3,492	-	0.0%
South African Geomatics Council	4,000	4,000	-	0.0%

Explanation of variance

Due to 76 vacant posts and a high vacancy rate of 9.4% which under-spent the Compensation of Employees budget by 7.1% or R 34.6 million.

Rural Development	2,009,507	1,995,657	13,850	1%
Rural Infrastructure Development	795,903	790,954	5,849	0.7%
Rural Enterprise and Industrial Development	762,632	757,231	5,401	0.7%
National Rural Youth Services Corps	460,972	457,472	2,800	0.6%

Explanation of variance

Due to 55 vacant posts and a high vacancy rate of 11.07% which under-spent the Compensation of Employees budget by 4.7% or R 13.6 million.

Notes to the Appropriation Statement for the year ended 31 March 2018

Restitution	3,097,519	3,093,990	3,529	0%
Restitution National Office	116,607	116,454	153	0.1%
Restitution Regional Offices	570,405	568,867	1,538	0.3%
Restitution Grants	2,410,506	2,408,669	1,837	0.1%

Explanation of variance

Due to 59 vacant posts or 7.7 % vacancy rate.

Land Reform	2,662,413	2,649,294	13,119	0.5%
Land Reform National Office	230,799	230,460	339	3.9%
Land Reform Provincial Offices	585,035	581,100	3,935	0.7%
Land Reform Grants	404,858	404,804	54	0.0%
KwaZulu-Natal Inqoyana Trust Board	19,727	19,727	-	0.0%
Agricultural Land Holding Account	1,348,397	1,348,397	-	0.0%
Office of Valuer-General	64,806	64,806	-	0.0%

Explanation of variance

Due to 72 vacant posts and a high vacancy rate of 10.9% which under – spent the Compensation of Employees budget by 4.1% or R 13.7 million.

Per economic classification:	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Approp.
	R'000	R'000	R'000	%
Current expenditure	3,929,480	3,465,561	463,919	12%
Compensation of employees	2,194,554	2,085,585	108,969	5.0%
Goods and services	1,725,616	1,377,245	348,371	20.2%
Interest and rent on land	-	3,731	(3,731)	-
Transfers and subsidies	5,544,631	5,542,133	2,498	0%
Provinces and municipalities	217,741	217,740	1	0.0%
Departmental agencies and accounts	1,436,945	1,436,945	-	0.0%
Public corporations and private enterprises	1	-	1	100.0%
Foreign governments and international organisations	2,385	2,385	-	0.0%
Non-profit institutions	3,492	3,492	-	0.0%
Households	3,894,057	3,881,571	2,486	0.1%
Payments for capital assets	719,289	718,035	1,254	0%
Buildings and other fixed structures	563,316	563,316	-	-
Machinery and equipment	44,768	43,595	1,174	2.6%
Land and subsoil assets	111,124	111,124	-	0.0%
Payments for financial assets	-	3,452	-	-

Due to delays in the construction of the new head office accommodation hence the under-spent of 60.41%. The variance and under-spending on Compensation of Employees is due to vacant positions in the department.

Statement of Financial Performance for the year ended 31 March 2018

	Note	2017/18 R'000	2016/17 R'000
REVENUE			
Annual appropriation	1	10,184,240	10,124,345
Departmental revenue	2	81,636	89,761
Aid assistance	3	8,922	26,979
TOTAL REVENUE		10,274,771	10,241,085
EXPENDITURE			
Current expenditure			
Compensation of employees	4	2,085,888	2,066,290
Goods and services	5	1,377,245	1,679,942
Interest and rent on land	6	3,731	806
Aid assistance	3	8,800	23,878
Total current expenditure		3,475,361	3,769,916
Transfers and subsidies			
Transfers and subsidies	8	5,542,133	5,563,967
Total transfers and subsidies		5,542,133	5,563,967
Expenditure for capital assets			
Tangible assets	9	718,835	732,280
Total expenditure for capital assets		718,835	732,280
Payments for financial assets	7	3,452	24,714
TOTAL EXPENDITURE		9,738,981	10,090,877
SURPLUS/(DEFICIT) FOR THE YEAR		535,790	150,208
Reconciliation of Net Surplus/(Deficit) for the year			
Voted Funds			
Annual appropriation		454,058	57,346
Departmental revenue and NRF Receipts	15	81,636	89,761
Aid assistance	3	122	3,101
SURPLUS/(DEFICIT) FOR THE YEAR		535,790	150,208

Statement of Financial Position as at the year ended 31 March 2018

	Note	2017/18 R'000	2016/17 R'000
ASSETS			
Current Assets			
Cash and cash equivalents	10	301,249	147,785
Prepayments and advances	11	7,167	28,907
Receivables	12	439,852	238,508
Non-Current Assets			
Receivables	12	22,880	13,251
TOTAL ASSETS		771,548	428,561
LIABILITIES			
Current Liabilities			
Voted funds to be surrendered to the Revenue Fund	14	542,260	145,547
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	15	4,108	25,186
Payables	16	211,012	241,232
Aid assistance repayable	3	122	3,101
TOTAL LIABILITIES		757,502	415,066
NET ASSETS		14,146	13,495
Represented by:			
Recoverable revenue		14,146	13,495
TOTAL		14,146	13,495

Statement of Changes in Net Assets for the year ended 31 March 2018

NET ASSETS	Note	2017/18 R'000	2016/17 R'000
Capitalisation Reserves			
Opening balance		-	6,112
Other movements		-	(6,112)
Closing balance		-	-
Recoverable revenue			
Opening balance		13,485	11,429
Transfers		851	2,086
Decls recovered (included in departmental receipts)		(3,948)	(7,372)
Decls raised		4,297	9,038
Closing balance		14,145	13,485
TOTAL		14,145	13,485

Cash Flow Statement for the year ended 31 March 2018

	2017/18	2016/17
Non	R'000	R'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts	10,274,176	10,240,546
Annual appropriated funds received	1.1 10,104,240	10,124,345
Departmental revenue received	2 63,432	88,565
Interest received	2.2 17,562	18,327
Aid assistance received	3 8,922	26,979
Net (increase)/ decrease in working capital	(219,143)	(87,600)
Summended to Revenue Fund	(180,033)	(152,899)
Summended to RDP Fund/Donor	(3,101)	(13,855)
Current payments	(3,471,630)	(3,709,110)
Interest paid	6 (3,731)	(806)
Payments for financial assets	(3,452)	(24,714)
Transfers and subsidies paid	(5,342,133)	(5,563,907)
Net cash flow available from operating activities	17 870,953	628,085
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for capital assets	9 (718,035)	(732,280)
Proceeds from sale of capital assets	2.3 505	439
(Increase)/ decrease in investments	-	16,112
Net cash flows from investing activities	(717,449)	(715,729)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase/ (decrease) in net assets	651	(14,548)
Net cash flows from financing activities	651	(14,448)
Net increase/ (decrease) in cash and cash equivalents	154,154	(101,683)
Cash and cash equivalents at beginning of period	147,785	249,465
Cash and cash equivalents at end of period	18 301,949	147,785

Notes to the Annual Financial Statements for the year ended 31 March 2018

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 1 of 1999 (as amended by Act 25 of 1999), and the Treasury Regulations issued in terms of the PFMA and the annual Division of Revenue Act.

1	<p>Basis of preparation The financial statements have been prepared in accordance with the Modified Cash Standard.</p>
2	<p>Going concern The financial statements have been prepared on a going concern basis.</p>
3	<p>Presentation currency Amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the department.</p>
4	<p>Rounding Unless otherwise stated, financial figures have been rounded to the nearest one thousand Rand (R'000).</p>
5	<p>Comparative information</p>
5.1	<p>Prior period comparative information 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.</p>
5.2	<p>Current year comparison with budget A comparison between the approved, final budget and actual amounts for each programme and economic classification is included in the appropriation statement.</p>
6	<p>Revenue</p>
6.1	<p>Appropriated funds 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.</p>
6.2	<p>Departmental revenue 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.</p>
6.3	<p>Accrued departmental revenue 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"> - it is probable that the economic benefits or service potential associated with the transaction will flow to the department; and - the amount of revenue can be measured reliably. <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>

Notes to the Annual Financial Statements for the year ended 31 March 2018

7	Expenditure
7.1	Compensation of employees
7.1.1	Salaries and wages Salaries and wages are recognised in the statement of financial performance on the date of payment.
7.1.2	Social contributions Social contributions made by the department in respect of current employees are recognised in the statement of financial performance on the date of payment. 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.
7.2	Other expenditure 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.
7.3	Accruals and payables not recognised Accruals and payables not recognised are recorded in the notes to the financial statements at cost at the reporting date.
7.4	Leases
7.4.1	Operating leases 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.
7.4.2	Finance leases 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: <ul style="list-style-type: none"> • cost, being the fair value of the asset; or • the sum of the minimum lease payments made, including any payments made to acquire ownership at the end of the lease term, excluding interest.
8	Aid Assistance
8.1	Aid assistance received 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.
8.2	Aid assistance paid 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.
9	Cash and cash equivalents 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. Bank overdrafts are shown separately on the face of the statement of financial position as a current liability.
10	Prepayments and advances Prepayments and advances are recognised in the statement of financial position when the department receives or disburses the cash. Prepayments and advances are initially and subsequently measured at cost. <Indicate when prepayments are expensed and under what circumstances.>

Notes to the Annual Financial Statements for the year ended 31 March 2018

11	<p>Loans and receivables</p> <p>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>
12	<p>Investments</p> <p>Investments are recognised in the statement of financial position at cost.</p>
13	<p>Financial assets</p>
13.1	<p>Financial assets (not covered elsewhere)</p> <p>A financial asset is recognised initially at its cost plus transaction costs that are directly attributable to the acquisition or issue of the financial asset.</p> <p>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>
13.2	<p>Impairment of financial assets</p> <p>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>
14	<p>Payables</p> <p>Payables recognised in the statement of financial position are recognised at cost.</p>
15	<p>Capital Assets</p>
15.1	<p>Immovable capital assets</p> <p>Immovable assets reflected in the asset register of the department are recorded in the notes to the financial statements at cost or fair value where the cost cannot be determined reliably. Immovable assets acquired in a non-exchange transaction are recorded at fair value at the date of acquisition. Immovable assets are subsequently carried in the asset register at cost and are not currently subject to depreciation or impairment.</p> <p>Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use.</p> <p>Additional information on immovable assets not reflected in the asset register is provided in the notes to financial statements.</p>
15.2	<p>Movable capital assets</p> <p>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 of the date of acquisition.</p> <p>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.</p> <p>All assets acquired prior to 1 April 2012 (or a later date as approved by the OAG) may be recorded at R1.</p> <p>Movable capital assets are subsequently carried at cost and are not subject to depreciation or impairment.</p> <p>Subsequent expenditure that is of a capital nature forms part of the cost of the existing asset when ready for use.</p>
15.4	<p>Project Costs: Work-in-progress</p> <p>Expenditure of a capital nature is initially recognised in the statement of financial performance at cost when paid.</p> <p>Amounts paid towards capital projects are separated from the amounts recognised and accumulated in work-in-progress until the underlying asset is ready for use. Once ready for use, the total accumulated payments are recorded in an asset register. Subsequent payments to complete the project are added to the capital asset in the asset register.</p> <p>Where the department is not the custodian of the completed project asset, the asset is transferred to the custodian subsequent to completion.</p>

Notes to the Annual Financial Statements for the year ended 31 March 2018

16	Provisions and Contingents
16.1	<p>Provisions 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>
16.2	<p>Contingent liabilities 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>
16.3	<p>Contingent assets 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>
16.4	<p>Commitments 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>
17	<p>Unauthorised expenditure 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"> • approved by Parliament or the Provincial Legislature with funding and the related funds are received; or • approved by Parliament or the Provincial Legislature without funding and is written off against the appropriation in the statement of financial performance; or • transferred to receivables for recovery. <p>Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure.</p>
18	<p>Fruitless and wasteful expenditure 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>
19	<p>Irregular expenditure 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>
20	<p>Changes in accounting policies, accounting estimates and errors Changes in accounting policies that are affected 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>

Notes to the Annual Financial Statements for the year ended 31 March 2018

21	<p>Events after the reporting date</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>
22	<p>Principal-Agent arrangements</p> <p>The department is party to a principal-agent arrangement for [include details here]. In terms of the arrangement the department is the [principal / agent] and is responsible for [include details here]. All related revenues, expenditures, assets and liabilities have been recognised or recorded in terms of the relevant policies listed herein. Additional disclosures have been provided in the notes to the financial statements where appropriate.</p>
23	<p>Departures from the MCS requirements</p> <p>There were no departures from MCS requirements.</p>
24	<p>Capitalisation reserve</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>
25	<p>Recoverable revenue</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>
26	<p>Related party transactions</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. 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 composition is recorded in the notes to the financial statements.</p>
27	<p>Public-Private Partnerships</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>
28	<p>Employee benefits</p> <p>The value of each major class of employee benefit obligation (pensions, payables not recognised and provisions) is disclosed in the Employee benefits note.</p>

Notes to the Annual Financial Statements for the year ended 31 March 2018

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 (Voiced funds) and Provincial Departments.

PROGRAMMES	2017/18			2016/17	
	Final Appropriation R'000	Actual Funds Received R'000	Funds not requested/not received R'000	Final Appropriation R'000	Appropriation Received R'000
Administration	1,762,212	1,762,212	-	1,621,877	1,621,877
National Geomatics Management Services	652,380	652,380	-	676,947	676,947
Rural Development	2,009,507	2,009,507	-	1,832,279	1,832,279
Restitution	3,097,510	3,097,510	-	3,335,794	3,335,794
Land Reform	2,662,613	2,662,613	-	2,657,448	2,657,448
Total	10,184,248	10,184,240	-	10,124,345	10,124,345

2. Departmental revenue

	Note	2017/18 R'000	2016/17 R'000
Departmental Revenue			
Sales of goods and services other than capital assets	2.1	22,866	21,652
Interest, dividends and rent on land	2.2	30,940	29,781
Sales of capital assets	2.3	595	439
Transactions in financial assets and liabilities	2.4	27,208	37,509
Total revenue collected		81,509	89,781
Departmental revenue collected		81,509	89,781

2.1 Sales of goods and services other than capital assets

	Note	2017/18 R'000	2016/17 R'000
Sales of goods and services produced by the department	2	22,862	21,549
Sales by market establishment		833	799
Administrative fees		17,209	17,240
Other sales		4,820	3,610
Sales of scrap, waste and other used current goods		4	3
Total		22,866	21,652

2.2 Interest, dividends and rent on land

	Note	2017/18 R'000	2016/17 R'000
Interest	2	17,582	18,327
Rent on land		13,358	11,454
Total		30,940	29,781

Rent on land excludes amount of R 2 064 233,76 of rent received in advance.

2.3 Sale of capital assets

	Note	2017/18 R'000	2016/17 R'000
Tangible assets		595	439
Machinery and equipment	31	595	439
Total		595	439

Notes to the Annual Financial Statements for the year ended 31 March 2018

2.4 Transactions in financial assets and liabilities

	Note	2017/18 R'000	2016/17 R'000
Receivables	2	2,870	5,705
Other Receipts including Recoverable Revenue		24,530	32,204
Total		27,288	37,909

3. Aid assistance

	Note	2017/18 R'000	2016/17 R'000
Opening Balance		3,101	13,655
As restated		3,101	13,655
Transferred from statement of financial performance		122	3,101
Paid during the year		(3,101)	(13,655)
Closing Balance		122	3,101

3.1 Analysis of balance by source

	Note	2017/18 R'000	2016/17 R'000
Aid assistance from RDP	3	122	3,101
Closing Balance		122	3,101

3.2 Analysis of balance

	Note	2017/18 R'000	2016/17 R'000
Aid assistance repayable	3	122	3,101
Closing balance		122	3,101

3.3 Aid assistance expenditure per economic classification

	Note	2017/18 R'000	2016/17 R'000
Current	3	8,880	-
Total aid assistance expenditure		8,880	-

4. Compensation of employees

4.1 Salaries and Wages

	Note	2017/18 R'000	2016/17 R'000
Basic salary		1,454,831	1,435,407
Performance award		33,818	30,630
Service Based		1,896	1,549
Compensative/circumstantial		38,459	48,343
Periodic payments		238	250
Other non-pensionable allowances		288,456	289,952
Total		1,817,716	1,806,131

4.2 Social contributions

	Note	2017/18 R'000	2016/17 R'000
Employer contributions			
Pension		186,022	180,081
Medical		81,524	78,743
Bargaining council		343	335
Total		267,889	259,159

Total compensation of employees		2,085,585	2,065,290
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Average number of employees		4,299	4,411
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Notes to the Annual Financial Statements for the year ended 31 March 2018

5. Goods and services

	Note	2017/18 R'000	2016/17 R'000
Administrative fees		27,607	31,096
Advertising		10,262	16,840
Minor assets	5.1	6,421	10,487
Salaries (employees)		5,546	4,140
Catering		4,771	5,002
Communication		54,110	63,613
Computer services	5.2	138,183	227,312
Consultants: Business and advisory services		140,398	188,702
Infrastructure and planning services		687	707
Legal services		211,250	193,715
Contractors		16,850	30,655
Agency and support / outsourced services		17,958	27,342
Entertainment		3	-
Audit cost – external	5.3	20,069	18,815
Fleet services		19,131	17,734
Consumables	5.4	32,675	36,970
Operating leases		225,010	269,685
Property payments	5.5	190,545	198,785
Rental and hiring		3,072	6,610
Transport provided as part of the departmental activities		2,345	2,890
Travel and subsistence	5.6	246,796	300,540
Venues and facilities		46,967	68,994
Training and development		7,173	12,999
Other operating expenditure	5.7	8,743	13,112
Total		1,377,245	1,679,942

5.1 Minor assets

	Note	2017/18 R'000	2016/17 R'000
Tangible assets	5	6,421	10,487
Machinery and equipment		6,421	10,487
Total		6,421	10,487

5.2 Computer services

	Note	2017/18 R'000	2016/17 R'000
SITA computer services	5	17,950	28,670
External computer service providers		120,223	127,642
Total		138,183	227,312

5.3 Audit cost – External

	Note	2017/18 R'000	2016/17 R'000
Regularly audits	5	1,696	-
Investigations		20,069	18,815
Total		20,069	18,815

Notes to the Annual Financial Statements for the year ended 31 March 2018

5.4 Consumables

	Note	2017/18 R'000	2016/17 R'000
Consumable supplies	5	8,837	7,060
Uniform and clothing		1,695	461
Household supplies		2,443	3,900
Building material and supplies		500	-
Communication accessories		4	10
IT consumables		703	458
Other consumables		488	2,232
Stationery, printing and office supplies		76,530	29,902
Total		32,675	36,970

5.5 Property payments

	Note	2017/18 R'000	2016/17 R'000
Municipal services	5	40,346	48,057
Other		90,199	90,708
Total		130,545	138,765

5.6 Travel and subsistence

	Note	2017/18 R'000	2016/17 R'000
Local	5	246,596	295,758
Foreign		1,190	4,751
Total		246,786	300,548

5.7 Other operating expenditure

	Note	2017/18 R'000	2016/17 R'000
Professional bodies, membership and subscription fees	5	111	127
Resemblance costs		1,004	3,293
Other		7,208	9,692
Total		8,743	13,112

6. Interest and rent on land

	Note	2017/18 R'000	2016/17 R'000
Interest paid		3,731	668
Total		3,731	668

7. Payments for financial assets

	Note	2017/18 R'000	2016/17 R'000
Other material losses written off	7.1	1,588	18,947
Debts written off	7.2	1,854	5,767
Total		3,442	24,714

7.1 Other material losses written off

	Note	2017/18 R'000	2016/17 R'000
Nature of losses	7		
Damaged rental vehicles - officials did not forfeit state cover		1,551	2,790
No Show accommodation - officials did not forfeit state cover		46	45
Real estate investment		-	16,112
Other		1	-
Total		1,598	18,947

Notes to the Annual Financial Statements for the year ended 31 March 2018

7.2 Debts written off

	Note	2017/18 R'000	2016/17 R'000
Nature of debts written off	7		
Other debt written off			
Salary Debt		301	528
Telephone Debts		5	-
Breach of contract		1,399	6,009
Other		-	60
Tax Debts		94	96
Employee		34	74
Subsidised Transport		21	-
Total		1,854	6,767
Total debt written off		1,854	6,767

8. Transfers and subsidies

	Note	2017/18 R'000	2016/17 R'000
Provinces and municipalities		217,740	116,330
Departmental agencies and accounts	Annex 1b	1,438,945	1,526,207
Foreign governments and international organisations	Annex 1e	2,385	2,333
Non-profit institutions	Annex 1f	3,492	3,326
Households	Annex 1g	3,681,671	3,903,772
Total		5,542,133	5,543,967

9. Expenditure for capital assets

	Note	2017/18 R'000	2016/17 R'000
Tangible assets		718,035	732,280
Buildings and other fixed structures	32	563,316	568,868
Machinery and equipment	31	43,595	59,009
Land and subsoil assets	32	111,124	104,403
Total		718,035	732,280

9.1 Analysis of funds utilised to acquire capital assets – 2017/18

	Voted Funds R'000	Aid assistance R'000	TOTAL R'000
Tangible assets	718,035	-	718,035
Buildings and other fixed structures	563,316	-	563,316
Machinery and equipment	43,595	-	43,595
Land and subsoil assets	111,124	-	111,124
Total	718,035	-	718,035

9.2 Analysis of funds utilised to acquire capital assets – 2016/17

	Voted Funds R'000	Aid assistance R'000	TOTAL R'000
Tangible assets	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
Total	732,280	-	732,280

Notes to the Annual Financial Statements for the year ended 31 March 2018

9.2 Finance lease expenditure included in Expenditure for capital assets

	Note	2017/18 R'000	2016/17 R'000
Tangible assets			
Machinery and equipment		9,148	8,760
Total		9,148	8,760

10. Cash and cash equivalents

	Note	2017/18 R'000	2016/17 R'000
Cash and Cash Equivalents			
Consolidated Paymaster General Account		301,825	147,056
Cash on hand		124	129
Total		301,949	147,185

11. Prepayments and advances

	Note	2017/18 R'000	2016/17 R'000
Travel and subsistence		14	53
Prepayments (Not expensed)	11.2	373	20,500
Advances paid (Not expensed)	11.1	6,780	8,349
Total		7,167	28,902

11.1 Advances paid (Not expensed)

	Note	Balance as at 1 April 2017 R'000	Less: Amount expensed in current year R'000	Add: Current Year advances R'000	Balance as at 31 March 2018 R'000
National departments	14	8,349	1,569	-	6,780
Total		8,349	1,569	-	6,780

11.2 Prepayments (Not expensed)

	Note	Balance as at 1 April 2017 R'000	Less: Amount expensed in current year R'000	Add: Current Year advances R'000	Balance as at 31 March 2018 R'000
Goods and services	14	20,565	152,664	132,492	373
Total		20,565	152,664	132,492	373

12. Receivables

	Note	2017/18			2016/17		
		Current R'000	Non-current R'000	Total R'000	Current R'000	Non-current R'000	Total R'000
Claims recoverable	12.1	438,900	47	438,947	220,955	-	220,955
Recoverable expenditure	12.2	-	6,646	6,646	1,765	3,845	5,610
Staff debt	12.3	951	15,330	16,281	6,310	9,378	15,688
Fruitless and wasteful expenditure	12.5	1	-	1	-	-	-
Other debtors	12.4	-	657	657	578	30	558
Total		439,852	22,680	462,532	238,558	13,253	251,816

12.1 Claims recoverable

	Note	2017/18 R'000	2016/17 R'000
Provincial departments	12	47	73
Public entities		438,900	220,882
Total		438,947	220,955

Notes to the Annual Financial Statements for the year ended 31 March 2018

12.2 Recoverable expenditure (disallowance accounts)

	Note	2017/18	2016/17
	12	R'000	R'000
Sel. Deduction Disallowance Account		21	-
Damaged Vehicles		5,276	5,259
Sel. Tax Debt		79	41
Sel. Reversal Control Account		268	124
Sel. GEHS refund Control Acc. CA		-	183
Disallowances Damages & Losses		-	1
Total		6,644	5,608

12.3 Staff debt

	Note	2017/18	2016/17
	12	R'000	R'000
Salary Debt		1,653	662
Bursary Debt		12,258	12,670
Subsidised Motor Scheme		7	46
Tax Debt		29	103
Telephone Debt		6	40
Suppliers		1	-
Misconduct		1,419	1,067
GG Accident		693	573
Other Debts		292	508
SG debtors		21	19
Total		16,281	15,688

12.4 Other debtors

	Note	2017/18	2016/17
	12	R'000	R'000
Transport payment suspense		657	480
Sel. Recoverable		-	98
Total		657	558

12.5 Fruitless and wasteful expenditure

	Note	2017/18	2016/17
	12	R'000	R'000
Opening balance		-	-
Transfers from note 25 Fruitless and Wasteful expenditure		1	-
Total		1	-

12.6 Impairment of receivables

	Note	2017/18	2016/17
		R'000	R'000
Estimate of impairment of receivables		13,767	11,611
Total		13,767	11,611

13. Investments

	Note	2017/18	2016/17
		R'000	R'000
Analysis of non current investments:			
Opening balance		-	15,112
Non-cash movements		-	(15,112)
Closing balance		-	-

Notes to the Annual Financial Statements for the year ended 31 March 2018

14. Voted funds to be surrendered to the Revenue Fund

	Note	2017/18 R'000	2016/17 R'000
Opening balance		145,547	79,314
Prior period error		-	68,201
As restated		145,547	147,515
Transfer from statement of financial performance (as restated)		454,269	57,346
Paid during the year		(57,346)	(79,314)
Closing balance		542,260	145,547

14.1 Prior period error

	Note	2016/17 R'000
Nature of prior period error	14	
Relating to 2016/17		88,201
Advance payment to GTAC incorrectly expensed in the 16/17 financial year		88,201
Total		88,201

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

	Note	2017/18 R'000	2016/17 R'000
Opening balance		25,186	8,810
As restated		25,186	8,810
Transfer from Statement of Financial Performance (as restated)		81,609	69,751
Paid during the year		(102,687)	(73,385)
Closing balance		4,188	25,186

16. Payables – current

	Note	2017/18 R'000	2016/17 R'000
Advances received	10.1	22,951	344
Clearing accounts	16.2	52,523	37,116
Other payables	10.3	135,536	203,772
Total		211,012	241,232

16.1 Advances received

	Note	2017/18 R'000	2016/17 R'000
National departments	Annex BB	22,951	344
Total		22,951	344

16.2 Clearing accounts

	Note	2017/18 R'000	2016/17 R'000
Payable Adv/N/dspt/Adv Acc	16	52,489	37,116
Set ACB Recal		34	-
Total		52,523	37,116

Notes to the Annual Financial Statements for the year ended 31 March 2018

16.3 Other payables

	Note	2017/18	2016/17
	16	R'000	R'000
Sait Pension Fund: of		16	20
Sait Income Tax		601	1,025
Transport suspense account		23	273
Sait Revenue control		05	-
Restitution Project Account: ABSA		134,433	202,449
Sait Bargaining council		1	5
Sait GEHS		73	-
Sait Housing		4	-
Rec Dem CLMS: Pub Ent Claim Recd		20	-
Total		135,838	202,772

17. Net cash flow available from operating activities

	Note	2017/18	2016/17
		R'000	R'000
Net surplus/(deficit) as per Statement of Financial Performance		535,790	150,208
Add back non-cash/cash movements not deemed operating activities		335,153	477,887
(Increase)/decrease in receivables – current		(210,723)	(142,602)
(Increase)/decrease in prepayments and advances		21,800	(19,394)
Increase/(decrease) in payables – current		(30,220)	74,386
Proceeds from sale of capital assets		(598)	(439)
Expenditure on capital assets		715,035	732,280
Surrenders to Revenue Fund		(160,033)	(162,689)
Surrenders to RDP Fund/Donor		(3,101)	(13,655)
Net cash flow generated by operating activities		579,953	628,695

18. Reconciliation of cash and cash equivalents for cash flow purposes

	Note	2017/18	2016/17
		R'000	R'000
Consolidated Paymaster General account		301,825	147,656
Cash on hand		124	128
Total		301,949	147,785

19. Contingent liabilities and contingent assets

19.1 Contingent liabilities

	Note	2017/18	2016/17	
		R'000	R'000	
Liability to				
Housing loan guarantees	Employees	Annex 34	257	437
Claims against the department		Annex 35	2,144,775	1,962,848
Intergovernmental payables (unconfirmed balances)		Annex 5	64,936	61,083
Other		Annex 35	305,854	2,363
Total		2,518,832	2,026,741	

Other includes 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, a ward may be made by the Minister in accordance with S42D of the Restitution of Land Right Act. The award may constitute restoration of land, financial compensation and 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 306 884 million as at 31 March 2018. 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 interest and legal costs; and it is only in instances where the department is not appealing or reviewing the order.

Notes to the Annual Financial Statements for the year ended 31 March 2018

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.

19.1 Contingent assets

	Note	2017/18 R'000	2016/17 R'000
Nature of contingent asset			
Legal claims by the Department		133,302	133,410
Assets seized during forfeiture order by the Assets Forfeiture Unit (AFU)		45,211	85,311
Total		178,513	218,721

20. Commitments

	Note	2017/18 R'000	2016/17 R'000
Current expenditure			
Approved and contracted		489,405	434,127
Approved but not yet contracted		1,161,339	1,167,921
		1,670,744	1,602,048
Capital Expenditure			
Approved and contracted		867,393	1,121,424
Approved but not yet contracted		5,544,347	5,621,675
		6,411,740	6,743,099
Total Commitments		8,082,484	8,345,148

Included in commitments are projects that are between 1 and 3 years (R 830 978 436,64) that are older than 3 years (R 2 767 060 956). This is due to changes of Restitution settlement options, community, tribal, family dispute and unresolvable claims. Interest might be charged on settlement of some of these claims in terms of Section 80 of the PFMA as prescribed by the Minister of Finance.

21. Accruals and payables not recognised

21.1 Accruals

			2017/18 R'000	2016/17 R'000
Listed by economic classification	30 days	30+ days	Total	Total
Goods and services	377,160	15,980	393,140	436,903
Transfers and subsidies	-	-	-	112
Total	377,160	15,980	393,140	437,015

	Note	2017/18 R'000	2016/17 R'000
Listed by programme level			
Administration		55,521	65,113
Geospatial and Cadastre Surveys		5,078	6,987
Rural Development		26,001	5,562
Restitution		362,564	2,118
Land Reform		3,975	357,235
Total		393,140	437,015

21.2 Payables not recognised

	30 days	30+ days	Total	Total
Listed by economic classification				
Goods and services	42,323	3,925	46,248	76,424
Transfers and subsidies	-	-	-	21,371
Total	42,323	3,925	46,248	97,795

Notes to the Annual Financial Statements for the year ended 31 March 2018

Listed by programme level	Note	2017/18 R'000	2016/17 R'000
Administration		9,173	13,658
Geospatial and Cadastre Surveys		7,781	1,596
Rural Development		20,051	36,152
Restitution		2,145	5,061
Land Reform		7,098	42,330
Total		46,248	97,795

Included in the above totals are the following:	Note	2017/18 R'000	2016/17 R'000
Confirmed balances with departments	Annex 5	9,558	348,045
Confirmed balances with other government entities	Annex 5	225,815	13,695
Total		235,374	361,740

22. Employee benefits

	Note	2017/18 R'000	2016/17 R'000
Leave entitlement		79,020	81,517
Service bonus (Thirteenth cheque)		58,650	56,717
Performance awards		34,854	32,919
Capped leave commitments		31,502	31,574
Other		135	37
Total		204,200	202,764

Included in the leave entitlement balance are negative balances of R 2 795 907,25 which resulted from the following:

At the beginning of the year, 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 exceed hence the negative balances.

23. Lease commitments

23.1 Operating leases

2017/18	Specialised military assets R'000	Land R'000	Buildings and other fixed structures R'000	Machinery and equipment R'000	Total R'000
Not later than 1 year	-	-	105,807	12,294	118,101
Later than 1 year and not later than 5 years	-	-	31,559	10,338	41,897
Total lease commitments	-	-	137,446	22,632	160,078

2016/17	Specialised military assets R'000	Land R'000	Buildings and other fixed structures R'000	Machinery and equipment R'000	Total R'000
Not later than 1 year	-	-	145,747	25,766	171,513
Later than 1 year and not later than 5 years	-	-	155,410	1,079	157,089
Total lease commitments	-	-	301,157	27,445	328,602

23.2 Finance leases **

2017/18	Specialised military assets R'000	Land R'000	Buildings and other fixed structures R'000	Machinery and equipment R'000	Total R'000
Not later than 1 year	-	-	-	4,220	4,220
Later than 1 year and not later than 5 years	-	-	-	2,808	2,808
Total lease commitments	-	-	-	7,008	7,008

Notes to the Annual Financial Statements for the year ended 31 March 2018

2016/17	Specialised military assets R'000	Land R'000	Buildings and other fixed structures R'000	Machinery and equipment R'000	Total R'000
Not later than 1 year	-	-	-	5 500	5 500
Later than 1 year and not later than 5 years	-	-	-	3 585	3 585
Total lease commitments	-	-	-	9 085	9 085

23.3 Operating lease future revenue**

2017/18	Specialised military assets R'000	Land R'000	Buildings and other fixed structures R'000	Machinery and equipment R'000	Total R'000
Not later than 1 year	-	6 847	-	-	6 847
Later than 1 year and not later than 5 years	-	14 100	-	-	14 100
Later than five years	-	22 853	-	-	22 853
Total operating lease revenue receivable	-	43 800	-	-	43 800

2016/17

	Specialised military assets R'000	Land R'000	Buildings and other fixed structures R'000	Machinery and equipment R'000	Total R'000
Not later than 1 year	-	7 127	4	-	7 131
Later than 1 year and not later than 5 years	-	20 430	-	-	20 430
Later than five years	-	23 597	-	-	23 597
Total operating lease revenue receivable	-	51 154	4	-	51 155

24. Accrued departmental revenue

	Note	2017/18 R'000	2016/17 R'000
Interest, dividends and rent on land		150 015	148 133
Sales of capital assets		11	-
Total		150 026	148 133

24.1 Analysis of accrued departmental revenue

	Note	2017/18 R'000	2016/17 R'000
Opening balance		148 133	105 329
Less: amounts received		26 733	16 081
Add: amounts recorded		28 107	58 891
Less: amounts written off/reversed as irrecoverable		9 481	6
Closing balance		150 026	148 133

24.2 Impairment of accrued departmental revenue

	Note	2017/18 R'000	2016/17 R'000
Accrued department revenue written off			
Nature of losses			
Lease Debtors not recoverable		9 481	-
Total		9 481	-

Notes to the Annual Financial Statements for the year ended 31 March 2018

24.3 Impairment of accrued departmental revenue

	Note	2017/18 R'000	2016/17 R'000
Estimate of impairment of accrued departmental revenue		80,252	73,223
Total		80,252	73,223

25. Irregular expenditure

25.1 Reconciliation of irregular expenditure

	Note	2017/18 R'000	2016/17 R'000
Opening balance		47,117	25,187
As restated		47,117	25,187
Add: Irregular expenditure – relating to current year		2,946	41,830
Less: Prior year amounts condoned		(6,445)	(19,900)
Closing balance		43,618	47,117

Analysis of awaiting condonation per age classification

	2,946	41,830
Current year	40,672	5,267
Prior years	43,618	47,117
Total		

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

Incident	Disciplinary steps taken/criminal proceedings	2017/18 R'000
Non-Compliance to SCM		2,026
Due unauthorised expenditure		120
Total		2,946

25.1 Details of irregular expenditure condoned

Incident	Condoned by (condoning authority)	2017/18 R'000
Due to late payments of invoices		6,445
Total		6,445

25.4 Prior period error

Prior period error	Note	2016/17 R'000
Relating to 2016/17		222
Irregular expenditure omitted		222
Total		222

26. Fruitless and wasteful expenditure

26.1 Reconciliation of fruitless and wasteful expenditure

	2017/18 R'000	2016/17 R'000
Opening balance	1,907	27,503
As restated	1,907	27,503
Fruitless and wasteful expenditure – relating to current year	11,545	862
Less: Amounts resolved	(4,742)	(26,478)
Less: Amounts transferred to receivables for recovery	(1)	-
Closing balance	8,709	1,907

Notes to the Annual Financial Statements for the year ended 31 March 2018

26.2 Analysis of awaiting resolution per economic classification

Current:	8,709	1,907
Total	8,709	1,907

26.3 Analysis of Current year's (relating to current and prior years) fruitless and wasteful expenditure

Incident	2017/18 R'000
Interest paid on late payments	898
Interest paid as compelled by court	2,827
Interest Paid on late renewal of motor vehicle	6
NARYSEC	106
Travel duplicate invoices	5,173
Payment of VAT to non – VAT vendor	1,535
Total	11,545

27. Related party transactions

	2017/18 R'000	2016/17 R'000
Year end balances arising from revenues/payments		
Receivables from related parties	24	141,651
Payables to related parties	-	(13,606)
Total	24	127,966

In kind goods and services provided/received

List in kind goods and services between department and related party

	Note	2017/18 R'000
The Department paid for the office space for the Deeds		
Deeds Registration Trading account has rendered services (it was the bulk Information searches for properties) to SG		(35,064)
The Agricultural Land Holdings Account falls under the administration of the Department of Rural Development and Land Reform. The executives of the Department spend some of their time on the Affairs of the trading entity. Further, The department provides the services of internal audit function, IT and staff training.		4,310
Compensation of employees paid for the CLCC, DLCC and RLCC		(13,460)
TWF invoices paid by the Department on behalf of DEEDS		(4,593)
Goods and services expenditure incurred on behalf of the Commission for Restitution		(1,636)
Total		(37,324)
		(109,258)

28. Key management personnel

	No. of Individuals	2017/18 R'000	2016/17 R'000
Political office bearers (provide detail below)	3	6,357	6,113
Officials:			
Level 15 to 16	12	15,991	17,146
Level 14 (incl. CFO if at a lower level)	79	83,593	80,056
Family members of key management personnel	8	5,613	5,141
Total		111,554	109,356

29. Provisions

	Note	2017/18 R'000	2016/17 R'000
Provisions			
Other – Occupational Specific Dispensation		-	1,160
State Land Prizes		-	6,565
SIU		-	53,437
Total		-	61,162

Notes to the Annual Financial Statements for the year ended 31 March 2018

29.1 Reconciliation of movement in provisions – 2017/18

	OSD R'000	State Land R'000	SMJ R'000		Total provisions R'000
Opening balance	1,160	-	53,437	-	54,597
Unused amount reversed	(1,160)	-	(53,437)	-	(54,997)
Closing balance	-	-	-	-	-

Reconciliation of movement in provisions - 2016/17

	Provision 1 R'000	Provision 2 R'000	Provision 3 R'000	Provision 4 R'000	Total provisions R'000
Opening balance	66,072	-	14,265	3,555	83,892
Increase in provision	171	-	-	1,010	1,181
Settlement of provision	(2,888)	-	(14,265)	-	(17,153)
Unused amount reversed	(8,738)	-	-	-	(8,738)
Closing balance	54,597	-	-	4,565	61,162

30. Movable Tangible Capital Assets

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018

	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing balance R'000
MACHINERY AND EQUIPMENT	605,320	-	39,409	14,745	629,984
Transport assets	41,095	-	2,784	1,779	42,103
Computer equipment	402,119	-	13,150	10,963	404,306
Furniture and office equipment	83,375	-	9,064	1,589	90,754
Other machinery and equipment	78,724	-	14,411	314	92,821
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	605,320	-	39,409	14,745	629,984

30.1 Additions

ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018

	Cash R'000	Non-cash R'000	(Capital work-in-progress current costs and finance lease payments) R'000	Received current, not paid (Paid current year, received prior year) R'000	Total R'000
MACHINERY AND EQUIPMENT	43,594	4,146	(9,197)	866	39,409
Transport assets	1,293	1,491	-	-	2,784
Computer equipment	11,642	-	(21)	1,229	13,150
Furniture and office equipment	7,755	1,564	(25)	(235)	9,064
Other machinery and equipment	22,583	1,081	(9,145)	(125)	14,411
TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS	43,594	4,146	(9,197)	866	39,409

30.2 Disposals

	Sold for cash R'000	Non-cash disposal R'000	Total disposals R'000	Cash received Actual R'000
MACHINERY AND EQUIPMENT	9,871	4,874	14,745	595
Transport assets	1,779	-	1,779	595
Computer equipment	7,298	3,665	10,963	-
Furniture and office equipment	389	1,290	1,589	-
Office machinery and equipment	195	119	314	-
TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS	9,871	4,874	14,745	595

Notes to the Annual Financial Statements for the year ended 31 March 2018

30.3 Movement for 2016/17

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

	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing balance R'000
MACHINERY AND EQUIPMENT	567,231	-	48,104	11,015	605,320
Transport assets	39,324	-	3,640	1,865	41,099
Computer equipment	386,671	-	21,777	6,529	402,119
Furniture and office equipment	69,354	-	14,783	768	83,379
Other machinery and equipment	71,672	-	8,904	1,852	78,724
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	567,231	-	48,104	11,015	605,320

30.4 Minor assets

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018

	Specialised military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Opening balance	-	-	-	90,962	-	90,962
Value adjustments	-	-	-	(11)	-	(11)
Additions	-	-	-	6,489	-	6,489
Disposals	-	-	-	(2,567)	-	(2,567)
TOTAL MINOR ASSETS	-	-	-	94,853	-	94,853

	Specialised military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Number of R1 minor assets	-	-	-	25	-	25
Number of minor assets at cost	-	-	-	407	-	407
TOTAL NUMBER OF MINOR ASSETS	-	-	-	432	-	432

Minor assets

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

	Specialised military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Opening balance	-	-	-	82,085	-	82,085
Additions	-	-	-	10,388	-	10,388
Disposals	-	-	-	1,511	-	1,511
TOTAL MINOR ASSETS	-	-	-	93,962	-	93,962

	Specialised military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Number of R1 minor assets	-	-	-	26	-	26
Number of minor assets at cost	-	-	-	46	-	46
TOTAL NUMBER OF MINOR ASSETS	-	-	-	72	-	72

Notes to the Annual Financial Statements for the year ended 31 March 2018

30.5 Minor assets

Prior period error	Note	2016/17
Relating to 2016/17		32
Movable assets misstated		32
Total		32

31. Immovable tangible Capital Assets

	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing balance R'000
BUILDINGS AND OTHER FIXED STRUCTURES	662,662	-	199,994	379,701	482,955
Other fixed structures	662,662		199,994	379,701	482,955
LAND AND SUBSOIL ASSETS	1,327,437	(1,269)	181,815	184,344	1,323,639
Land	1,327,437	(1,269)	181,815	184,344	1,323,639
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	1,990,029	(1,269)	381,809	564,045	1,686,524

31.1 Additions

ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018

	Cash R'000	Non-cash R'000	(Capital work-in-progress current costs and finance lease payments) R'000	Received current, not paid (Paid current year, received prior year) R'000	Total R'000
BUILDINGS AND OTHER FIXED STRUCTURES	561,274	199,994	(561,274)	-	199,994
Other fixed structures	561,274	199,994	(561,274)	-	199,994
LAND AND SUBSOIL ASSETS	111,124	64	(5,670)	76,297	181,815
Land	111,124	64	(5,670)	76,297	181,815
TOTAL ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS	672,398	200,058	(566,944)	76,297	381,809

31.2 Disposals

DISPOSALS OF IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018

	Sold for cash R'000	Non-cash disposal R'000	Total disposals R'000	Cash received Actual R'000
BUILDINGS AND OTHER FIXED STRUCTURES	-	379,701	379,701	-
Other fixed structures	-	379,701	379,701	-
LAND AND SUBSOIL ASSETS	-	184,344	184,344	-
Land	-	184,344	184,344	-
TOTAL DISPOSAL OF IMMOVABLE TANGIBLE CAPITAL ASSETS	-	564,045	564,045	-

Notes to the Annual Financial Statements for the year ended 31 March 2018

31.3 Movement for 2016/17

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

	Opening balance R'000	Prior period error R'000	Additions R'000	Disposals R'000	Closing balance R'000
BUILDINGS AND OTHER FIXED STRUCTURES					
Other fixed structures	554 745	328 901	253 025	472 159	662 562
LAND AND SUBSOIL ASSETS					
Land	1 262 487	22 061	158 533	115 544	1 327 437
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	1 817 232	349 042	411 558	587 803	1 950 029

31.4 Prior period error

	Note	2016/17 R'000
Reverting to 2015/16 (Completed Assets)(RID)		349,042
State land value adjustments		326,981
Reverting to 2016/17		20,498
RID disposals understated		9,741
RID additions understated		2,034
State land understated		6 723
Total		369,540

31.5 Capital Work-in-progress

CAPITAL WORK-IN-PROGRESS AS AT 31 MARCH 2018

	Note Annexure 7	Opening Balances		Ready for use (Assets to the AR)	Closing Balance 31 March 2018 R'000
		1 April 2017 R'000	(Current Year WIP R'000	Contracts terminated R'000	
Buildings and other fixed structures		572,919	402,207	104,522	870,604
Machinery and equipment		8,760	9,197	8,760	9 197
TOTAL		581,679	412,804	113,282	879,801

	2017/18 R'000	2016/17 R'000
Accruals and payables not recognised relating to Capital WIP		
Amounts relating to progress certificates received but not paid at year end and therefore not included in capital work-in-progress	3 124	-
Total	3 124	-

Notes to the Annual Financial Statements for the year ended 31 March 2018

CAPITAL WORK-IN-PROGRESS AS AT 31 MARCH 2017

Note Annexure 7	Opening Balance	(Current Year WIP	Ready for use	Closing Balance
	1 April 2017		Contracts	
	R'000	R'000	terminated	R'000
			R'000	
Buildings and other fixed structures	190,582	473,629	(97,000)	572,350
Machinery and equipment	8,312	8,760	(8,312)	8,760
TOTAL	207,984	482,389	(105,318)	591,079

31.6 S42 Immovable assets

Assets subjected to transfer in terms of S42 of the PFMA - 2018/17

	No of Assets	Value of Assets R'000
BUILDINGS AND OTHER FIXED STRUCTURES	149	444 864
Other fixed structures	149	444 864
TOTAL	149	444 864

31.7 Immovable assets (additional information)

	Note	2017/18	2016/17
Unsurveyed land	Annexure 9	Area	Area
a		They are land parcels in South Africa that might be directed, the department will only become aware of such if there is a request to survey, then these land parcels will be surveyed.	
b		4,446	6,752
Property deemed vested land parcels			
c	Annexure 9	Number	Number
Facilities on unsurveyed land			
Schools		4,472	4,472
Clinics		448	448
Hospitals		25	25
Office buildings		175	175
Dwellings		296	296
Other		318	318

Notes to the Annual Financial Statements for the year ended 31 March 2018

32. Principal-agent arrangements

32.1 Department acting as the principal

Department acting as the principal

	2017/18 Fee paid R'000	2016/17 Fee paid R'000
Agricultural Research Council	47,705	62,889
National Agricultural Marketing Council	63,908	39,544
National Wool Growers Ass of SA	5,400	11,254
CSIR	25,889	39,817
Other	28,235	40,416
Co-operative bank	-	10,000
Dept. of Defence	71,193	57,381
GTAC	2,042	-
Total	244,372	281,304

	Nature	Circumstances	Significant judgement applied	Significant terms and conditions	Significant risk and benefits	Resources or Cost implication for termination	Resources under the custodianship
ARC	As a research institute and specialists in agriculture, the entity project manages, provides technical support training enterprise	Against a pre-existing limited capacity in the branch, also the shift in mandate from STFF to Field 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, yopi building
NWGA	This entity is Wool Industry Commodity Group that provides generic improvement of the rams in order to improve quality of the breed and the wool from ram. The entity also provides training and technical support to the farmers on sheep shearing.	The majority of sheep in the Eastern Cape is in communal areas. However, the genetic makeup 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, quality and participation of small scale black farmers in	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 Association. Furthermore, the NWGA has registered wool brokers who negotiate the	Penalty clause 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 male at the right times or periods of the year. Benefits – Improved stock for communal farmers, increased income from wool	The NWGA has contracted registered breeders until 2015 as such any termination of these contracts may have legal implications as each breeder has a breeding programme which if distracted may lead to detrimental costs to the breeders and communal farm-	No assets except rams already delivered are under the custodianship of the participating communal farmers

Notes to the Annual Financial Statements for the year ended 31 March 2018

	Nature	Circumstances	Significant judgement applied	Significant terms and conditions	Significant risk and benefits	Resources or Cost implication for termination	Resources under the custodianship
NWGA (continued)	grading of wool and market access for the rural enterprises	the commercial wool industry. This can only be achieved by improving the genetic makeup of the rams to promote pure breed mating to improve the wool quality in order to be able to participate in wool commercial industry.	price for farmers for better prices to the benefit of the farmers.		produce, job creation and skills transfer	are alike since not all areas have received rams.	
ASNAP	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 profitable contracts for any rural project and readymade off take agreements with the retail group (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
OMNIA	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 MCA with OMNIA. OMNIA was already supporting rural people with agricultural production inputs around the Agri - Park 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. Benefit – 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

Notes to the Annual Financial Statements for the year ended 31 March 2018

	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	This was branch leveraged on the Grain SA production knowhow 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.	Risk – Late delivery. Benefits – Skills transfer, job creation, improved productivity.	No cost implication because it was a once-off funding	Production inputs
DBSA	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 28 District Municipalities were priorities as CRDP sites with many registered cooperatives that were not functional, funds 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 projects that were already being 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-availability 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 (pigeons, chicks, etc), Poultry structures, irrigation system, and water tanks etc.

32.2 Department acting as the agent

32.2.1 Revenue for received agency

	2017/18 R'000	2016/17 R'000
Dept of Higher Education: NSF	52,965	41,134
Total	52,965	41,134

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 DCG 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 two departments. The conditions to the agreement was that:

- ORDLR will in writing notify NSF within 21 day of any changes in the project which might affect the planned project deliverables.
- 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
- The department undertakes to honour its obligation for vat payment and other transaction in compliance with South African laws and good practices.
- ORDLR 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 project 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.

Notes to the Annual Financial Statements for the year ended 31 March 2018

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 5.5 above and in accordance with the rate 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.

12.2.2 Reconciliation of funds and disbursements – 2017/18

Category of revenue/expenditure per arrangement	Total funds received R'000	Expenditure incurred against funds R'000
NSF Skills Fund	52,965	30,013
Total	52,965	30,013

12.2.3 Reconciliation of carrying amount of receivables and payables – 2017/18

Payables

Name of entity	Opening balance R'000	Expenses incurred		Closing balance R'000
		on behalf of principal R'000	Cash paid on be- half of principal R'000	
Dept of Higher Education: NSF	52,965	(30,013)		22,952
TOTAL	52,965	(30,013)	-	22,952

Notes to the Annual Financial Statements for the year ended 31 March 2018

34. Prior period errors

34.1 Correction of prior period errors

	Note	2016/17		
		Amount before error correction	Prior period error	Restated amount
Correction of prior period errors		R'000	R'000	R'000
Assets:				-
Accrued Departmental Revenue (lease debtors and interest due from conveyancers)	0	138,597	9,538	148,135
Contingent assets- AFU cases finalised and properties transferred to the department	25	115,270	(26,308)	88,962
Land and subsoil additions	41	1,318,714	8,723	1,327,437
Capital WIP (incorrect allocations)	41	832,480	(648,573)	183,907
Operating lease revenue new contracts and calculation error	29	51,124	34	51,158
Claims recoverable GTAC	16	141,754	88,201	229,955
Accrued Departmental Revenue (Transfers received)	30	198,560	(198,368)	-
Net effect		2,785,522	(770,415)	2,025,907
Liabilities:				-
Contingent liabilities prior period error-claims against the department	25	2,028,738	(65,891)	1,962,848
Contingent liabilities prior period error-claims against the department	25	2,530	(170)	2,360
Recap commitments approved in the prior year not captured in the system	26	1,050,210	98,711	1,148,921
Restitution: Commitments Approved and contracted understated in 16/17	26	1,040,445	78,978	1,119,423
DHET Agent Principal payable	42	-	41,184	41,184
Contract commitment overstated in the 16/17 financial year	26	774,713	(290,586)	484,127
Net effect:		4,867,640	(137,774)	4,729,866
Other:				-
Irregular expenditure erroneously omitted in the prior year	31	41,608	222	41,830
Analysis of Accrued departmental revenue opening	30	324,064	(218,735)	105,329
Less: Amount received	30	234,816	(218,735)	16,081
Add: Amount recognised	30	247,723	(198,368)	49,355
Net effect:		347,579	(108,806)	238,773

Annexures to the Annual Financial Statements for the year ended 31 March 2018

ANNEXURE 1A

Statement of conditional grants and other transfers to municipalities

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER			TRANSFER				2016/17
	DoRA and other transfers	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount received by Municipality	Amount spent by municipality	Unspent funds	% 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	R'000	R'000	%	R'000
Fines and Penalties	-		4	4	4							-
Municipal Rates and Taxes	61,877		53,554	115,431	217,368							115,156
Municipal Rates and Taxes	5,665		(5,306)	357	361							174
Total	67,542	-	48,250	115,792	217,740	-	-	-	-	-	-	115,330

ANNEXURE 1B

Statement of transfers to departmental agencies and accounts

DEPARTMENT/AGENCY/ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2016/17
	Adjusted appropriation	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
Ingonyama Trust Board	19,727		-	19,727	19,727	100%	18,766
Registration of Deeds Trade Account	-		-	-	-	-	67,639
Agricultural Land holding Account	1,419,501		(71,204)	1,348,397	1,348,397	100%	1,302,117
Com: Licences (Radio&TV)			15	15	15	100%	2
SA Local Government			-	-	-	-	4,000
Office of the Valuer General	49,806		15,000	64,806	64,806	100%	-
SA Geomatics Council	4,000		-	4,000	4,000	100%	-
Total	1,493,134	-	(56,189)	1,436,945	1,436,945	-	1,582,546

ANNEXURE 1D

Statement of transfers/subsidies to public corporations and private enterprises

NAME OF PUBLIC CORPORATION/PRIVATE ENTERPRISE	TRANSFER ALLOCATION				EXPENDITURE				2016/17
	Adjusted appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds transferred	Capital	Current	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
Public corporations transfers	1	-	-	1	-	-	-	-	-
GSDP	1	-	-	1	-	-	-	-	-
Sub total: Public corporations	1	-	-	1	-	-	-	-	-
	1	-	-	1	-	-	-	-	-

ANNEXURE 1E

Statement of transfers to foreign government and international organisations

FOREIGN GOVERNMENT/ INTERNATIONAL ORGANISATION	TRANSFER ALLOCATION				TRANSFER		2016/17
	Adjusted appropriation	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
Transfers:							
Sub Fees: Regnl Cntr for WFP Res for Dev	1,653	-	732	2,385	2,385	100%	
UN Membership Fees	-	-	-	-	-	-	1,574
Total	1,653	-	732	2,385	2,385		1,574

ANNEXURE 1F

Statement of transfers to non-profit institutions

FOREIGN GOVERNMENT/ INTERNATIONAL ORGANISATION	TRANSFER ALLOCATION				TRANSFER		2016/17
	Adjusted appropriation	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
Transfers:							
South African Council for Planners	3,492	-	-	3,492	3,492	100%	3,326
Total	3,492	-	-	3,492	3,492		3,326

ANNEXURE 1G

Statement of transfers to households

HOUSEHOLDS	TRANSFER ALLOCATION				TRANSFER		2016/17
	Adjusted ap- propriation	Roll Overs	Adjustments	Total Avail- able	Actual Trans- fer	% of Available funds trans- ferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
Transfers							
Social benefits (Leave Gratuity)	1,937	2,363	1,527	5,847	5,847	100%	2,999
Bursaries cash (Not employees)	29,197	(11,128)		18,069	18,069	100%	24,148
Other transfer cash RID	814,432	(722,892)		91,540	91,540	100%	271,869
Other transfer cash REID	384,000	182,322		576,322	576,322	100%	756,889
Other transfer cash Narysec	350,025	17,917		373,942	373,942	100%	494,371
Restitution Grants (Beneficiaries)	2,810,711	(198,019)	(1,527)	2,411,165	2,408,689	100%	2,512,322
Land Reform Grants (Beneficiaries)	491,862	(84,980)		406,882	408,882	100%	530,426
Total	4,538,164	(804,097)	-	3,884,067	3,881,571		4,601,404

ANNEXURE 1I

Statement of aid assistance received

	PURPOSE	PURPOSE	REVENUE	EXPENDITURE	PAID BACK ON/BY 31 MAR	CLOSING BAL- ANCE
		R'000	R'000	R'000	R'000	R'000
Received in cash Belgium	Post settlement and development support for land reform beneficiaries	3,101	8,922	8,800	3,101	122
TOTAL		3,101	8,922	8,800	3,101	122

ANNEXURE 3A

Statement of financial guarantees issued as at 31 March 2018 - local

GUARANTOR (IN- STITUTION)	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2017	Guarantees draw downs during the year	Guaranteed repayments/ cancelled/ reduced/ re- leased dur- ing the year	Revalu- ations	Closing bal- ance 31 March 2018	Guaranteed interest for year ended 31 March 2018	Realised issues 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			110				110		
Nedbank			17		17		-		
Standard Bank			247		100		147		
NP Develop Corp LTD			63		63		-		
	Subtotal		437		180		257		
	Total		437		180		257		

ANNEXURE 3B

Statement of financial guarantees issued as at 31 March 2018 - local

NATURE OF LIABILITY	Opening balance 1 April 2017	Adjustment to opening balance	Liabilities incurred during the year	Liabilities paid/ cancelled/ reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing balance 31 March 2018
	R'000	R'000	R'000	R'000	R'000	R'000
Claims against the department						
Breach of agreement and sued for interest	744					744
Breach of contract and compelling specific performance	1,696					1,696
Claim on demolished dwellings	1,600					1,600
Claim on interest 15.5%	7,971					7,971
Claim on property	43,438	5,703				49,141
Claimant disputes claim of just and equitable compensation	28,470					28,470
Commission disputes feasibility and claim for specific performance.	15,678					15,678
Current owner want to be paid more than the valuation amount on an approved S42D matter	4,500					4,500
Department dispute Nexcor claim of just and equitable compensation	164,896					164,896
Lease rental claim	1,516					1,516
Liquidator issued summons against commission matter is opposed breach contract	15,252					15,252
Matter for payment of interest for breach of contract	53					53
Mr Vermaak claims compensation he received was not just & equitable	67,989					67,989
Restitution claim, for purchase price and interest of 15.5% and costs.	1,006,427					1,006,427
The claim is for alleged under compensation	62,463					62,463
Breach of agreement	440		169,557			170,127
Claim damages due to failure to comply with contractual obligations in the form of mora interest on the amount of R15 750 000.00	6,522					6,522
Claim for compensation	175,132					175,132
Claim for losses incurred as a 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			(28,278)		8,221
Commission is disputing validity of the contract with applicant	3,491					3,491
Contractual claim	125,121	(71,584)	125,905	(95,862)		83,550
Damage motor vehicle	130		42			172
Damages for misrepresentation	1,000					1,000
Damages from leaking storage dam	3,420					3,420
Fire losses claim	64,674					64,674
Grants claim	1,000					1,000
Indemnification of estate agent fees	675					675
Indemnification of fire losses claim	634					634
Labour dispute	653					653
Malicious prosecution and defamation	85,590					85,590
Monetary Claim	4,950			(4,950)		-

ANNEXURE 3B (continued)

Statement of financial guarantees issued as at 31 March 2018 - local

NATURE OF LIABILITY	Opening balance 1 April 2017	Adjustment to opening balance	Liabilities incurred during the year	Liabilities paid/ cancelled/ reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing balance 31 March 2018
	R'000	R'000	R'000	R'000	R'000	R'000
Claims against the department						
Negligence	100					100
Offer to purchase	5,583					6,583
OSD	63,956		16,408			70,364
Punitive Costs	229					229
Reimbursement on improvements made on land	3,720					3,720
Relocation of Labour tenants	550					550
Sale of Property	19,766					19,766
The claim is for alleged under compensation	6,980					6,980
Third party claim for damage vehicle	227					227
Subtotal	2,028,738	(65,891)	912,038	(130,111)	-	2,144,776
Other						
Financial Compensation	2,533	(170)	306,864	(2,363)	-	306,964
Subtotal	2,533	(170)	306,864	(2,363)	-	306,964
TOTAL	2,931,271	(66,061)	618,983	(132,474)	-	2,451,639

ANNEXURE 4

Claims recoverable

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash in transit at year end 2017/18*	
	31/03/2018	31/03/2017	31/03/2018	31/03/2017	31/03/2018	31/03/2017	Receipt date up to six (6) working days after year end	Amount
	R'000	R'000	R'000	R'000	R'000	R'000		R'000
DEPARTMENTS								
Depart. Of Defence			17	17	17	17		
SASSA			29	29	29	29		
	-	-	46	46	46	46		
OTHER GOVERNMENT ENTITIES								
Agriculture Land Holding Account	24	140,725			24	140,725		
Deeds Trading Entity		956	2,256		2,256	956		
GTAC		349,441						
	24	490,122	2,256	-	2,282	141,681		
Total	24	490,122	2,304	46	2,328	141,727		

ANNEXURE 5

Inter-government payables

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash in transit at year end 2017/18*	
	31/03/2018	31/03/2017	31/03/2018	31/03/2017	31/03/2018	31/03/2017	Payment date up to six (6) working days after year end	Amount
	R'000	R'000	R'000	R'000	R'000	R'000		
DEPARTMENTS								
Current								
Dept. of Justice and Constitutional Development	8,499			2,711	9,499	2,711		
Dept. Of Public Works				56,382	-	56,382		
Dept. Of Higher Education and Training	21				21	-		
Dept. Of Women	10				10	-		
Office of the Premier	29				29	-		
Subtotal	9,558	-	-	61,093	9,558	61,093		
Total Departments	9,558	-	-	61,093	9,558	61,093		
OTHER GOVERNMENT ENTITY								
Current								
Agricultural Land Holdings (PLAS Acc)		13,695			-	13,695		
DFW Rates and Taxes Project	225,818	318,045	64,836	56,382	290,752	406,427		
Subtotal	225,818	381,740	64,836	56,382	290,752	420,122		
Total Other Government Entities	225,818	381,740	64,836	56,382	290,752	420,122		
TOTAL INTERGOVERNMENTAL	235,376	381,740	64,836	119,475	300,310	481,215		

ANNEXURE 7

Movement in capital work-in-progress for the year ended 31 March 2018

	Opening balance R'000	Current Year Capital WIP R'000	Ready for use (Asset register) / Contract terminated R'000	Closing balance R'000
MACHINERY AND EQUIPMENT	8,760	9,197	(8,760)	9,197
Other machinery and equipment	8,760	9,197	(8,760)	9,197
BUILDINGS AND OTHER FIXED STRUCTURES	499,087	397,137	(35,857)	860,367
Other fixed structures	499,087	397,137	(35,857)	860,367
LAND AND SUBSOIL ASSETS	73,232	5,670	(68,665)	10,237
Land	73,232	5,670	(68,665)	10,237
TOTAL	581,079	412,004	(113,282)	879,801

ANNEXURE 7 (continued)

Movement in capital work-in-progress for the year ended 31 March 2018

	Opening balance R'000	Prior period er- rors R'000	Current Year Capital WIP R'000	Ready for use (Asset register) / Contract termi- nated R'000	Closing balance R'000
MACHINERY AND EQUIPMENT					
Other machinery and equipment	0,312	-	8,780	(8,312)	8,780
	0,312	-	8,780	(8,312)	8,780
BUILDINGS AND OTHER FIXED STRUCTURES					
Other fixed structures	632,486	(643,673)	400,397	(85,223)	499,087
	632,486	(643,673)	400,397	(85,223)	499,087
LAND AND SUBSOIL ASSETS					
Land	11,783	-	73,232	(11,783)	73,232
	11,783	-	73,232	(11,783)	73,232
TOTAL	652,581	(643,673)	482,389	(105,318)	581,079

ANNEXURE 8A

Inter-entity advances paid (note 14)

ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2018	31/03/2017	31/03/2018	31/03/2017	31/03/2018	31/03/2017
	R'000	R'000	R'000	R'000	R'000	R'000
NATIONAL DEPARTMENTS						
Department of Communications			6,780	8,349	6,780	8,349
Subtotal	-	-	6,780	8,349	6,780	8,349
OTHER INSTITUTIONS						
Maeneke	373	20,565			373	20,565
Subtotal	373	20,565	-	-	373	20,565
TOTAL	373	20,565	6,780	8,349	7,153	28,914

ANNEXURE 8B

Inter-entity advances received (note 21 and note 22)

ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2018	31/03/2017	31/03/2018	31/03/2017	31/03/2018	31/03/2017
	R'000	R'000	R'000	R'000	R'000	R'000
NATIONAL DEPARTMENTS						
Current						
National Higher Education & Training	22,951	344			22,951	344
Subtotal	22,951	344	-	-	22,951	344
TOTAL	22,951	344	-	-	22,951	344

ANNEXURE 9

Immovable assets additional disclosure

1. Surveyed unregistered land parcels

There are 1,508 land parcels that are surveyed but not yet registered at the Deed Office.

2. State Land held in Trust

There are 803 land parcels that are held in Trust for communities.

Report by the Auditor-General to Parliament on the Agricultural Land Holdings Account (ALHA)

Report on the audit of the financial statements

Opinion

I have audited the financial statements of the Agricultural Land Holdings Account set out on pages 198 to 228, which comprise the statement of financial position as at 31 March 2018, the statement of financial performance, statement of changes in net assets, cash flow statement and 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.

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 2018, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Public Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

Basis for opinion

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 this auditor's report.

I am independent of the trading entity in accordance with the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code) and 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matters

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

Matters important to the users of the financial statements

As disclosed in note 27 to the financial statements, the Accounting Officer has approved an investigation into the Strengthening of Relative Rights (SRR) programme as well as possible irregular, fruitless and wasteful expenditure. The outcomes of this investigation were not known at year-end.

Impairment of trade receivables

As disclosed in note 7 to the financial statements, the trading entity has receivables from exchange transactions totalling R344 024 000, with an impairment provision for doubtful debts of R329 274 000 as at 31 March 2018.

Impairment of receivables from non-exchange transactions

As disclosed in note 8 to the financial statements, the trading entity has receivables from non-exchange transactions totalling R551 976 000, with an impairment provision for doubtful debts of R418 106 000 as at 31 March 2018. The receivable relates to conditional grants awarded to farmers, the outstanding amount has not been spent nor recovered from farmers to offset the receivables from non-exchange transactions.

Restatement of corresponding figures

As disclosed in note 29 to the financial statements, the corresponding figures for 31 March 2017 were restated as a result of errors in the financial statements of the trading entity for the year ended 31 March 2018.

Responsibilities of the accounting officer for the financial statements

The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the 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.

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 the accounting officer either intends to liquidate the trading entity or to cease operations, or has no realistic alternative but to do so.

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

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 the 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.

A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

The strategic objectives, programme outputs, indicators and targets of the trading entity are incorporated in 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 the audit report on the Department of Rural Development and Land Reform.

Report on the audit of compliance with legislation

Introduction and scope

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 compliance of the trading entity with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

I did not raise material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

Other information

The 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, the audit committee's report, the foreword by the minister, and the overview of the accounting officer. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported in this auditor's report.

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.

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, I conclude that there is a material misstatement in this other information, I am required to report that fact.

I have nothing to report in this regard.

Internal control deficiencies

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 on it. I did not identify any significant deficiencies in internal control.

Auditor-General

Pretoria
31 July 2018



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure - Auditor-general's responsibility for the audit

5. 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 on the trading entity's compliance with respect to the selected subject matters.

Financial statements

6. In addition to my responsibility for the audit of the financial statements as described in this 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 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 Agricultural Land Holding Account 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 this auditor's report. However, future events or conditions may cause a trading entity to cease continuing 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

7. 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.

8. 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.

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

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The reports and statements set out below comprise the annual financial statements presented to the parliament:

Audit Committee Report

Statement of Financial Position	198
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Accounting Policies.....	204 - 214
Notes to the Annual Financial Statements	215 - 228

The annual financial statements set out on page 198 - 228 which have been prepared on the going concern basis, were approved by the accounting officer on 31 March 2018 and were signed on its behalf by:



MM Mokono
Chief Director: PLAS Trading Account.



V. Matshidza
Acting Chief Financial Officer



R. Sadiki
Acting Director-General

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.

Statement of Financial Position as at 31 March 2018

		2018	2017
	Note(s)	R '000	Restated* R'000
Assets			
Cash and equivalents	6	779 643	257 617
Trade and other receivables from exchange transactions	7	15 742	12 964
Trade and other receivables from non-exchange transactions	8	225 807	650 998
Prepayments	11	180 580	3 479
		1 201 772	925 058
Non-Current Assets			
Property, plant and equipment	3	12 463 668	11 973 885
Intangible assets	4	197	1 007
Other financial assets	5	307 288	311 582
		12 771 133	12 286 484
Total Assets		13 972 905	13 211 542
Liabilities			
Current Liabilities			
Trade and other payables from exchange transactions	9	33 894	58 823
Trade and other payables from non-exchange transactions	10	24	140 727
Other provisions	12	82 093	89 583
		116 011	290 143
Total Liabilities		116 011	290 143
Net Assets		13 856 894	12 921 399
Accumulated surplus		13 856 894	12 921 401

Statement of Financial Performance for the year ended 31 March 2018

	Note(s)	2018	2017
		R '000	Restated ¹ R '000
REVENUE			
Revenue from exchange transactions			
Rental income on lease receivable		3 293	1 060
Rental income on servitude		73	266
Interest on lease receivable		24 091	25 453
Interest on servitude		12	20
Other income		161	22
Interest received	14	75 089	46 658
Total revenue from exchange transactions		102 729	75 489
Revenue from non-exchange transactions			
Transfer revenue			
Grant income - non exchange		1 348 387	1 502 117
Donation received		14 380	26 029
Total revenue from non-exchange transactions		1 362 777	1 528 146
TOTAL REVENUE	13	1 465 506	1 603 635
EXPENDITURE			
Depreciation and amortisation		(46 444)	(47 059)
Impairment	18	(180 258)	(157 314)
Interest expense		(2 430)	(3 853)
Bad debts written off	20	(12 646)	(5 382)
Grant expense farmers	17	(187 830)	(391 002)
General expenses	16	(87 447)	(58 506)
TOTAL EXPENDITURE		(529 055)	(673 193)
Operating surplus		936 451	930 442
Loss on disposal of assets		(956)	(14 746)
Surplus for the year		935 495	915 696

Statement of Changes in Net Assets for the year ended 31 March 2018

Note(s)	2018 R '000	2017 Restated* R '000
	Accumulated surplus R '000	Total net assets R '000
Opening balance as previously reported	11 782 469	11 782 469
Adjustments	-	-
Prior year adjustments - Note 29	68 133	68 133
Balance at 01 April 2016 as restated*	11 850 602	11 850 602
Changes in net assets		
- Gains from transfer of function under common control-refer Note 34	155 103	155 103
Net income (losses) recognised directly in the net assets	155 103	155 103
Surplus for the year	915 698	915 696
Total recognised income and expenses for the year	1 070 799	1 070 799
Total changes	1 070 799	1 070 799
Restated Balance at 01 April 2017	12 921 399	12 921 399
Changes in net assets		
Surplus for the year	935 495	935 495
Total changes	935 495	935 495
Balance at 31 March 2018	13 856 894	13 856 894

Cash Flow Statement for the year ended 31 March 2018

	Note(s)	2018 R '000	2017 Restated* R '000
Cash flows from operating activities			
Cash receipts			
Sale of goods and services		9 134	8 671
Grant income		1 348 397	1 502 117
Interest income		55 314	29 798
Other operating revenue		148	244
		<u>1 412 593</u>	<u>1 540 830</u>
Cash paid to suppliers and employees			
Suppliers and other payables		(313 754)	(751 770)
Net cash flows from operating activities	19	<u>1 098 839</u>	<u>789 060</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(577 204)	(712 693)
Net cash flows from investing activities		<u>(577 204)</u>	<u>(712 691)</u>
Net increase(decrease) in cash and cash equivalents		522 025	76 369
Cash and cash equivalents at the beginning of the year		<u>257 617</u>	<u>181 248</u>
Cash and cash equivalents at the end of the year	6	<u>779 642</u>	<u>257 617</u>

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	Variances
	R '000	R '000	R '000	R '000	R '000	%
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Rental income on lease receivable	8 405	(3 515)	4 889	3 233	(1 295)	(28%) ¹
Rental income on servitude	-	-	-	73	73	100%
Interest (outstanding debtors)	22 065	2 705	24 770	24 091	(679)	(3%)
Interest on servitude	-	-	-	12	12	0%
Other income	40	-	40	181	121	302% ²
Interest received	46 717	-	46 717	75 090	28 362	60% ³
Total revenue from exchange transactions	77 228	(1 115)	76 115	102 729	26 614	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	1 419 601	(71 204)	1 348 397	1 348 397	-	0%
Donation received	-	-	-	14 380	14 380	100% ⁴
Total revenue from non-exchange transactions	1 419 601	(71 204)	1 348 397	1 362 777	14 380	
Total revenue	1 496 829	(72 317)	1 424 512	1 465 506	40 994	
Expenditure						
Depreciation and amortisation	50 415	(1 135)	49 279	(48 444)	(835)	(1%)
Impairment	217 046	(71 829)	145 217	(180 255)	(35 041)	(24%) ⁵
Interest Expense	-	-	-	(2 430)	(2 430)	0%
Bad debts written off	-	17 563	17 563	(12 546)	(5 317)	29% ⁶
Grant expense farmers	327 882	6 784	334 666	(197 230)	(136 836)	(40%) ⁷
General expense	146 318	(18 663)	127 655	(67 447)	(50 208)	(36%) ⁸
Total expenditure	741 661	(58 581)	684 780	(529 855)	(230 667)	
Operating surplus	2 238 490	(129 196)	2 109 293	936 451	(1 177 841)	
Loss on disposal of assets	-	21 755	21 755	(358)	(20 799)	(95%) ⁹
Surplus before taxation	2 238 490	(107 443)	2 131 047	935 495	(1 195 552)	
Actual Amount on Comparable Basis as presented in the Budget and Actual Comparative Statement	2 238 490	(107 443)	2 131 047	935 495	(1 195 552)	

- Rental income on lease receivable - (28%)** variance is as a result of non-billing for 2017/18 due to lease agreements received that did not qualify for billing as per State Land Lease and Disposal policy. The rest of lease agreements were not 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.
- Other income - 302%** variance is due money received from lawyers for funds held under trust for property transfer.
- Interest received - 60%** variance relates to interest received on the current account due to slow spending from primary account and also interest received from Land Bank. The other interest is as a result of fund received by ALHA agent for SRR programme. The interest from agent was not budgeted for.
- Donation - 100%** variance relates to a donation of PFE assets that were recovered through asset forfeiture unit. The timing of transfer impacted on the variance.
- Impairment - 24%** variance is as the result a number of asset condition being in poor or very poor condition.
- Bad debts written off - 29%** variances relates to the lease debt written off during the current financial year against the budget. The extensive debt process resulted in identification of more debtors.
- Grant expense - (40%)** relates to submission of valid invoices and report for accounting of grant funding advanced to farmers. The budget expenditure further included other farmer grants which were transferred at year end to farmers.
- General expense - (36%)** relates to under performance on valuation expense as a results of valuations for 2018/19 projects, professional fees were further anticipated to be high and travel expense for PMU was strictly managed.
- Loss on Disposal of asset - (95%)** variance is as a result of non PLAS assets that were anticipated to be disposed during the current financial year, the said assets were not disposed at the end of the reporting period not included in the financial year.

Statement of Comparison of Budget and Actual Amounts Budget on Accrual Basis

	Approved budget	Adjustment	Final Budget	Actual amounts on comparable basis	Difference be- tween final budget and ac- tual	Variances
	R '000	R '000	R '000	R '000	R '000	%
Statement of Financial Position						
ASSETS						
Current Assets						
Trade and other receivables from exchange transactions	65 802	(61 314)	4 568	15 742	11 154	243%-10
Trade and other receivables from non-exchange transactions	247 213	424 138	671 351	225 607	(445 544)	(66%-11)
Prepayments	-	-	-	180 583	180 580	100%-12
Cash and cash equivalents	78 300	52 693	131 063	778 644	648 561	494%-13
	391 505	415 517	807 022	1 201 773	394 751	
Non-Current Assets						
Property, plant and equipment	14 009 556	(2 131 898)	11 877 657	12 463 668	586 011	4%
Intangible assets	-	-	-	197	197	100%-14
Other financial assets	305 161	10 432	316 613	307 268	(9 345)	2%
	14 315 736	(2 121 466)	12 194 279	12 771 133	576 863	
Total assets	14 707 241	(1 705 949)	13 001 292	13 972 906	971 614	
Liabilities						
Current Liabilities						
Trade and other payables from exchange transactions	23 300	-	23 300	33 894	10 594	45%-15
Trade and other payables non-exchange transactions	-	-	-	24	24	100%-18
Other provisions	-	-	-	82 093	82 093	100%-17
	23 300	-	23 300	116 011	92 711	
Total liabilities	23 300	-	23 300	116 011	92 711	
Net assets	14 683 941	(1 705 949)	12 977 992	13 856 895	878 903	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	14 683 941	(1 705 949)	12 977 992	13 856 895	878 903	

10. Trade and other receivables from exchange transactions - (243%) variance is as a result of lower expenditure to clear outstanding balances. Low collection of the long outstanding debt.
11. Trade and other receivables from non-exchange transactions - (66%) variance is as a result of slower invoices and reports from farmer accounting for grant advanced to farms.
12. Prepayments - 100% variance relates to money transferred to lawyers for the acquisition of property that was not budgeted for and also rates and taxes invoices.
13. Cash and cash equivalent - 494% variance is as a result of lower spending during the year than anticipated.
14. Intangible assets - 100% is due to planned transfer of share packaging rights to farmers.
15. Trade and other payables from exchange transactions - 45% variance is mainly due to rates and taxes, pending invoices that were outstanding at year end.
16. Trade and other payables from non-exchange transactions - 100% variance relates to deposits due to DRD, R that were deposited into ALHA bank account and were not budgeted for.
17. Other provision -100% variance relates to farmers invoices for the current year that was not budgeted for.

Accounting Policies for the year ended 31 March 2018

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting 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 are in accordance with historical cost conventions as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

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.

A summary of significant accounting policies, which have been consistently applied in the preparation of the annual financial statements, are disclosed below.

1.1 Presentation currency

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

1.2 Rounding

Unless otherwise stated all financial figures have been rounded off to the nearest one thousand rand (R000).

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 separate statement of comparison of budget and actual amount that is not on the same accounting basis as the rest of the financial statements. The annual financial statements were presented using accrual basis of accounting while the budget information is presented using 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 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:

Impairment of receivable from exchange transactions

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.

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.

Impairment of receivable from exchange transactions (continued)

The following are some of the factors that should be considered, but the list is not exhaustive.

Category	% Impairment
Debt acknowledgement/ Valid ID/ Limited Operation	76%
Debt acknowledgement/ Business Reg / Recapitalisation	80%
Debt acknowledgement/ Valid ID / Recapitalisation	85%
Debt acknowledgement/ Business Reg / Limited Operation	92%
Debt acknowledgement/ Business Reg / No Operation / not categorised	92%
Debt acknowledgement/ Valid ID/ No Operation / not categorised	92%
Debt acknowledgement/ Valid ID / Commercial	94%
Debt acknowledgement/ Trust Reg / Limited Operation	96%
Debt acknowledgement / Business Reg / Commercial	98%
Debt acknowledgement / Cooperative, NPO and Trust	99%
Debt not Acknowledged	100%
Refusal to pay	100%

Impairment of non-financial assets

The carrying value less impairment provision of trade receivable 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 instrument.

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.

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.

Replacements costs

Replacement costs is calculated using the average price asset purchased within ALHA, since a willing buyer willing seller market is used for acquisition of ALHA property, plant and equipment.

Impairment of trade receivables non-exchange

The Trading Entity provides estimate for calculation of impairment for deferred expenses as the difference between the deferred asset (Receivable non-exchange transaction) and invoice receipts provision.

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 between for 3 and 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.

Budget information

Variance between budget and actual amount are regarded as material when a 5% variance exists. All material differences are explained in the notes to the annual financial statement.

Operating lease commitments - ALHA as lessee

Lease where risks and rewards of ownership are not transferred to the lessee are classified as operating lease. Payments received under operating lessee are recognised under statement of performance.

Lease payments are not straight lined over the period of the lease as a result of them not being fixed in amount but is based on the future amount of the projected net cash flow to be derived by the lessee

There has been a change in Government policy in leasing of state land where determination of rental payable has changed from fixed rate to projected net cash flow.

Operating lease commitments - ALHA as lessor. (continued)

Lessees who had contractual lease agreements with initial lease rentals based on fixed percentage prior to the approval of new policy are recognised as and when the current business plans indicating projected net cash flows are received and approved by the department. The approval for migrating lease agreements into new lease agreements aligned to the new policy for impairment within a period of 5 years from the dated of policy approval has been granted by National Treasury.

Impairment of other financial asset

The impairment loss on financial assets measured at amortised cost is calculated as the difference between the asset carrying amount and the present value of the estimated future cash flow discounted at the financial assets original interest rate.

The present value of the future cash flows is determined based on the budgeted percentage performance achieved by entities that have been advanced concessionary loans.

1.5. Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure 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.

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 at cost.

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 the management. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the estimated costs of dismantling the asset and restoring the site on which it's operated. Where an asset is acquired through a non-exchanged transaction, its cost is its fair value as at date of acquisition.

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

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.

Costs include cost incurred initially to acquire or construct an item of property, plant and equipment and cost incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

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.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

When the Trading Entity replaces part of an asset, it derecognises part of an 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 is met.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives. Component of assets that are significant in relation to the whole assets and that have different useful lives are depreciated separately. The Trading Entity maintains and acquires assets to provide a social service to the community with no intention to dispose of assets for any economic gain.

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

Property, plant and equipment is carried at a cost less accumulated depreciation and any impairment losses.

The annual depreciation of items of property, plant and equipment have been assessed and based on estimated asset useful lives as follows:

1.6. Property, plant and equipment (continued)

Subsequent measurement

Item	Depreciation method	Average useful life
Agricultural land	Straight line	Unlimited
Infrastructure – production facility	Straight line	40-50
Infrastructure – production infrastructure	Straight line	30-50
Building – farm dwellings	Straight line	40-50
Building – farm buildings	Straight line	40-50
Agricultural equipment- No moving parts e.g Ploughs	Straight line	20-30
Agricultural equipment- High intensity moving parts e.g Chain Saws		5-7
Agricultural equipment- Mechanical e.g Tractors	Straight line	10-15
Agricultural equipment- Water low intensity e.g irrigation pipes	Straight line	30
Agricultural equipment- Water low intensity e.g Movable irrigation pumps	Straight line	15-20
Electrical e.g butchery equipment	Straight line	15
Office equipment	Straight line	5-10
Motor Vehicles	Straight line	5-10

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the entity. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such change is accounted for as a change in an accounting estimate.

The entity assesses at each reporting date whether there is any indication that the entity's expectations about the residual value and the useful life of and assets have changed since the preceding reporting date. If any such indication exists, the entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in trading entry or deficit, unless it is included in the carrying amount of another asset.

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 from the recognition of an item of property, plant and equipment is included in the trading of entity or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.7 Intangible assets

An asset is identifiable if it either:

- Is separable, i.e. is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable asset 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.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- It is probable that the expected future economic benefits or service potential that are attributed 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.

Where an intangible asset is acquired through a non-exchanged transaction, its initial cost at the dated of acquisition is measured at its fair value as at that date.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

1.7 Intangible assets (continued)

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of 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. 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 charge Statement of Financial Performance.

Amortisation is provided to write down the intangible asset, on a straight line basis, to their residual values as follows:

Item	Depreciation Method	Average useful life
Share packaging rights	straight line	indefinite

The entity discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see notes).

Intangible assets are derecognised:

- On disposal or
- When no future net future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from derecognition of an intangible assets is included in the trading entity or deficit when the asset is derecognised (unless the Standard of GRAF on leases requires otherwise on a sale and leaseback) 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 Trading 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 Trading 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 Trading Entity and
- 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 Trading 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 Trading Entity does not transfer substantially all the risks and rewards incidental to ownership of the assets to the lessee.

Measurement

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

1.11 Financial instruments

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of price or rate, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the underlying).
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in the market factors.
- It is settled at a future date.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and costs paid or received between parties to the contract that are an integral part of the effective interest rate (as the Standard of GRAP on Revenue from Exchange Transactions), transaction costs and all other premiums or discounts. There is a presumption that the cash flow and the expected life of a group of similar financial instrument can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

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 in 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.

A financial guarantee contract is a contract that requires the issuer to make specific payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with associated with financial liabilities that are settled by delivering cash or another financial asset.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

Loans payable are financial liabilities, other than short term payables on normal credit terms.

1.11 Financial instruments (continued)

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk, and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is passed due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unissued capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the party to the transaction as forming part of the entity's net asset, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed a financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instrument that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instrument at cost are investment in residual interest that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured:

Financial instrument at a fair value comprise financial assets or financial liabilities that are:

- derivatives;
- combined instrument that are designated at fair value;
- instrument held for trading. A financial instrument is held for trading if:
 - it is acquired or incurred principally for the selling or repurchasing it in the near term; or
 - on initial recognition, it is part of a portfolio of identified financial instrument that are management together and for which there is evidence of a recent actual pattern of short term profit taking;
 - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
 - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instrument at cost.

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 determined payments, excluding instruments that:

- the Trading Entity designates at fair value at initial recognition; or
- are held for trading.

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

Initial recognition

Financial instruments are recognised initially when the Trading Entity becomes a party to the contractual provisions of the instruments.

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

1.11 Financial Instruments (continued)**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

The entity assesses at the end of each reporting period whether there is any 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 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 account. The amount of the loss is recognised in surplus or deficit.

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

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

Trade and other receivables

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

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. Concessionaries loan made to Farmers National Empowerment Fund are 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

Fruitless and wasteful 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.

1.15 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 the requirement of any applicable legislation, including:

- a) the Act, or
- b) the State Tender Board Act, 1988 (Act No.63 of 1988), or any regulations made in terms of that Act, or
- c) any provincial legislation providing for procurement procedures in that provincial government.

1.15 Irregular expenditure (continued)

National Treasury practice note no. 4 of 2000/2009 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 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.

1.16 Related parties

The Trading Entity has controls in place to aid in the identification of related parties. The Trading 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).

1.17 Unauthorised Expenditure

Unauthorised expenditure means:

- overspending of a vote or main division within a vote; and
- expenditure not in accordance with the purpose of the 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.

1.18 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 statement are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that arose after the reporting date (non-adjusting events after the reporting date); and
- those that are indicative of condition that arose after the reporting date (non-adjusting events after the reporting date)

The entity will adjust the amount recognised in the financial statement 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 statement.

1.19 Transfer of functions between entities under common control**Accounting by the entity as acquirer****Initial recognition and measurement**

As of the transfer date, the entity recognises the purchase consideration paid to the transferor and all the assets acquired and liabilities assumed in the transfer of functions. The assets acquired and liabilities assumed are measured at their carrying amounts.

If, prior to the transfer of functions, the transferor was not applying the accrual basis of accounting, the transferor changes its basis of accounting to the accrual basis of accounting prior to the transfer.

1.19 Transfer of functions between entities under common control (continued)

The consideration paid by the entity can be in the form of cash, cash equivalents or other assets. If the consideration paid is in the form of other assets, the entity derecognises such assets on the transfer date at their carrying amounts.

The difference between the carrying amounts of the assets acquired, the liabilities assumed and the consideration paid to the transferor, is recognised in accumulated surplus or deficit.

Measurement period

If the initial accounting for a transfer of functions is incomplete by the end of the reporting period in which the transfer occurs, the entity reports in its annual financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the entity retrospectively adjusts the provisional amounts recognised at the transfer date to reflect new information obtained about facts and circumstances that existed as of the transfer date and, if known, would have affected the measurement of the amounts recognised as of that date. The measurement period ends as soon as the entity receives the information it was seeking about facts and circumstances that existed as of the transfer date or learns that more information is not obtainable. However, the measurement period does not exceed two years from the transfer date.

The entity considers all relevant factors in determining whether information obtained after the transfer date should result in an adjustment to the provisional amounts recognised or whether that information results from events that occurred after the transfer date.

The entity recognises an increase (decrease) in the provisional amount recognised for an asset (liability) by means of decreasing (increasing) the excess of the purchase consideration paid over the carrying amount of the assets acquired and liabilities assumed previously recognised in accumulated surplus or deficit.

However, new information obtained during the measurement period may sometimes result in an adjustment to the provisional amount of more than one asset or liability.

During the measurement period, the entity recognises adjustments to the provisional amounts as if the accounting for the transfer of functions had been completed at the transfer date. Thus, the entity revises comparative information for prior periods presented in annual financial statement as needed, including making any change in depreciation, amortisation or other income effects recognised in completing the initial accounting.

After the measurement period ends, the entity revises the accounting for transfer of functions only to correct an error in accordance with the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

Subsequent measurement

The entity subsequently measure any assets acquired and any liabilities assumed in the transfer of functions in accordance with the applicable Standard of GRAP.

At the transfer date, the entity classifies or designates the assets acquired and liabilities assumed as necessary to apply other Standards of GRAP subsequently. The entity makes those classification, or designations on the basis of the terms of the binding arrangement, economic condition, its operating or accounting policies and other relevant conditions that exists at the transfer date. An exception is that the entity classifies the following contracts on the basis of contractual terms and other factors at inception of the contract (or if the terms of the contract have been modified in a manner that would change its classification, at the date of that modification, which might be the transfer date):

- classification of a lease contract as either an operating lease or a finance lease in accordance with the Standard of GRAP on leases ; and
- classification of contracts as an insurance contract in accordance with the International Financial Reporting Standard on Insurance Contracts.

1.20 Other non-exchange receivable**Recognition and measurements**

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 receivable consists of funds transferred to farmers for recapitalisation and developments of farms and it's 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 between for 3 to 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.

1.21 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 Trading Entity.

1.22 Contingent Liability

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

1.23 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/realized in the future.

1.24 Leasehold improvements

A leasehold improvement is an improvement made to a leased building by a department that has the right to use this leasehold improvement over the term of the lease. This improvement will revert to the lessor in the event that the lease is terminated as a consequence of actions and omissions of the lessee.

1.25 Adoption of the new GRAP standard

In the current year the trading entity has adopted all new and revised standards and interpretations issued by the ASB that are relevant to its operations and are effective.

The trading entity has early adopted the standard of GRAP 105 for the first time when the minister of finance sets the effective dates for the trading entity as 01 April 2019.

The adoption of the standard has not had a material impact on the result of the trading entity that has resulted in more disclosure that would have provided in the annual financial statements.

Notes to the Annual Financial Statements for the year ended 31 March 2018

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective or relevant

The following Standards and interpretation have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2018 or later periods but are not relevant to its operations:

Standard/ Interpretation	Effective date: Years beginning on or after
GRAP 20: Related parties	01 April 2019
GRAP 108: Statutory Receivables	01 April 2019
GRAP12: Service Concession Arrangements: Grantor	01 April 2019
IGRAP 17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset	01 April 2019
GRAP 109: Accounting by Principals and Agents	01 April 2019
IGRAP28: Investments in Associates and Joint Ventures	No effective date
GRAP37: Joint Arrangements	No effective date
GRAP38: Disclosure of Interests in Other Entities GRAP34: Separate Financial Statements	No effective date

3. Property, plant and equipment

	2018 R'000			2017 R'000		
	Cost/ Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost/ Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Agricultural land	10 984 392	-	10 984 392	10 492 718	-	10 492 718
Buildings	1 088 131	(188 721)	899 410	1 008 618	(111 062)	897 554
Motor vehicles	15 291	(12 137)	3 154	15 331	(10 802)	4 439
Infrastructure	501 950	(114 981)	476 969	558 914	(88 138)	468 778
Agricultural equipment	169 105	(89 362)	89 743	164 341	(54 945)	109 396
TOTAL	12 828 869	(365 201)	12 463 668	12 238 920	(263 935)	11 973 885

Reconciliation of property, plant and equipment – 2018:

	Opening balance	Additions	Additions through donations	Disposals	Depreciation	Impairment losses	Total
Agricultural land	10 492 718	477 294	14 380	-	-	-	10 984 392
Buildings	898 554	88 516	-	-	(20 630)	(37 030)	899 410
Motor vehicles	4 439	101	-	(7)	(1 311)	(68)	3 154
Infrastructure	468 778	35 226	-	(132)	(12 012)	(14 891)	476 969
Agricultural equipment	109 396	8 067	-	(237)	(14 281)	(1 222)	89 743
	11 973 885	577 204	14 380	(376)	(46 214)	(53 211)	12 463 668

Reconciliation of property, plant and equipment – 2017:

	Opening balance	Additions	Additions through donations	Disposals	Depreciation	Impairment losses	Total
Agricultural land	9 881 012	596 239	28 023	(10 556)	-	-	10 492 718
Buildings	852 759	73 754	-	(1 833)	(18 828)	(7 289)	898 554
Motor vehicles	8 313	887	-	(103)	(2 609)	(49)	4 439
Infrastructure	473 673	28 223	-	(267)	(11 450)	(21 401)	468 778
Agricultural equipment	111 462	13 590	-	(1 989)	(13 757)	111	109 396
	11 325 200	712 493	28 023	(14 748)	(46 653)	(28 628)	11 973 885

Property, Plant and Equipment is carried at cost less accumulated depreciation and impairment losses. The net carrying amount of Property, Plant and Equipment is R12 463 668 billion (2017: R11 973 885 billion) after depreciation and impairment of R46 214 million and impairment R53 211 million respectively.

Assets acquired through assumption of function in 2018/17 amounts to R32 370 million, refer to note 34.

Opening balance on PPE have been restated, refer to note 28.

2018
R'000

2017
R'000

4. Intangible assets

	2018 R'000			2017 R'000		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Accumulated Amortisation and impairment	-	(783)	(783)	-	(998)	(998)
Intangible assets	980	-	980	2 006	-	2 006
TOTAL	980	(783)	197	2 006	(998)	1 007

Reconciliation of property, plant and equipment – 2018

	Opening balance	Disposal	Amortisation	Total
Amortisation	(598)	446	(230)	(783)
Share on packaging houses	2 006	(1 025)	-	980
	1 007	(580)	(230)	197

Reconciliation of property, plant and equipment – 2017

	Opening balance	Disposal	Amortisation	Total
Amortisation	(597)	-	(401)	(998)
Share on packaging houses	2 006	-	-	2 006
	1 408	-	(491)	1 007

5. Other information assets

	Financial assistance R'000	Total
Opening balance at 01 April 2017	311 592	311 592
Interest earned for the year - Land Bank	19 785	19 785
National Empowerment Fund – SRR- Interest free concessionary loan	40 296	40 296
Loan Repayment	(130)	(130)
SRR – impairment	(64 275)	(64 275)
	307 268	307 268

Land Bank

Land bank relates to financial assistance to Land Bank as 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. The carrying value of is R304 080 million (2017: R264 255 million) after the interest received during the current financial year amounting to R19 785 million.

Interest free concessionary loan

The concessionary loan relates to loan transferred by NEF to projects to projects under the Strengthening of relative rights programme. The carrying value of the loan is R57 463 million (2017: R27 298 million) after providing for an impairment loss and repayments during the year of R64 275 million (2017: R0) and R130 thousand (2017: R0) respectively.

In the opening balance there's R16 189million transfer of function, refer to Note 34

307 268 311 592

	2018 R'000	2017 R'000
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6. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash at Bank	779 643	257 617
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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.

7. Trade and other receivables from exchange transactions

Operating lease receivables	14 682	12 124
Accrued interest	933	436
Operating lease receivables: servitude	127	404
	<u>15 742</u>	<u>12 964</u>

Credit quality of trade and other receivables

The carrying value of the operating lease receivables of R 14 809 million (2017: R 12 528 million) after restatement as per note 29, is stated after an allowance for impairment of R 329 342 million (2017: R 325 326 million). The gross operating receivables value is R 344 024 million (2017: R 317 450 million).

The ageing of amounts impaired is as follows:

Reconciliation of the allowance		
Balance at the beginning of the year	325 326	310 308
Contribution to provisions	16 682	13 601
Reversal of provision- lease debt write off	(12 646)	(4 843)
	<u>329 342</u>	<u>325 326</u>

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	1 367	1 090
3 to 6 months	577	237
6 to 12 months	2 216	828
Over 12 months	10 649	10 373
	<u>14 809</u>	<u>12 528</u>

Trade and other receivables impaired

As of 31 March 2018, trade and other receivables of R329 342 million (2017: R325 326 million) were impaired.

The ageing of these loans is as follows:

3 to 6 months	12 857	11 942
6 to 12 months	11 674	14 107
Over 12 months	304 811	299 277
	<u>329 342</u>	<u>325 326</u>

	2018 R'000	2017 R'000
8. Trade and other receivables from non-exchange transactions		
Unspent conditional grant farmers	133 859	272 124
Unspent conditional grant-SRR	81 482	354 736
Other debtors	456	443
Interdepartmental debtors	-	13 695
	225 807	650 998

Deferred expenses relates to recapitalisation and development funds transferred to Farmers. The carrying value of the deferred expenses is R132 860 million (2017: R272,124 million) after providing for an impairment loss R416,106 million (2017: R359,361 million).

An allowance for impairment of deferred expenses is assessed at the end year end. The gross deferred expense value is R 551 076 million (2017: R 631 475 million)

A take on balance of R62,326million as a result of a transfer of function was bought in refer to note 34.

9. Trade and other payables from exchange transactions

Trade payables	26 632	53 781
Rental received in advanced	7 034	5 969
Deposits received	168	53
	33 834	59 823

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.

10. Trade and other payables from non-exchange transactions

Inter-departmental creditors	24	140 727
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A total amount of R 24thousand relates to rental payments for other state projects that were incorrectly deposited into ALHA's bank account. A transfer to the Department of Rural development and Land Reform will be done during the 2018/19 financial year.

11. Prepayments

R180 680 million relates to the following:

Rates and Taxes amounting to R4 128 million that was made to various municipalities for expenditure relating to 2017/18 and 2018/19 financial year.

Total amount of R176 452 million for the acquisition of SRR properties and equity under SRR to attorneys and IDC. Asset and equity will be recognised at the transfer of the property and registration of the new legal entities.

12. Other Provisions

Reconciliation of other provisions - 2018

	Opening Balance	Additions	Utilised during the year	Total
Other provisions	89 583	26 474	(33 974)	82 093

Reconciliation of other provisions - 2017

	Opening Balance	Additions	Reversed	Total
Other provisions	-	89 429	(836)	89 583

Other provision farmer is in compliance to GRAP 19 which has been done due to uncertainties with regards to farmers spending and submission of reports. A methodology thereof was done with clear criteria on spending trends and timing of farmers' expenditure (spending

The change in accounting policy resulted into a decrease (2017) R 835 thousand in the provision for farmers' invoices of farmers' debt made.

	2018 R'000	2017 R'000
13. Revenue		
Rental income on lease receivable	3 293	1 080
Rental income on servitude	73	266
Interest on lease receivable	24 001	25 453
Interest on servitude	12	20
Other income	151	22
Interest received	75 006	48 668
Grant income – non-exchange	1 348 307	1 522 117
Conation received- non-exchange	14 350	26 029
	1 465 586	1 603 635
14. Interest income		
Interest received	75 006	48 668
15. Other income		
Other income	151	22
<p>The total amount of R151 thousand for other income relates to unallocated deposits over 365 days and refunds from attorneys.</p> <p>Total amount of R75 099 million relates to interest earned from current account amounting to R36 767 million, land bank amounting to R19 575 million and NEF amounting to R18 457 million.</p>		
16. General expenses		
Bank charges	59	53
Feasible Study	120	303
Travel and accommodation	5 182	-
Valuation	66	2 521
Professional fees	51 172	10 431
Levies	655	1 155
Rates and Taxes	25 153	27 012
Business planning	831	8 681
Legal fees	2 159	7 201
Management fees	2 021	4 520
	67 447	68 586
17. Grant expense farmers		
Consumables	-	60
Animal feeds	-	740
Grant SRR	30 452	45 951
Security expense	2 055	2 252
Transport	36	-
Water and electricity	1 422	2 654
Fertilizer	776	-
Machinery and equipment	57	98
Biological Assets	13 329	22 132
Road grading and other repairs	75	-
Recapitalisation and development expenditure	149 156	315 509
Seeds	308	333
Repairs and maintenance	-	73
	197 830	391 002

	2018 R'000	2017 R'000
18. Impairment		
Property, plant and equipment	53 211	28 627
Lease debits	16 652	14 276
Deferred expenditure	56 750	119 793
Other financial Asset-SRR	64 270	-
	192 904	162 696
Reversal of impairments		
Lease debits	(12 846)	(5 302)
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 2017/18 financial year. Events after balance was disclosed. Refer to note 21		
Total impairment losses (recognised) reversed	100 258	157 314
19. Cash generated from operations		
Surplus	935 495	916 696
Adjustments for:		
Depreciation and amortisation	48 214	48 656
Interest - Land Bank	(58 242)	(29 990)
Loss on disposal of asset	950	14 748
Adjust for Donations received	(14 380)	(28 023)
Impairment of assets	53 212	28 628
Bad debt written off	12 648	5 382
Movements in provisions	(7 500)	89 593
Other non-cash items	-	156 103
Changes in working capital:		
Trade and receivables from exchange transactions	(2 778)	(5 435)
Bad debts written off	(12 846)	(5 302)
Trade and receivables from non-exchange transactions	487 995	(162 865)
Prepayments	(177 101)	(3 479)
Trade and other payables from exchange transactions	(25 929)	(84 245)
Trade and other payables from non-exchange transactions	(140 703)	140 683
	1 089 229	789 060

	2018 R'000	2017 R'000
20. Financial instruments disclosure		
Categories of financial instruments		
2018		
Financial asset by category		
	At amortised cost	Total
Other financial assets	307 268	307 268
Trade and other receivables from exchange transactions	14 809	14 809
Cash and cash equivalents	779 643	779 643
	1 101 720	1 101 720
Financial liability by category		
	At amortised cost	Total
Trade and other payables from exchange transaction	26 782	26 782
2017		
Financial asset by category		
	At amortised cost	Total
Other financial assets	311 592	311 592
Trade and other receivables from exchange transactions	12 528	12 528
Cash and cash equivalents	257 617	257 617
	581 737	581 737
Financial liabilities		
	At amortised cost	Total
Trade and other payables from exchange transaction	53 781	53 781

21. Related parties

Related party balances

Inter-departmental payables

Department: Rural Development and Land reform: Payables

24

140 727

Inter-departmental receivables

Department: Rural Development and Land reform: Receivables

-

13 895

Management fees

National Empowerment Fund

17 145

1 530

Related party transactions

Related party transaction

Department: Rural Development Programme: Grant

1 348 397

1 502 117

No executive emoluments are paid by the Trading 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 23

NEF acts as an agent to Department of Rural Development and Land Reform on strengthening of relative rights programme

2016	2017
R'000	R'000

22. 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

At 31 March 2018	Less than 3 months R'000	Between 3 and 6 months R'000	Between 6 months and 1 year R'000	Total R'000
Trade and other receivables from exchange transactions	1 367	577	12 865	14 809
Trade and other payables from exchange transactions	17 995	-	8 767	26 762
At 31 March 2017				
Trade and other receivables from exchange transactions	1 000	237	11 201	12 528
Trade and other payables from exchange transactions	36 507	2 847	14 427	53 781

The table above analyses the Trading Entity's financial liabilities into relevant maturity groups based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are contractual undiscounted cash flows.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The entity only deposits cash with major banks and service providers with high-quality credit standing and limits exposure to any one counter party.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2016	2017
Cash and cash equivalents	779 643	257 617
Trade and other receivables from exchange transactions	14 809	12 528
Other financial assets	307 268	311 592

Interest rate risk

As the Trading Entity has no significant interest-bearing assets, the entity's income and operating cash flows are substantially independent of changes in market interest rates.

23. Services in kind

The Trading Entity falls under the administration of the Department of Rural Development and Land Reform. The executives of the DRDLR spend some of their time on the affairs of the Trading Entity. Furthermore, the DRDLR provides the services of internal audit function, information technology and staff training. There is no cost charged by the department in this regard.

	2018 R'000	2017 R'000
24. Fruitless and wasteful expenditure		
Opening Balance	1 113	1 001
Less: Condoned	(1 010)	-
Add: Fruitless and wasteful expenditure - Current year	002	02
	097	1 113

25. Future minimum lease receivable

Lease revenue – contingent rent	2 202
Within 1 year	2 202

The Trading entity leases farms to farmers for short to long term periods. The total lease payments for short term is based on 3% of the projected net income calculated using the approved business plan per financial year and long term based on 2% of land price escalated using CPIX price. 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 null and void due to the implementation of the State land and lease disposal policy.

Medium to large-scale commercial farmers who have already been farming commercially at various scales are allocated long term leases with the option to purchase after five years from the effective date of the lease. In the event of the option to purchase being exercised within the lease period, the value of the Leasehold improvement done by the lessee shall be deducted from the sale price.

Included in revenue from exchange transactions is an amount of R2,202million (rental income on lease receivable- agricultural lease) that were recognised as a portion of contingent rent because the lease payments are not fixed and are based on CPI that changes with passage of time. The entire amount has been recognised as revenue in the statement of financial performance.

26. Commitments

• Contracted recapitalisation projects-Grant farmers	199 871	248 447
• Guarantees land acquisition	26 821	17 405
• 1 Herdier 1 Household- Grant farmers	43 257	-
• Open orders	6 587	10 012
• Project management	90 754	142 520
	368 070	418 472

During the current financial year it was realised that Land guarantees and contracted recapitalisation projects for (2017) were over stated. An adjustment of 11, 481 million (Land guarantees) and R14, 35 million (Contracted recapitalisation projects) has been done.

27. Unauthorised and irregular expenditure

Opening balance	170	-
Add: irregular Expenditure-current year	31 608	170
	31 858	170

Irregular expenditure has incurred as a result of contravention of supply chain policy regulations.

The department has approved investigation of possible irregular, fruitless and wasteful expenditure for programme of strengthening relative rights amounting to R144, 082million.

28. Contingent asset**Unlawful removal of departmental asset**

During the previous financial year, the Trading Entity determined that a farmer had unlawfully removed movable assets to the value of R 1 536 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.

Leasehold improvements

The department has entered into a lease agreement which allowed the lessee to effect leasehold improvement. The contract indicates that the lease shall forfeit compensation for higher improvements on the property in the case where the farmer of the agreement is terminated.

Certain lessee have breached the agreement and the process of finalising whether the breach will result in the termination of the state land use disposal policy includes once the agreement is terminated then the farmer loses his future economic benefit and instead flow to be (Agricultural Land Holding Account Trading Entity).

In the event the lease is terminated as a consequence of the actions or omissions of the lessee, the improvement shall become the property of the department and no compensation shall be paid to the lessee for such improvement. Lessees that have breached the contract have are being taken through legal eviction process.

It is not practical for the trading entity to estimate the value of the improvements since the lessees were not able to keep proper supporting documents and in such case a detail valuation of property will be conducted upon the cases being settled.

29. Disclosure of prior period errors

The trading entity identified the following prior period errors during the 2017/2018 financial year and all the corrections have been done from the beginning of 2015/2016 financial year accordingly, as follows:

Property, Plant and Equipment (PPE)

During the current financial year verification process it was discovered that Property donated to the state by AFU during the 2009/10 financial year was not recognised. An adjustment of R13, 905million has been adjusted accordingly with an increase against the cost of Land.

During the current financial year it was also identified that assets donated by AFU to the state for 2015/16 financial year were not recognised. An adjustment of R124, 877million has been done with an increase against PPE from the beginning of 2015/16 financial year.

The total amount of R4, 706million relates to a property that was acquired during the 2009/10 that was previously omitted from the Asset register. Recognition of Land and improvements was done with an increase against PPE from the beginning of 2015/16 financial year.

Total amount of R2, 204million relates to derecognition and recognition of donation conveyancing fees respectively that was previously done and the correction has been done accordingly.

Total amount of R11, 482million relates write off of lost assets, unverified, derecognition of tools that were previously recognised as PPE. The adjustment has been done with a decrease against balance sheet-PPE.

Total amount of R1, 042million adjusted on accumulated depreciation relates to accumulated depreciation that was previously not recognised and write off of depreciated assets that were not recognised. An adjustment has been made accordingly with a decrease in the accumulated depreciation.

Total amounts of R457thousand adjusted on accumulated depreciation relates to a reversal of impairment that was done during the 2015/2016 financial year.

Total amount of R12, 146million relates to the reclassification within PPE classes of account and the adjustment has no financial impact.

Receivable Exchange - Rental Receivable - Operating lease receivable

During the current financial year the Trading Entity received a contract that was previously not recognised. The error amounting to R 1, 054million (revenue rental amounting to R1, 064million and interest received rental amounting to R20thousand) has been correctly adjusted retrospectively from the beginning of 2018/17 financial year, with an adjustment against balance sheet (Operating Lease Receivable).

Total amount of R3, 948million relates to the restatement of Lease Debtors Provision impairment due to change of methodology. An adjustment has been done accordingly with a decrease in the Provision for doubtful Debts.

Trade Payables Exchange - Operating expenditure

A total amount of R 43, 764million relates the following:

1. Rates and Taxes invoices amounting to R31, 026million from Municipalities that were received in the current financial year and the expenditure relates to the previous financial years.
2. Other operating expenditure amounting to R12, 738million for invoices that belong in the previous financial year.

The recognition adjustment of the expenditure has been done in the correct financial year.

During the current financial year audit committee requested the Trading Entity to unbundle the expenditure accounts, the correction was done which resulted to some of the accounts that were previously bundled together to be unbundled. refer to Note 16 and 17

Receivables Non-Exchange - deferred expenditure - Grant Farmers

The total amount of R43,797million related to farmers expenditure for previous financial years, the expenditure (invoices) were received during the current financial year. An adjustment has been done retrospectively in the correct financial period.

The total amount of R2,551million relates to equity for payment for SRR programme that was previously not recognised and the correction has been done accordingly with an increase in farmer's expenditure and a decrease on deferred SRR.

Other debtors

During the current financial year it has been identified that special fees amounting to R260thousand on curatorship was not supposed to have been paid and therefore a debtor has been raised with a decrease against the income statement (legal fees) from the beginning of 2015/16 financial year.

Transfer of function under common control

In the previous financial year the DRDLR transferred land and also transferred the SRR programme for implementation by the trading entity. The trading entity recognised the donation received and resumed prospective implementation of the programme. During the 2017/18 financial year the trading entity and early adopted GRAP 105 standard that deals with the transfer of function under common control.

The standard indicates that all liabilities and assets incurred should be assumed by the acquirer which will impact in a net loss or gain on transfer of function that must be recorded in the accumulated surplus directly.

Therefore the date of transfer was assessed to be in 2016/17 financial year even though the final approval letter with transfer of all transactions was done in 2017/18 financial year.

The correction of the error(s) results in adjustment as follows:

Statement of financial position

Property, plant and equipment - Cost	(129 504)
Property, plant and equipment - Accumulated depreciation	(1 042)
Property, plant and equipment - Accumulated impairment	(437)
Receivable exchange - Revenue Receivable	(5 030)
Other debtors	(261)
Trade payable exchange - Operating expenditure	43 794
Receivable non- exchange - deferred expenditure-SRR	2 851
Receivable non-exchange - deferred expenditure	43 797
Gain on transfer of function under common control	76 588
Accumulated surplus	88 133
	97 756

Statement of financial performance

Expenditure - Depreciation - PPE	(152)
Expenditure - Impairment - PPE	(1 166)
Donation	28 029
Expenditure - loss on disposal of asset	(3 988)
Revenue - Revenue rental	1 220
Expenditure - Impairment- Lease Debtors	3 948
Expenditure - Other operating expenditure	(27 426)
Expenditure - Farmers Operating expenditure	(21 401)
SRR reversal of donation	(30 700)
SRR expenditure (other income, management fees and grant expense)	(44 216)
	(97 756)

From the beginning of 2015/16 financial year the effect on retained earnings has been restated by R 60, 123million

Reclassification

During the 2017/18 financial recapitalisation and development invoice assessment was done and a new methodology needed to be cons. It was then realised that (2016) was not provided for.

A reclassification of R21, 680million has been re classified from (2017) to (2016) financial year.

30. Change in accounting estimates

The annual review of useful life of assets resulted in a decrease of R7,147 million in the depreciation charge to the Statement of Financial Performance:

31. Change in accounting policy**Lease impairment**

During the year the entity change its accounting policy with respect to the treatment of lease impairments. The change of the policy was a result of lease debtors been taken to extensive debt collection process, the result of it revealed additional data used for classification of impairment.

The change in accounting policy resulted into a decrease of (2018) R16, 652million (2017) R3, 940million in the provision for impairment of lease receivable made.

A retrospective adjustment of (2016) R56, 305million against surplus has been done.

Deferred recapitalisation invoices

During the year, the entity changed its accounting policy with respect the treatment of Farmers impairment. The change of the policy as a result of recoverability rate that was assessed based on the receipt of invoices during the current financial year.

The change in accounting policy resulted into an increase of (2018) R24,475million and a decrease (2017) R835 thousand in the provision for farmers invoices of farmers debt made.

32. Events after the reporting date**Bad debts written off**

An approval for lease debtors whose ability to pay off the debts was approved. The approval was done after the balance date. The event resulted in an adjustment in the annual financial statements as the condition at year end indicated that the debts are irrecoverable. The total write off amounted to R12, 546million.

33. Other significant disclosure

On all the forensic audit within the Trading Entity that were concluded during the 2016/17 financial year were assessed and had no potential fruitless and wasteful expenditure, unauthorised and irregular expenditure. The department is currently pursuing criminal charges on all the affected projects.

Possible fruitless and wasteful expenditure

The irregular expenditure has incurred as a result of contravention of supply chain policy principles which were developed in line with the constitution and also the breach of SRR policy principles which were approved in line with the provision of land assistant act no 126 of 1993, section 10(1).

An investigation of a possible irregular, fruitless and wasteful expenditure for programme of strengthening relative rights amounting to R144, 997million earmarked to be undertaken in 2018 financial year.

34. Transfer of function between entities under common control

The names of the entities involved:

The entities involved are the Agricultural Land Holding (ALHA), as the Trading Entity established and department of Rural Development and Land Reform.

Brief description of the function transferred and the reasons for the transferred.

The Department of Rural Development and Land Reform (transferor) has transferred the programme called Strengthening of Relative Rights to the Agricultural Land Holdings Account (acquirer) in the 2016/17 financial year but the official transfer documents were concluded in the current financial year. The trading entity resumed the implementation with available information as submitted by the department. The trading entity subsequently received additional information relating to assets and liabilities balances as at end of 2016/17 financial year. A retrospective adjustment was done to adjust the balances previously recognised. The measurement period from the transfer date ends in the 2018/18 financial year.

The Agricultural Land Holdings Account is the trading account operating within the Department of Rural Development and Land Reform which is the same economic cluster of government.

The 50/50 model is essentially, a joint venture capital sponsored by the government on behalf of farm workers, on the one hand, and private owner of the farm so acquired, on the other. The latter bring in the business, entrepreneurial knowhow and the market, and, the workers bring in their labour power and raw skill which is sponsored by the government. The land sold to the government, either fully or partially and is thereafter lease backed by the new company.

Value of the assets acquired and liabilities amounting to R111,885million assumed at transfer of function are as follows:

Property plant and equipment – R32,370million

Loan component for working capital recognised as other financial assets- R16,105million

Unspent SRR funds transferred to NEF - R62,326million

SRR related expenses

Total of R44,215million are expenses relating to SRR transactions not recognised in the previous financial year. The amount affects the balance sitting as unspent grant as disclosed as deferred asset SRR. The correction of the expenses were done in terms of GRAP 3 standard and was retrospectively adjusted as follows:

Equity component transferred in the form of Grant –R42,700million

Management of fees for NEF: R1,536million

Other income: R18thousand

Lease rentals – R0

The net asset resulting into a gain on transfer of function under common control –R155,103million.

Report of the Auditor-General to Parliament on the Deeds Registration Trading Account

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 236 to 274, which comprise the statement of financial position as at 31 March 2018, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amount 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 2018, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

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 this auditor's report.
4. I am independent of the trading entity in accordance with the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code) and 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.

Restatement of corresponding figures

7. As disclosed in note 23 to the financial statements, the corresponding figures for the previous balance sheet date were restated as a result of an error in the financial statements of the trading entity at 31 March 2018 and for the year then ended.

Significant uncertainties

8. As reference to note 21 to the financial statements, claims instituted against the entity resulting from litigations before the courts amount to R525 997 million (2016-17: R16 971 million).

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 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 the accounting officer either intends to liquidate the trading entity or to cease operations, or has no realistic alternative but to do so.

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 the 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 this auditor's report.

Report on the audit of the annual performance report

13. In terms of section 40(3)(a) of the PFMA trading entities, the targets of the trading entity are incorporated in the reported programme performance of the Department of Rural Development and Land Reform, and are reported under programme 2: geospatial and cadastral services. The usefulness and reliability of the reported performance information was tested as part of the audit of Department of Rural Development and Land Reform and any audit findings are included in the management and auditor's reports of Department of Rural Development and Land Reform.

Report on the audit of compliance with legislation

Introduction and scope

14. The strategic objectives, indicators and targets of the trading entity are incorporated in the reported programme performance of the Department of Rural Development and Land Reform, and are reported under Programme 2: Geospatial and cadastral services. As a result, findings relating to the audit of performance information are reported as part of the Department of Rural Development and Land Reform's audit report.

Other information

15. The 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 report, audit committee's report. The other information does not include the financial statements and the auditor's report.
16. My opinion on the financial statements and findings on compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
17. 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.
18. 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 on it. I did not identify any significant deficiencies in internal control.

Other reports

20. I draw attention to the following engagements conducted by various parties that have or could potentially have an impact on the trading entity's financial statements and compliance with applicable legislation and other related matters. The reports noted do not form part of my opinion on the financial statements or compliance with legislation. The summarised other reports will be included in the auditor's report as follows:
21. The Special Investigation Unit investigation into the E-cadastre project is still in progress at the date of our report.

Auditor - General

Pretoria
31 July 2018



Annexure - Auditor-General's responsibility for the audit

9. 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 compliance.

Financial statements

10. In addition to my responsibility for the audit of the financial statements as described in this 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 board of directors, which constitutes 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 Deeds Registration Trading Account'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 this auditor's report. However, future events or conditions may cause a trading entity to cease continuing as a going concern

- evaluate the overall presentation, structure and content of the financial state ments, 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

11. 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.

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.

General information

Country of incorporation and domicile	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

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The reports and statements set out below comprise the annual financial statements presented to the parliament:

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The annual financial statements set out on pages 236 to 274, which have been prepared on the going concern basis, were approved by the accounting officer on 31 March 2018 and were signed on its behalf by:



CC Swart
Director: Financial Management
and Accounting



SJ Ratema
Acting Senior Financial
Officer



V Matshidza
Acting Chief Financial Officer



R Sadiki
Acting Director General

Statement of Financial Position for the year ended 31 March 2018

	Note(s)	2018 R'000	2017 Restated* R'000
Assets			
Current Assets			
Inventories	2	3 498	3 559
Receivables from exchange transactions	4	62 875	94 875
Prepayments	3	2 212	3 976
Cash and cash equivalents	5	392 436	318 251
		461 091	420 661
Non-Current Assets			
Property, plant and equipment	6	115 162	140 689
Intangible assets	7	52 527	52 499
Prepayments	3	7	-
		168 696	193 188
Total Assets		629 787	613 849
Liabilities			
Current Liabilities			
Finance lease obligation	8	1 039	577
Payables from exchange transactions	9	50 745	47 955
Unspent conditional grants and receipts	10	-	22 815
Provisions	12	7 221	17 135
OVG liability	11	57 743	8 121
		116 748	96 605
Non-Current Liabilities			
Finance lease obligation	8	959	534
Provisions	12	13 454	13 105
		14 413	13 640
Total Liabilities		131 161	110 245
Net Assets		498 656	503 604
Accumulated surplus		498 656	503 600
Total Net Assets		498 656	503 600

Statement of Financial Performance for the year ended 31 March 2018

		2018	2017
	Note(s)	R'000	Restated* R'000
Revenue			
Revenue from exchange transactions			
Registration of deeds and sale of information		634 257	512 382
Management fees earned		935	171
Other income		3 007	1 620
Interest received	15	19 875	18 111
Total revenue from exchange transactions		657 385	632 294
Revenue from non-exchange transactions			
Transfer revenue			
Government grants and subsidies		22 818	22 648
Public contributions and donations		-	25
Revenue from non-exchange transactions		22 818	22 673
Total revenue	14	680 203	654 957
Expenditure			
Employee related costs	32	(485 253)	(450 989)
Depreciation and amortisation		(35 916)	(38 717)
Impairment loss/Reversal of impairments		(1 042)	(92 267)
Finance costs	16	(225)	(129)
Loss on disposal of assets and liabilities		(1 247)	(1 144)
General expenses	29	(187 988)	(178 672)
Total expenditure		(608 674)	(702 898)
Deficit for the year		(6 471)	(47 141)

Statement of Changes in Net Assets for the year ended 31 March 2018

	Accumulated surplus R'000	Total net assets R'000
Restated* Balance at 01 April 2016	550 741	550 741
Changes in net assets:		
Surplus for the year	(47 141)	(47 141)
Total changes	(47 141)	(47 141)
Opening balance as previously reported	503 600	503 600
Adjustments:		
Correction of errors	1 527	1 527
Restated* Balance at 01 April 2017 as restated*	505 127	505 127
Changes in net assets:		
Surplus/ (Deficit)	(6 471)	(6 471)
Total changes	(6 471)	(6 471)
Balance at 31 March 2018	498 656	498 656

Cash Flow Statement

for the year ended 31 March 2018

		2018	2017
	Note(s)	R'000	Restated* R'000
Cash flows from operating activities			
Receipts			
Registration of Deeds and sale of information		570 330	572 105
Grants		64 806	14 300
Interest Income		18 864	18 003
Other income		213	120
		<u>754 213</u>	<u>604 528</u>
Payments			
Employee costs		(492 330)	(452 956)
Suppliers		(179 347)	(134 768)
		<u>(671 677)</u>	<u>(587 724)</u>
Net cash flows from operating activities	20	<u>82 536</u>	<u>16 804</u>
Cash flows from investing activities			
Purchase of property, plant and equipment		(6 559)	(30 317)
Proceeds from sale of property, plant and equipment		3	27
Net cash flows from investing activities		<u>(6 556)</u>	<u>(30 290)</u>
Cash flows from financing activities			
Finance lease payments		(1 600)	(1 317)
Finance costs- Lease payments		(225)	(122)
Net cash flows from financing activities		<u>(1 825)</u>	<u>(1 446)</u>
Net increase/(decrease) in cash and cash equivalents		<u>74 155</u>	<u>(14 932)</u>
Cash and cash equivalents at the beginning of the year		318 201	333 183
Cash and cash equivalents at the end of the year	5	<u>392 406</u>	<u>318 251</u>

Statement of Comparison of Budget and Actual Amounts for the year ended 31 March 2018

Budget on Accrual Basis

	Approved budget	Adjustment	Final Budget	Actual amounts on comparable basis	Difference be- tween final budget and actual	Reference
	R '000	R '000	R '000	R '000	R '000	
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Registration of Deeds and sale of information	674 263	(9 875)	665 678	634 267	(30 811)	1
Management fees earned	-	-	-	626	626	2
Other income	-	-	-	3 307	3 307	3
Retention surplus	50 056	12 624	70 680	-	(70 680)	4
Interest received-investment	16 225	842	17 067	18 876	1 809	5
Total revenue from exchange transactions	749 234	1 591	752 825	657 385	(95 440)	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	-	-	-	22 818	22 818	26
Total revenue	749 234	1 591	752 825	680 203	(72 622)	
Expenditure						
Personnel	(548 298)	-	(548 298)	(480 253)	68 045	6
Depreciation and amortisation	(42 794)	100	(42 694)	(35 819)	6 775	7
Impairment loss/ Reversal of impairments	-	-	-	(1 042)	(1 042)	8
Finance costs	-	-	-	(225)	(225)	9
Repairs and maintenance	(24 071)	11 103	(12 968)	(14 147)	(1 179)	11
General Expenses	(134 071)	(14 794)	(148 865)	(153 841)	(4 976)	12
Total expenditure	(748 234)	(3 691)	(752 825)	(685 427)	67 398	
Operating deficit	-	-	-	(5 224)	(5 224)	
Loss on disposal of assets and liabilities	-	-	-	(1 247)	(1 247)	13
Deficit before taxation	-	-	-	(6 471)	(6 471)	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	-	-	-	(6 471)	(6 471)	

Statement of Comparison of Budget and Actual Amounts for the year ended 31 March 2018

Budget on Accrual Basis

	Approved budget	Adjustment	Final Budget	Actual amounts on comparable basis	Difference be- tween final budget and actual	Reference
	R '000	R '000	R '000	R '000	R '000	
Statement of Financial Position						
Assets						
Current Assets						
Inventories	3 550	-	3 550	3 456	(94)	14.
Receivables from exchange transactions	58 750	-	58 750	62 975	4 225	15.
Prepayments	-	-	-	2 212	2 212	16.
Cash and cash equivalents	280 025	-	280 025	362 408	112 380	17.
	342 335	-	342 335	461 091	118 756	
Non-Current Assets						
Property, plant and equipment	32 198	(1 331)	30 867	116 162	85 295	18.
Intangible assets	53 000	-	53 000	52 527	(473)	19.
Prepayments	-	-	-	7	7	16.
	85 198	(1 331)	83 867	168 696	84 029	
Total Assets	427 533	(1 331)	426 202	629 787	203 585	
Liabilities						
Current Liabilities						
Finance lease obligation	600	-	600	1 009	409	20.
Payables from exchange transactions	41 200	-	41 200	50 745	9 545	22.
Provisions	2 000	-	2 000	7 221	5 221	23.
DVC liability	-	-	-	57 743	57 743	21.
	43 800	-	43 800	116 718	72 918	
Non-Current Liabilities						
Finance lease obligation	520	-	520	959	439	20.
Provisions	13 400	-	13 400	13 454	54	24.
	13 920	-	13 920	14 413	493	
Total Liabilities	57 720	-	57 720	131 131	73 411	
Net Assets	369 813	(1 331)	368 482	498 656	130 174	
Net Assets						
Net Assets Attributable to Owners of Con- trolling Entity						
Reserves						
Accumulated surplus	369 813	(1 331)	368 482	498 656	130 174	25.

- The variance is due to fact that 6 out of 11 Deeds Registries are not generating revenue to sustain operations. Only 5 out of 11 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.
- The amount of R955 thousand is management fees received for rendering services for the office of the Valuer General as part of a memorandum of understanding between Deeds and DVC. The amount was not budgeted for.
- The actual amount relates to bad debts recovered and staff debts recovered for example, private telephone usage. The amount is not budgeted for.
- This relates to Retention of surplus from the 2016/17 financial year: R70.6 million to supplement the revenue shortfall.
- The favorable bank interest received was due to the high bank balances in the current financial year. The high carrying amount was due to the retention of surplus for the 2016/17 financial year and improved debtors' collection.
- The variance is attributed to various vacant posts under Deeds Registries that should have been filled in the first half of the financial year.

Statement of Comparison of Budget and Actual Amounts for the year ended 31 March 2018

Budget on Accrual Basis

7. The reduced depreciation expense is due to a reduction in procurement of PPE from budgeted procurement. Contributing to this are disposals and write off which took place in current financial year.
8. Impairment expenses are not budgeted for and relate to debtors over 90 days.
9. Finance costs are related to finance leases and are not budgeted for.
11. The increase in repairs and maintenance is due to an increase in contract price for maintenance and support for hardware.
12. The variance is attributed mainly to previous financial year surplus payment to National Treasury and settlement of court cases against the entity.
13. Loss on disposal of asset is not budgeted for.
14. The expense is only recognized when store items are issued. The items are budgeted for separately under specific expenditure items.
15. The amount relates to debtors not of impairment, the actual amount is higher than budgeted due to improved collection and recovery.
16. Prepayments are not budgeted for and are due to over-isp on expenditure across financial years.
17. The favorable bank interest received was due to the high bank balance. The high carrying amount was due to the retention of surplus for the 2016/17 financial year. The R57.7 million the remaining portion of the grant for CVG also increased the bank balance.
18. The budget amount of R20.4 million was budget for procurement of additional Assets including securities Assets e.g CCTV cameras, binoculars, X-ray machines and ICT equipment. The actual amount of R115.1 million is the carrying value assets since the inception of Credits Trading Account and the actual additions for PPE are R12.3 million. The variance of R18.1 million is due to cost cutting measures.
19. The actual amount of R52.5 million is the book value for intangible Asset and is less due to the amortization of licences recognised as a prior period error.
20. An amount of new finance lease contracts for machines was entered into for a period of 3 years.
21. The increase is attributed to the CVG grant of R64.8 million for financial year 2017/18.
22. The variance between actual and budget is due to sundry accruals and accrued leave not taken by employees as at 31 March 2018.
23. An amount of R7 million was provided for work done by Special Investigation Unit. The invoices must be signed off by DRO:R Forensic Investigation Division and were not budgeted for.
24. The budgeted amount on provisions relate to the reduction in the Capped Leave which is attributable to either retirements or deaths.
25. The amount relates to retained income and is accumulated over years.
26. The amount relates to revenue recognised from the conditional grant for IT related expenditure.

Accounting Policies

Audited Annual Financial Statement for the year ended 31 March 2018

1. Presentation of Annual Financial Statements

The unaudited 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 audited 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 (R1000). 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 23 (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 12 - Provisions.

Management fees received/Receivable

Management fees to be paid into the entity were determined by management based on the monthly balance of the funds held by the entity on behalf of the principal. The calculation of the balance involved assumptions on the distribution and expensing of services rendered by the entity to its principal.

Depreciation and amortization

Depreciation recognized on property, plant and equipment is determined with reference to the useful lives and residual values of the underlying items. The useful lives and residual values of assets are based on management's estimation of the asset's condition, expected condition at the end of the period of use, its current use, expected future use and the entity's expectations about the availability of finance to replace the asset at the end of its useful life. In evaluating the how the condition and use of the asset informs the useful life and residual value, management considers the impact of technology and minimum service requirements of the assets.

Management determines fair value using available information to determine fair value of PPE acquired through non-exchange transactions.

Accounting Policies

Audited Annual Financial Statement for the year ended 31 March 2018

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 recognized 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.

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.

The asset residual values, useful life and depreciation methods are reviewed at each financial year-end and adjusted prospectively, in accordance with GRAPJ 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
Household equipment	Straight line	5 - 13 years
Photographic and technical equipment	Straight line	13 years
Leased Capital Works	Straight line	25 years

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost to the item is depreciated separately.

The entity assesses at each reporting date whether there is any indication that the entity's expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognized when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

Accounting Policies

Audited Annual Financial Statement for the year ended 31 March 2018

The gain or loss arising on the derecognition of an item of property, plant and equipment is included in surplus or deficit when the asset is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Assets which the entity holds for certain to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

The entity separately disclose expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 29).

The entity discloses relevant information relating to assets under construction or development, in the notes to the financial statements.

1.5 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical 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 recognized 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 recognized as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognized 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. Amortization 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 amortization is provided on a straight-line basis over their useful life.

The amortization period and the amortization method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortized 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 amortized 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 uncollectibility.

Accounting Policies

Audited Annual Financial Statement for the year ended 31 March 2018

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 in 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 favorable to the entity.

A financial liability is any liability that is contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The entity first assesses whether the substance of a concessional loan is in fact a loan. On initial recognition, the entity analyses a concessional loan into its component parts and accounts for each component separately. The entity accounts for that part of a concessional 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 uncollectibility of financial assets

The entity assesses 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:
 - derecognise 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 is recognised in surplus or deficit in the period of the transfer.

Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

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.

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 arise. 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 reversal, 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 assets used with the objective of generating a commercial return. A commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

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 used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of cash inflows from other assets or group of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expenses.

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 amount of an asset or a cash-generating unit is the higher of fair value less costs and its value-in-use.

Useful life is either:

- the period of time over which an asset is expected to be used by the entity; or
- the number of production or similar units expected to be obtained from the asset by the entity.

Judgements made by management in applying the criteria to designate assets as cash-generating assets or non-cash-generating assets, as follows:

[Specify judgements made]

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.

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Reversal of impairment loss

The entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The 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.

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 service 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 Provision 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.

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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 settling 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 surplus (deficits).

1.12 Impairment of non-cash-generating assets

Cash-generating assets are assets managed with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Non-cash-generating assets are assets other than 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:

- the period of time over which an asset is expected to be used by the entity, or
- the number of production or similar units expected to be obtained from the asset by the entity

Judgements made by management in applying the criteria to designate assets as non-cash-generating assets or cash-generating assets, are as follows:

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.

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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 that 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, (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 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 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.

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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

The disclosure of the nature and type of services in kind is 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 are 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
- 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 wasteful 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. 88 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

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National Treasury practice note no. 4 of 2005/2009 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 in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.18 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 they 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 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:

- Cash subject to restrictions that prevent its use within the next year; and
- Cash appropriated for other than its current purposes unless such cash offsets a current liability

Cash is measured at fair value.

1.20 Investment property

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 obligation embodied in the agreement, to the extent that the criteria, conditions or obligations have not been met a liability is recognised.

Compensation from third parties for investment property that's was impaired, lost or given up is recognised in surplus or deficit when compensation becomes receivable.

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Property interests held under operating leases are classified and accounted for as investment property in the following circumstances:

When classification is difficult, the criteria used to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of operations, including the nature or type of properties classified as held for strategic purposes, are as follows:

The nature or type of properties classified as held for strategic purposes are as follows:

1.21 Expense recognition

The entity reports its expenses on the accrual basis, meaning when the expenses are incurred, not when they are 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

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a third arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the ventures).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where that are required to perform such functions.

Close members of the family of a person are considered to be close family members who may be expected to influence, or be influenced by, that management in their dealings with the entity.

The entity is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the entity to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the entity is exempt from the disclosures in accordance with the above, the entity disclose narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its unaudited annual financial statements.

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, mistakes in applying accounting policies, oversights or misinterpretation of facts, and fraud.

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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 an estimates does not relate to prior periods and is not the correction of an error.

The effect of a change in accounting estimates shall be recognised prospectively by including it in surplus or deficit in:

- The period of change, if the change affects the period only; or
- The period of the change and future periods, if the change affects both.

1.24 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 management for the purposes of making decisions about allocating resources to the segment and assessing its performance.

1.25 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

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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.

1.26 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-cancelable or only cancelable at significant cost (for example, contracts for computer or building maintenance 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.

1.27 Accounting by principals and agents

Identification

An agent is an entity that has been directed by another entity (principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding agreement, to undertake transactions with third parties on its behalf and its own benefit.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

Recognition

The entity, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

The entity, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The entity recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

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.

Accounting Policies

Audited Annual Financial Statement for the year ended 31 March 2018

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 2017/04/01 to 2018/03/31.

The annual financial statements and the budget are on the same basis 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 GRAP Standards approved and not yet effective

The following standards have been approved but not yet effective and have not been adopted by the entity:

- GRAP 32-Serve Concession Arrangements: Grantor
- GRAP 34-Separate Financial Statements
- GRAP 35-Consolidated Financial Statements
- GRAP 36-Investment in Associations and Joint Ventures
- GRAP 37-Joint Arrangements
- GRAP 38-Disclosure of Interest in Other Entities
- GRAP 108-Statutory Receivables
- GRAP 110-Living and no-living Resources

All the GRAP standards above have no impact to the entities financial statements in the period of initial application.

Notes to the Audited Annual Financial Statements for the year ended 31 March 2018

	2018 R'000	2017 R'000
2. Inventories		
Consumable material on hand	3 485	3 558

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, 140 million (2017: R6, 663 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 balances	3 976	1 149
Add: during financial year	13 657	3 976
Less: expensed in current financial year	(15 422)	(1 149)
Add: non-current prepaid expenditures	7	-
	<u>2 218</u>	<u>3 976</u>

Prepayment of R7,410 for telephonic system - private branch exchange.
Amount of R1,682 is prepaid to SABC for television licenses for all Deeds Registries

Amount of R12,488 is prepaid to Post Office for post box renewals for all Deeds Registries

Amount of R13,547 million is prepaid to Oracle for maintenance and support of Oracle software

Amount of R3,604 is prepaid to SAICA for annual renewal fee.

Amount of R68,041 is prepaid to Oracle for two additional licenses

Notes to the Audited Annual Financial Statements for the year ended 31 March 2018

	2018 R'000	2017 R'000
4. Receivables from exchange transactions		
Trade receivables	59 889	52 558
Other receivables	1 631	804
Interest receivables	1 474	1 513
	62 975	94 875
<p>The gross trade receivables of R62,500 million is stated before a provision for impairment of trade receivables of R2,631 million (2017: R4,783 million on gross trade receivables value of R97,342 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.</p>		
Trade and other receivables impaired		
The ageing of these receivables is as follows:		
3 to 6 months	2 631	4 783
Receivables from exchange transactions		
Reconciliation of provision for impairment of doubtful debts impairments		
Opening balance	4 783	3 055
New debts impaired	852	2 311
Amount written off as uncollectible	(868)	(95)
Recovered bad debts	(2 525)	(667)
Contribution to provision	974	179
Subsequent payments	(854)	-
	2 631	4 783
Trade receivables age analysis		
Current	54 282	55 549
30 days	4 889	21 611
60 days	481	11 714
90 days	138	3 030
Over 90 days	2 730	6 437
Total	62 500	97 341

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 recognized above. Deeds Registration does not hold any collateral as security.

Notes to the Audited Annual Financial Statements for the year ended 31 March 2018

	2018 R'000	2017 R'000
5. Cash and cash equivalents		
Cash on hand (Petty Cash)	29	26
Bank	392 577	318 226
	392 406	318 252

Cash and deposits are held with a registered banking institution. Cash on hand at reporting date is R392,406 million (2017: R318,252 million). None of the cash and cash equivalents of the entity are subject to restricted availability as these balances are not encumbered.

OVB balance of grant refer to note 24 for GRAP 108 disclosure financial year 2017/18 (2018: R57.7million), financial year 2016/17 (2017: R8, 1 million).

Notes to the Audited Annual Financial Statements for the year ended 31 March 2018

	2018 R'000			2017 R'000		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
6. Property, plant and equipment						
Furniture and fixtures	43 802	(21 016)	22 786	38 645	(19 555)	18 990
Office furniture	3 063	(1 205)	1 858	2 722	(1 061)	1 061
IT equipment	162 195	(124 321)	37 874	224 044	(126 231)	97 813
Leasehold improvements	10 787	(6 139)	4 648	10 642	(4 784)	5 858
Infrastructure	14 147	-	14 147	13 501	-	13 501
Photographic equipment	9 036	(4 370)	4 666	9 022	(3 756)	5 266
	273 213	(157 051)	116 162	298 778	(158 087)	140 691

Reconciliation of property, plant and equipment – 2018:

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	18 990	6 330	(154)	(2 440)	22 786
Office furniture	1 062	1 870	-	(1 074)	1 858
IT equipment	95 813	2 576	(951)	(29 361)	68 077
Leasehold improvements	6 058	902	(143)	(1 856)	4 628
Infrastructure	13 501	646	-	-	14 147
Photographic equipment	5 265	14	-	(614)	4 665
	140 689	12 038	(1 248)	(35 378)	116 161

Reconciliation of property, plant and equipment – 2017:

	Opening balance	Additions	Disposals	Transfer received	Transfer	Depreciation	Total
Furniture and fixtures	19 348	2 419	(316)	-	-	(2 472)	18 990
Office furniture	1 243	791	-	-	-	(972)	1 062
IT equipment	121 237	1 036	(656)	6 789	-	(32 370)	95 813
Leasehold improvements	6 450	-	-	1 361	-	(1 753)	6 058
Infrastructure	8 126	13 501	-	-	(8 126)	-	13 501
Photographic equipment	5 852	39	-	-	-	(636)	5 265
	162 276	17 786	(1 160)	8 126	(8 126)	(38 213)	140 689

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 amortized over the lease period or useful life, whichever is regarded as shorter period.

Office equipment comprise of photocopy machines which are leased in form of finance lease agreement. The period of the lease agreements are 2-5 years and the carrying value is R1,850 million (financial year 2016/17 R1,062 million). Refer to note 8 where finance lease obligation is disclosed.

Users will find included in PPE the gross carrying amount of R159,00 for fully depreciated property, plant and equipment that is still in use.

Notes to the Audited Annual Financial Statements for the year ended 31 March 2018

2018
R'000

2017
R'000

7. Intangible assets

	2018 R'000			2017 R'000		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Intangible assets	52 864	(137)	52 527	52 627	(128)	52 499

Reconciliation of property, plant and equipment – 2018

	Opening balance	Additions	Amortisation	Total
Intangible assets	(52 499)	370	(542)	52 527

Reconciliation of property, plant and equipment – 2017

	Opening balance	Additions	Amortisation	Impairment loss	Total
Intangible assets	142 341	534	(504)	(89 872)	52 499

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 572 million has been recognised in 2017/18 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.26 - Irregular Expenditure.

The remainder of the intangible asset balance has been tested for impairment and is not considered to be impaired. R52,527 million comprise of adobe and application databases.

Notes to the Audited Annual Financial Statements for the year ended 31 March 2018

	2018 R'000	2017 R'000
8. Finance lease obligation		
Minimum lease payments due		
- within one year	1 188	681
- in second to fifth year inclusive	1 022	570
	<u>2 188</u>	<u>1 237</u>
less: future finance charges	(220)	(-25)
Present value of minimum lease payments	<u>1 968</u>	<u>1 111</u>
Present value of minimum lease payments due		
- within one year	1 009	577
- in second to fifth year inclusive	959	534
	<u>1 968</u>	<u>1 111</u>
Non-current liabilities	659	534
Current liabilities	1 009	577
	<u>1 968</u>	<u>1 111</u>

The average lease term 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 finance lease are disclosed as part of office equipment.

Contingent rent recognised as an expense in the period amounted to R407 651 (financial year 2016/17 R375 359). The contingent rents relate to copy charges per copy machine.

Notes to the Audited Annual Financial Statements for the year ended 31 March 2018

	2018 R'000	2017 R'000
9. Payables from exchange transactions		
Trade payables	10 504	10 056
Unallocated cash	77	201
Accrued leave pay	17 364	16 000
Accrued bonus	14 663	13 649
Sundry accruals	5 722	4 516
Other payables	2 195	2 611
	50 745	47 955

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-Cadastra project since 2014/15 financial year.

Unspent conditional grants and receipts comprises of:

Reconciliation of unspent conditional grants

Balance at the beginning of the year	22 818	45 406
Income recognition during the year	(22 818)	(22 040)
	-	22 818

During financial year 2017/18 R22,818 million was transferred from Deferred Revenue Augmentation which relates to E-cadastra project expenditure. Refer note 23.

11. OVG Liability

Unspent portion of OVG funds

Opening balance	8 121	2 474
Grant received on behalf of OVG	64 806	14 300
Expenditure incurred on behalf of OVG	(15 184)	(8 653)
	57 743	8 121

The only grant received in the current financial year was for the Office of the Valuer General, amounting to R64, 086 million.

Notes to the Audited Annual Financial Statements for the year ended 31 March 2018

	2018 R'000	2017 R'000			
12. Provisions					
Reconciliation of provisions – March 2018					
	Opening Balance	Additions	Utilized during the year	Total	
Provision	17 138	7 221	(17 138)	7 221	
Leave provision	13 106	1 761	(1 413)	13 454	
	30 244	8 982	(18 551)	20 675	
Reconciliation of provisions – March 2017					
	Opening Balance	Additions	Utilized during the year	Reversed during the year	Total
Provision	4 931	12 828	-	(521)	17 138
Leave provision	13 048	-	58	-	13 106
	17 979	12 828	58	-	30 244
Non-current liabilities				13 454	13 106
Current liabilities				7 221	17 138
				20 675	30 244

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 realisation. A review of the utilization trends has however evidenced that it is unlikely that the full balance will be realised within the short term. Accordingly the balance is classified as non-current.

The value of the provision is determined with reference to the capped leave days that have accrued to employees and the basic salaries of the employees. This represents the weighted average probable economic outflow that may be required to settle the capped leave balance.

Notes to the Audited Annual Financial Statements for the year ended 31 March 2018

	2018 R'000	2017 R'000
13. Financial instruments disclosure		
Categories of financial instruments		
2018		
Financial Assets		
	At amortised cost	Total
Trade receivables from exchange transactions	62 500	62 500
Cash and cash equivalents	392 406	392 406
	454 906	454 906
Financial Liabilities		
Trade and other payables from exchange transactions	55 888	55 888
2017		
Financial Assets		
	At amortised cost	Total
Trade and other receivables from exchange transactions	97 342	97 342
Cash and cash equivalents	318 251	318 251
	415 593	415 593
Financial Liabilities		
Trade and other payables from exchange transactions	62 438	62 138
14. Revenue		
Registration of deeds and sale of information	634 257	612 382
Management fees earned	935	171
Other income	3 307	1 620
Interest received	18 876	18 111
Government grants & subsidies	22 818	22 648
Public contributions and donations	-	25
	680 203	654 957
The amount included in revenue arising from exchange of goods or services are as follows:		
Registration of deeds and sale of information	634 257	612 382
Management fees earned	935	171
Other income	3 307	1 620
Interest received	18 876	18 111
	657 385	632 284
The amount included in revenue arising from non-exchange transactions is as follows:		
Transfer revenue		
Government grants	22 818	22 648
Public contributions and donations	-	25
	22 818	22 673

Notes to the Audited Annual Financial Statements for the year ended 31 March 2018

	2018 R'000	2017 R'000
15. Investment revenue		
Interest revenue		
Interest received – bank	18 105	17 865
Interest received – trade receivables	729	197
Interest received – staff options	41	49
	19 875	18 111
The amount included in investment revenue arising from interest received from favourable bank balance and interest from outstanding debtor balances.		
16. Finance costs		
Finance leases	129	129
18. Auditors' remuneration		
Audit fees	2 764	2 764
External audit fees (Auditor General) amounted to R2,764 million (2015/17 R2,764)		
18. Operating leases		
The following amounts are due in future financial years due to contractual obligations.		
Operating leases relate to service level agreements.		
Minimum lease payments due:		
Due within 12 months	6 747	498
Due within 2-5 years	6 782	-
	13 529	498
19. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
• Property, plant and equipment	1 355	987
Total capital commitments		
Already contracted for but not provided for	1 355	987
Authorised operational expenditure		
Already contracted for but not provided for		
• Due in the next 12 months	6 990	9 070
• Due in 2 – 5 years	-	274
	6 990	9 344
Total operating commitments		
Already contracted for but not provided for	6 990	9 344

Commitments relate to operating contracts due in future years. The total future commitments have been detailed above. Operational commitments due within 1 year: R17,848 million (R20, 077 million for financial year 2016/17) and due within 2-5 years R5,190 million (R5, 362 million for financial year 2015/17).

The total capital commitments: Amount due within 1 year: R1, 355 million.

Notes to the Audited Annual Financial Statements for the year ended 31 March 2018

	2018 R'000	2017 R'000
20. Cash generated from operations		
Deficit	(5 471)	(47 141)
Adjustments for:		
Depreciation and amortization	35 819	38 717
Gain on sale of assets/liabilities	1 247	1 144
Finance costs - Finance leases	225	129
Impairment/deficit	1 042	92 267
Movements in provisions	(3 568)	12 266
Interest non-cash items	(1 475)	(1 313)
Other non-cash items	3 943	12 567
Changes in working capital:		
Inventories	61	412
Receivables from exchange transactions	(31 862)	(41 005)
Prepayments	1 258	(2 876)
Payables from exchange transactions	(2 311)	(31 162)
Unspent conditional grants and receipts	(22 818)	(22 648)
OVC liability	49 622	5 647
	82 536	16 804

21. Contingent liabilities

Datsirelect has served a notice of legal proceedings against DRDLR. The legal proceedings is as a result of a dispute regarding specialist project management services for the E-Cadastre project. The duration of the services being 3 years with an effect from 15 August 2012 to 14 August 2015. The total claim instituted against DRDLR is R8,702 million.

Other litigation is in process against the Deeds Trading Account relating disputes around registration of property. The total litigation before the courts is R517,255 million (2016/17 financial year: R15,871 million) and the remainder of the litigation impact could not be qualitatively measured for financial impact.

Contingent assets

Subsequent to the court order to settle the claimant in respect of litigation against Deeds referred to in Note 27, civil proceedings have commenced against the co-defendants to recover an amount of R 2,360 million. The court found that the co-defendants are jointly and severally liable. According to counsel's legal advisors, it is probable that the proceedings will result in the recovery of the full amount but this recovery is virtually certain.

Parking deposit of R65 000 equal to one month's parking fees is held by Karabo Parking Management (Pty) Ltd. The deposit shall be retained by Karabo Parking Management until termination to the agreement, whereupon it will be applied to any amount owing in terms of this agreement. The balance remaining shall be returned to the entity.

Theft and losses amounting to R99 802,99 are under investigation for the entities assets lost or damaged by officials, liability depends on the outcome of theft and loss committee.

22. Related parties

Relationships

DRDLR

Department of Rural development and Land Reform is the mother department of the Deeds registration Trading Account and certain services between the DRDLR and Deeds are rendered in kind and are not at arms length, these have been disclosed below.

OVC

The Office of the Valuer General is a schedule 1A entity of the Department of Rural Development and Land Reform. An MOU was entered into between Deeds and the OVG for rendering of services. The transactions that are not at arms length are disclosed below.

The remainder of the transactions resulting from the Principle Agent relationship between Deeds and OVG have been disclosed in note 24. Accounting for Principle Agent arrangement.

Notes to the Audited Annual Financial Statements for the year ended 31 March 2018

	2018 R'000	2017 R'000		
Related party transactions				
Rendering services to related parties				
Department of Rural Development and Land Reform	14 319	(107 152)		
Grant received from DRDLR on behalf of OVG	64 808	14 320		
Management fee received from OVG	(935)	(171)		
Related party transactions				
Amounts paid on behalf of Deeds (paid on behalf of DRDLR)				
Office accommodation – DRDLR 54 715	55 964	54 715		
Travel with Flair involves paid by DRDLR on behalf of Deeds 1 575 339	1 575	339		
Key management levels				
	2018 No. of officials	2017 No. of officials	2018 remuneration	2017 remuneration
CRD-13	23	23	22 925	21 551
CRD-14	13	13	15 503	14 421
CRD-15	1	1	1 5144	1 339
	37	37	39 942	37 311

23. Prior period errors

a) Accounting by Principle and Agent

In July 2014 the Property valuation Act brought into existence the Office of the Valuer General (OVG) whose responsibility in accordance with the Act is to perform property valuation for the purpose of the Department of Rural Development and Land Reform (DRDLR). Section 4 and 5 establish the office as a juristic person.

Due to unavailability of resources as this office had been structurally established, a Memorandum of Understanding (MOU) was entered into with Deeds registration Trading Account (Deeds). This MOU states that the OVG will receive and pay for services rendered by Deeds and the DRDLR will transfer funds due to the OVG to Deeds trading account.

In accounting for the transactions that resulted, which were initiated by OVG, Deeds consolidated these transactions in error (error of presentation and disclosure of elements of the financial statements) as if they are of Deeds and OVG are one entity. Deeds also did not apply the applicable paragraphs of GRAP 109 – Accounting by principles and agents results in a fairer presentation as financial information becomes more reliable and relevant.

Adjustments made to the earlier prior period presented have been disclosed below, because the error occurred before the earliest prior period presented the opening balances of assets, liabilities and net assets for the earliest period presented have been restated therefore carried the closing balance.

The resulting correction of error removes all OVG related transactions from Deeds prior reported results and accounts for the transactions resulting from the principal agent relationship. In the current period these transactions have been correctly accounted for in accordance with the statements of GRAP and entity accounting policy.

Statement of Financial Position

Property, Plant and equipment - cost	(172)
Accumulated depreciation	32
Unspent conditional grant	(8 121)
OVG liability	8 121
Finance lease liability - current portion	39
Finance lease liability - non-current portion	20
Trade payables	115
Sundry accruals	136
Other payables	430
Injurious receivable	(40)
Management fees receivable	40
Change in net assets	603
Opening balance adjustment- 1 April 2018	716
Current surplus	(113)
Closing balance adjustment 31 March 2017	603

Notes to the Audited Annual Financial Statements for the year ended 31 March 2018

	2018 R'000	2017 R'000
Changes in retained earnings from Statement of Financial Performance Items:		
Revenue	-	8 825
Operating expenses	-	(8 710)
Finance costs	-	(2)
Retained earnings	-	113
Important Notes:		
The first DVG transaction was in 2015/16 which is a financial year before the earliest prior period presented in these AFS, for these transactions opening balances have been restated in the Deeds Annual Financial Statements for the above affected line items.		
On the 8th of March 2018, the DVG became a Schedule 3A entity which requires the entity to comply with all the relevant provisions of the PFMA.		
The effect of the prior period error is stated above.		
b) Other prior period error notes		
Prepaid expenditure and intangible assets		
included in the prior year prepayment is an amount relating to software licenses which should have been capitalized in accordance with GRAP 31 as they meet the recognition criteria. The software licenses for 12 months can only be expensed if the one year or less period falls exactly within the financial reporting period of the entity which in this case does not and therefore a retrospective correction has been done.		
Financial year 2016/17		
Intangible assets- license software cost additions	R534 thousand	
Amortization	R 128 thousand	
Prepaid expenses	R406 thousand	
Unspent conditional grant and receipts - financial year 2016/17		
An amount relating to e-cadastre project expenditure was incorrectly recognised using deeds instead of project funds, this resulted in the Unspent recognised conditional grant portion not being realized to the statement of financial performance in the year in which the expenditure took place.		
Unspent conditional grant	R10 857 million	
Transfer revenue – government grant	R-10 657	
Theft and Losses		
An amount relating to cases of theft and losses has been incorrectly recognised as an asset in prior years. The flow of future economic benefit can only be established once the theft and losses committee has concluded its investigation.		
Theft and losses receivable for the year 2016/17 – R104 thousand		
Commitments		
Commitments incorrectly recognised as deeds		
Capital	-	948
Operational	-	7 581
	-	8 529

Notes to the Audited Annual Financial Statements for the year ended 31 March 2018

	2018 R'000	2017 R'000
24. Principle Agent Arrangement		
In July 2014 the Property Valuation Act brought into the existence the Office of the Valuer General (OVG), the "Principle" whose responsibility in accordance with the Act is to perform property valuation for the purpose of the Department of Rural development and Land Reform. Section 4 and 5 of the Act establishes the office as a juristic person.		
Due to unavailability of resources as this office had not been structurally established, a Memorandum of Understanding (MOU) was entered into with the Deeds Registration Trading Account (Deeds) who is the Agent". This MOU states that the OVG will receive and pay for services rendered by Deeds and DRDLR will transfer funds due to the OVG to Deeds.		
The transaction undertaken since inception include		
<ul style="list-style-type: none"> • Purchase of property, plant and equipment; • Management of finance lease contracts; • Purchase of other goods and services (non-capital); • Holding of grant funds in the agent bank account; • Payment of salaries and wages; • Procurement and payment of valuation services from other service providers. 		
The management fee paid by the principle is based on the assumption that there is even distribution or spending of funds during any given financial period. This management fee is the interest received resulting from principle monies held in the agent's bank account.		
There are no significant risks that have been identified by the agent in terms of the relationship.		
Cash and cash equivalents		
Cash balance held by Agent belonging to principle	57,744	8,121
The balance is expected to be repaid in the next 12 months. Risks associated with the balance are detailed in note 13 to the AFS.		
Revenue		
Management fees received from principal	935	171
The following expenses have been paid or accrued on behalf of the principle, however none of them have been recognised in the agents.		

25. Risk management

The Trading Account actively 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.

Notes to the Audited Annual Financial Statements for the year ended 31 March 2018

	2018 R'000	2017 R'000
Financial assets exposed to credit risk at year end were as follows:		
Financial Instrument		
Deposit with Bank	952 377	315 220
Trade Receivables	59 549	92 558

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.

26. Irregular expenditure

Opening balance	208 080	31 811
Add: Irregular Expenditure - current year	31 811	178 289
	<u>241 281</u>	<u>208 080</u>

Analysis of expenditure awaiting condonation per age classification

Current year	3 181	178 289
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Details of irregular expenditure – current year

Deviation from normal procurement to appoint Oracle Corporation SA to provide technical support to Oracle hardware. Contract start period 1 April 2017 to 31 March 2018. Approval was granted by national treasury on 1 June 2017. Therefore April and May 2017 are considered irregular expenditure (1,710 million). Amount of R15,850 was considered irregular for pest control services provided without a purchase order created. Ex-post facto approval was granted for the procurement of two Oracle Software licenses amounting to R159,430 thousand.

Deviation from Public Service regulation for working of overtime resulting in non-compliance with section 49 of the PSR (R1,292 million). On 25 November 2016 Deets experienced disk failure resulting in the non-availability of Accpac. Management then implemented paid overtime to ensure the three month backlog is normalised and ensure accurate reporting.

The irregular expenditure relates to the awarding of a tender to Gijms 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, 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 GEima and was declared irregular in the prior years due to procurement processes not being followed from the extension of scope of the contract.

Details of irregular expenditure recoverable (not condoned)

Court case for recovery is in progress	208 080
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Details of irregular expenditure not recoverable (not condoned)

Under investigation by Financial Compliance Committee and Labour	3 181
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Notes to the Audited Annual Financial Statements for the year ended 31 March 2018

	2018 R'000	2017 R'000
27. Fruitless and wasteful expenditure		
Reconciliation of fruitless and wastefully expenditure	10	10
Opening balance	5 331	4
Add: Fruitless and wasteful Expenditure	-	(7)
	-	(3)
	<u>5 341</u>	<u>10</u>

The fruitless and wasteful expenditure of R4,720 million relates to litigation instituted against Deeds. Subsequently a court order instructed Deeds to pay the plaintiff.

Unfair labour practice arbitration was awarded by an official amounting to R104 366.

Court order instructing Deeds to pay the plaintiff in a litigation case regarding transfer of a property amounting to R49 000.

Penalties and interest payment to SARS amounting to R456 105 for understatement of tax by Deeds.

28. Services in kind

Administrative services in kind

Deeds trading account falls under the administration of the Department of Rural Development and Land Reform. The executive of the department spend some of their time on the affairs of the Trading Account.

All services paid for by the department which could not be quantified have been disclosed as related party transactions, excluded from those are services that cannot be quantified due to their nature, these include tax management services and internal audit services provided by the department.

29. General expenses

Advertising	465	6
Auctioners remuneration	2 046	2 764
Bank charges	256	252
Cleaning	7 026	7 643
Consulting and professional fees	32 812	23 885
Consumables	649	493
Entertainment	226	220
IT expenses	39 083	36 119
Printing and stationery	6 140	6 663
Repairs and maintenance	14 147	18 223
Security Services	9 289	5 734
Staff welfare	62	83
Subscriptions and membership fees	1 038	1 099
Telephone and fax	3 876	4 253
Transport and freight	7 217	4 661
Training	2 484	1 639
Travel-local	8 920	5 683
Other expense	26 211	592
Bad debts written off	74	95
Operating expenses	4 474	794
	<u>167 987</u>	<u>118 871</u>

Notes to the Audited Annual Financial Statements for the year ended 31 March 2018

	2018 R'000	2017 R'000
30. Alignment of Deeds Registries areas of jurisdictions to provincial boundaries.		
<p>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.</p> <p>The programme is therefore aimed at aligning the deeds registries areas of jurisdiction to provincial demarcations as articulated in Section 100 of the Constitution and to ensure that each Deeds Registry services the province in which it is located, making it accessible to clients.</p> <p>The alignment programme contains four projects:</p> <ol style="list-style-type: none"> 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 Mafikeng The establishment of Deeds information centres. <p>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.</p>		
31. Reporting segments		
<p>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.</p> <p>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.</p> <p>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.</p>		
32. Employee related costs		
Basic salary	355 231	330 401
Bonus	33 524	29 208
Medical aid – employer contributions	23 663	22 130
Leave pay provision charge	923	900
Defined contribution plans	43 908	40 281
Overtime payments	1 209	3 659
Car allowance	1 844	1 825
Housing benefits and allowance	17 660	16 425
Employer contribution: Bargaining Council	96	86
Leave: accumulated short term and capped	872	5 234
Bonus: accumulated short term	1 214	725
	485 253	450 968

Employee related costs include all expenses related to employee services