

# *Annual Report 2018/2019*



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





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# PART *A* GENERAL *Information*

# 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
AVMP	Animal and Veld Management Programme
BAS	Basic Accounting System
BCM	Buffalo City Metropolitan
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
COIDA	Compensation for Occupational Injuries and Diseases Act
CPA	Communal Property Association
CRDP	Comprehensive Rural Development Programme
CSI	Corporate Social Investment
CSIR	Centre for Scientific and Industrial Research
CSS	Corporate Support Services
DAFF	Department of Agriculture, Forestry and Fisheries
DBSA	Development Bank of Southern Africa
DDG	Deputy Director-General

DM	Deputy Minister
DMP	Demand Management Plan
DORA	Division of Revenue Act
DPME	Department of Planning, Monitoring and Evaluation
DPSA	Department of Public Services and Administration
DPW	Department of Public Works
DRDLR	Department of Rural Development and Land Reform
DRDP	District Rural Development Plan
EAPA	Employee Assistance Professionals Association
EC	Eastern Cape
EE	Employment Equity
EEA	Employment Equity Act
EHWP	Employee Health and Wellness Programme
EIA	Environmental Impact Assessment
EPMS	Employee Performance Management System
ESTA	Extension of Security of Tenure Act
EUR	Euro
EWP	Employee Wellness Programme
FCC	Financial Compliance Committee
FET	Further Education and Training
FPSU	Farmer Production Support Unit
FS	Free State
GP	Gauteng
GRAP	General Recognised Accounting Practice
GTAC	Government Technical Advisory Centre
Ha	Hectares
HH	Households

## DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM

HIV	Human Immuno-deficiency Virus
HLP	High Level Panel
HR	Human Resource
HRD	Human Resource Development
HRM	Human Resource Management
HSRC	Human Sciences Research Council
IA	Internal Audit
IAR	Immovable Asset Register
ICD	Independent Complaints Directorate
ICT	Information and Communications Technology
IESBA	International Ethics Standards Board for Accountants
IOD	Injury on duty
ISAs	International Standards on Auditing
IT	Information Technology
ITB	Ingonyama Trust Board
KWT	King William's Town
KZN	KwaZulu-Natal
LAW	Land Administration Web
LP	Limpopo
LRD	Land Redistribution and Development
LTA	Land Tenure and Administration
MMS	Middle Management Services
MOA	Memorandum of Agreement
MOU	Memorandum of Understanding
MP	Member of Parliament
MP	Mpumalanga
MPAT	Management Performance Assessment Tool
MPSA	Minister of Public Service and Administration
MTEF	Medium Term Expenditure Framework
MTSF	Medium Term Strategic Framework
N/A	Not Applicable

NARYSEC	National Rural Youth Services Corps
NBAC	National Bid Adjudication Committee
NC	Northern Cape
NCOP	National Council of Provinces
NDP	National Development Plan
NEDLAC	National Economic Development and Labour Council
NEF	National Empowerment Fund
NGI	National Geomatics Information
NGO	Non-Governmental Organisation
NJSC	National Joint Strategic Committee
NPO	Non-profit Organisation
NQF	National Qualifications Framework
NSDF	National Spatial Development Framework
NT	National Treasury
NW	North West
OHS	Occupational Health and Safety
OSD	Occupation Specific Dispensation
OVG	Office of the Valuer-General
PA	Performance Agreement
PAA	Public Audit Act
PE	Port Elizabeth
PFMA	Public Finance Management Act
PLAS	Proactive Land Acquisition Strategy
PLOF	Policy on Land Ownership by Foreigners
PLR	Provincial Land Reform
PPE	Property, Plant and Equipment
PPP	Public Private Partnership
PSA	Public Service and Administration
PSDS	Post Settlement and Development Support
PSDSP	Post Settlement and Development Support Project
PSSC	Provincial Shared Service Centre



PSW	Public Service Week
RCC	Risk and Compliance Committee
RDP	Rural Development Programme
REID	Rural Enterprise and Industrial Development
RID	Rural Infrastructure Development
RLCC	Regional Land Claims Commission
RVCP	River Valley Catalytic Programme
SAPS	South African Police Service
SCM	Supply Chain Management
SCOPA	Standing Committee on Public Accounts
SDF	Spatial Development Framework
SDIP	Service Delivery Improvement Plan
SG	Surveyor-General
SHERQ	Safety, Health, Environment, Risk and Quality
SITA	State Information Technology Agency
SLA	Service Level Agreement
SMS	Senior Management Service
SONA	State of the Nation Address
SPLUM	Spatial Planning and Land Use Management
SPLUMA	Spatial Planning and Land Use Management Act
SRR	Strengthening of Relative Rights
STI	Sexually Transmitted Infection
TB	Tuberculosis
TR	Treasury Regulations
UK	United Kingdom of Great Britain and Northern Ireland
UPS	Uninterruptible Power Supply
VCT	Voluntary Counselling and Testing
WC	Western Cape
ZAR	South African Rand

### 3. FOREWORD BY THE *Minister*

THOKO *Didiza*



Land reform and rural development are important instruments that contribute towards progressively realising our socio-economic rights that enables all South Africans to have access to land and better rural livelihood.

Land is about identity, heritage, the economy, agriculture and social development, therefore the rest of society rests their hopes on access to land.

Land reform in our country has three elements that is Restitution of land rights, Land Redistribution and Land Tenure. As government, we are experiencing many challenges in respect of Communal Property Associations (CPAs). In the first place, the intention of the Communal Property Act was to create a holding facility for the recipients of land from government as beneficiaries, in particular, in groups.

The Act provides for the establishment of the CPA who will hold the land asset on behalf of communities. However, in the majority of instances, such structures do not comply with the requirements of the law. The department was instructed to build the capacity of the CPAs through basic training that covers the aspects of being a trustee. This process is currently ongoing and we will examine its impact and strengthen where required.

#### LAND ACQUISITION

The issue of identification of beneficiaries for acquisition and allocation of land has come under scrutiny. We are reviewing such process and will ensure that these systems are not easily corruptible.

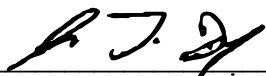
### RURAL DEVELOPMENT

Agri-parks, as a concept, relates to a combination of elements that, if implemented well, can change the rural landscape of our country. This relates to the creation of Farmer Production Support Units. This is a facility that will ensure that, in a given district municipal area identification will be made of what is commonly produced and or what has a potential in terms of the soil types and climatic conditions. For instance, in an area where grains are dominant, the production centre will have relevant implements to support farmers through the provision of tractors, planters, harvester, seeds, fertilisers, sprays and pesticides. I must say that lot of concerns have been raised on the investment that the State has and is making through Agri-parks. These concerns are being addressed.

### SPATIAL PLANNING, SURVEY AND REGISTRY OF DEEDS

The Spatial Planning, Survey and Registry of Deeds function is a critical instrument for the State and society. We are currently transforming our deeds registry. We are also training and building capacity in respect of surveyors. Our mapping services continue to support the demarcation board as well as geographical information systems.

I am pleased to table the 2018/19 Annual Report of the Department of Rural Development and Land Reform.



**Mrs A.T Didiza, MP**

Minister of Agriculture, Land Reform and Rural Development  
Republic of South Africa

Date: 13 September 2019

## 4. STATEMENT BY THE *Deputy Minister*

MCEBISI  
*Skwatsha*



The 2030 National Development Plan vision supports 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. The 2018/2019 plan focused on the strategic vision and goals that the Department of Rural Development and Land Reform identified to fulfil the needs of rural communities and the broader society and to set our rural areas on a path of growth, employment and transformation. The plan largely centred on the integration of rural areas into the economy, through the strengthening of land reform programmes, infrastructure development, enterprise development, job creation and skills development. It has been glaringly evident that the pace of land reform was not satisfactory and it must gain momentum to address the triple challenge of poverty, inequality and unemployment. In the past financial year, the department continued to implement various initiatives to transform the land administration system of our country, including the proposed legislative amendments in various environments affecting the department's work.

Through the Land Reform programme, the department committed to ensure that acquired farms were productive and contributed to the agricultural economy and food security. Productive utilisation of land remained a priority in the rural space, and the department continued with the implementation of the One Household, One Hectare and the Land Development programmes to improve household incomes and wellbeing. The attainment and maintenance of sustainable rural development and land reform interventions, programmes and projects have enhanced and expanded access of service delivery by the most vulnerable in our society.

Land reform still remains one of the most important and challenging issues in South Africa. Over the previous years, the department has implemented plans and programmes to tackle this complex problem, but as we know, the progress has been slow. Given the resources at our disposal, we continue to implement measures that will lead us to the intended direction of land reform in this country. These include acquiring and redistributing land for rural communities, finalising land claims and addressing the issues relating to the security of tenure.

The passing of legislation to amend Section 25 of the Constitution will bring into sharp focus the challenges of land reform such as the slow pace and high land prices that have distorted the land market and impeded speedy redress of land imbalances. In pursuit of the Radical Socio Economic Transformation agenda, the department is determined to ensure that land ownership becomes an economic asset for people of this country.

There is consensus among South Africans that we need to accelerate land reform, not only to redress historical injustices, but also to effectively unlock the economic potential of the country's arable land. Land reform is critical for the people of South Africa because of its historical dispossession and it is the government's responsibility to bring all our people into the mainstream economy.

The department acknowledges the slow pace it has encountered over the years in addressing the issues of land claims. To remedy this, it will strengthen stakeholder engagement, activate intergovernmental processes and work with Communal Property Associations to resolve some of the challenges.

Going forward, the department acknowledges that it needs to improve and fast-track its processes in dealing with land reform programmes so that it could also spur on economic growth and facilitate job creation.

It gives me pleasure to present this Annual Report of the Department of Land Reform and Rural Development.



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**Mr M Skwatsha, (MP)**

Deputy Minister: Rural Development and Land Reform

Republic of South Africa

Date: 10 September 2019



## 5. REPORT OF THE *Accounting Officer*

RENDANI  
*Sadiki*

- OVERVIEW OF THE OPERATIONS OF THE DEPARTMENT

The Department of Rural Development and Land Reform has five programmes:

PROGRAMME 1 – ADMINISTRATION

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

PROGRAMME 2 – NATIONAL GEOMATICS MANAGEMENT SERVICES

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

PROGRAMME 3 – RURAL DEVELOPMENT

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

PROGRAMME 4 – RESTITUTION

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

PROGRAMME 5 – LAND REFORM

- Initiate sustainable land reform programmes in South Africa.

# OVERVIEW OF THE FINANCIAL RESULTS OF THE DEPARTMENT:

## DEPARTMENTAL REVENUE

Department receipts	2018/19			2017/18		
	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	23 134	25 598	(2 464)	23 502	22 865	637
Interest, dividends and rent on land	37 122	40 454	(3 332)	49 564	30 940	18 624
Sales of capital assets	400	271	129	300	595	(295)
Financial transactions in assets and Liabilities	25 938	48 186	(22 248)	13 781	27 208	(13 427)
<b>Total revenue collected</b>	<b>86 594</b>	<b>114 509</b>	<b>(27 915)</b>	<b>87 147</b>	<b>81 608</b>	<b>5 539</b>

The department's revenue increased from R81.6 million in 2017/18 to R114 million in 2018/19. This represents an increase of R32.9 million. During 2018/19, the department collected more than the estimated amount. The over collection on actual amount against estimated amount is R27.9 million. The increase in actual collection is due to more money collected on financial transactions in assets and liabilities.

## PROGRAMME EXPENDITURE

In terms of the budget allocated for 2018/19, the department spent R10.281 billion or 98.6 per cent of the final appropriation of R10.425 billion, leaving the total of unspent funds of R144.1 million. Unspent funds were mainly due to vacant posts and the unspent funds allocated to the Public Private Partnership (PPP) project for the construction of office accommodation.

Programme	2018/19			2017/18		
	Final Appropriation	Actual Expenditure	Variance	Final Appropriation	Actual Expenditure	Variance
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	1 911 429	1 842 589	68 840	1 762 212	1 373 037	389 175
National Geomatics Management Services	642 306	626 906	15 400	652 389	618 203	34 186
Rural Development	1 998 724	1 980 700	18 024	2 009 507	1 995 657	13 850
Restitution	3 264 264	3 256 042	8 222	3 097 519	3 093 990	3 529
Land Reform	2 608 520	2 574 863	33 657	2 662 613	2 649 294	13 319
<b>TOTAL</b>	<b>10 425 243</b>	<b>10 281 100</b>	<b>144 143</b>	<b>10 184 240</b>	<b>9 730 181</b>	<b>454 059</b>

In comparison, expenditure in 2017/18 was R9,730 billion or 95.5% of the 2017/18 final appropriation of R10,184 billion. Compared to 2017/18, expenditure in 2018/19 increased by R550.9 million or annual average rate of 5.7%. This was mainly due to the implementation of more rural enterprise and industrial development projects and spending towards the construction of the new head office accommodation.

## • VIREMENTS/ ROLL OVERS

Programme	2018/19		
	Final	Actual	Variance
	Appropriation	Expenditure	
	R'000	R'000	R'000
Administration	1 877 945	33 484	1 911 429
National Geomatics Management Services	657 664	(15 358)	642 306
Rural Development	1 787 249	211 475	1 998 724
Restitution	3 359 330	(95 066)	3 264 264
Land Reform	2 743 055	(134 535)	2 608 520
<b>Grand Total</b>	<b>10 425 243</b>	<b>-</b>	<b>10 425 243</b>

Unspent funds were shifted from Programme 5: Land Reform (R134.5 million), Programme 4: Restitution (R95.1 million) and Programme 2: National Geomatics Management Services (R15.4 million).

The total unspent funds within Programme 5: Land Reform, were shifted from the Households items to the sub-programme: Rural Enterprise and Industrial Development (REID) within Programme 3: Rural Development, to cater for spending on implements and equipment for the Farmer Production Support Units (FPSUs). Of the total unspent funds within Programme 4: Restitution, R54.8 million was also shifted to REID to cater for spending on FPSUs. The balance of R40.3 million was shifted to Programme: 5 Land Reform to cater for high legal services costs and municipal rates and taxes.

Programme 2: National Geomatics Management Services' unspent funds of R15.4 million were mainly shifted to Programme 1: Administration to cater for the increase in office accommodation charges.

## • ROLL OVERS

The department requested the National Treasury to grant approval for a rollover of unspent funds amounting to R46.7 million from 2018/19 to 2019/20 financial year. Delays in the signing of the concurrence letter by the Minister of Finance has resulted in the department not being able to spend the remaining R46.7 million in the 2018/19 financial year as planned. The funds are part of the capital contribution towards the new office accommodation acquired through PPP procurement.

## • IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

The reasons for fruitless and wasteful expenditure is largely attributed to the travel agency duplicate invoices and court orders against the department regarding land restitutions 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* and variations and irregularities in the procurement process.

The department's fruitless and wasteful expenditure decreased by 28% from R8.7 million in 2017/2018 to R6.8 million in 2018/2019. The decrease is as a result of the department curbing duplicate payments to travel management companies through improved internal controls; R2,5m condoned / resolved and R1,5m to be recovered.

The new cases of irregular expenditure have decreased by 17% from R2.9 million in 2017/2018 to R2.4 million in 2018/2019. This is mainly as a result of supply chain processes improving and reduction of *ex-post facto* payments for services rendered.

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

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

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

- **SERVICE RENDERED BY THE DEPARTMENT**

The department is responsible for implementation of the following objectives as espoused in the 2018/19 Annual Performance Plan:

- 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.

- **TARIFF POLICY**

The Deeds Trading Account Schedule of Fees of Office (the Schedule) is prescribed by regulation 84 of the Deeds Registries Act, 1937 (Act No. 47 of 1937), and is published in the Government Notice after approval by the Minister of Rural Development and Land Reform.

The Fees of Office (the Schedule) for the Surveyor-General is prescribed by regulation 27 of the Land Survey Act, 1997 (Act No. 8 of 1997), and is published in the Government Notice after approval by the Minister of Rural Development and Land Reform and National Treasury.

- **FREE SERVICES**

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

- **DEPARTMENTAL CHALLENGES**

The finalisation of the PPP project was delayed due to the pending concurrence by the Minister of Finance.

- **FUTURE PLANS OF THE DEPARTMENT**

The department plans to develop a Land Reform Master Plan, to facilitate effective implementation of the land reform programme; survey 1 500 State land parcels; have the National Spatial Development Framework (NSDF) approved by the Cabinet and develop an implementation strategy. Also, the department will operationalise 27 Farmer Production Support Units (FPSUs) across the country; settle 3 666 labour tenants' applications; finalise 637 land claims; acquire 94 050 ha of land and support 162 farms under the stimulus package.

- **PUBLIC PRIVATE PARTNERSHIPS (PPP)**

The department further plans to accommodate its National Office in one office building (campus). The building will accommodate all Pretoria-based offices, including Gauteng Provincial Shared Services Centre (PSSC), National Office, Deeds and Restitution Offices. Relocation to the new office building is expected to take place in July 2021.

- **DISCONTINUED ACTIVITIES/ ACTIVITIES TO BE DISCONTINUED**

There are no discontinued activities.

- **SUPPLY CHAIN MANAGEMENT (SCM)**

- **UNSOLICITED BID PROPOSALS CONCLUDED FOR THE YEAR UNDER REVIEW**

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

- **SCM PROCESSES AND SYSTEMS THAT ARE IN PLACE TO PREVENT IRREGULAR EXPENDITURE**

Supply chain management processes and systems were implemented accordingly to prevent irregular expenditure. Policies and Standard Operating Procedures are in place, approved delegations of authority and the Procurement Plan was developed and submitted to National Treasury at the end of March 2018 for implementation in the 2018/2019 financial year. Deviations and variations were considered and approved in writing by the delegated authority/ official.

- **GIFTS AND DONATIONS RECEIVED IN KIND FROM NON-RELATED PARTIES**

No gifts and donations were received.



- **EXEMPTIONS AND DEVIATIONS RECEIVED FROM NATIONAL TREASURY**

Deviation requests received by SCM section were handled in line with SCM Instruction Note 3 of 2016/2017. The National Treasury has supported some deviation requests and rejected some, with reasons.

- **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 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 is acknowledged with much appreciation.

- **CONCLUSION**

The department continues to strive for improved governance, reduce inefficiencies and optimise utilisation of its resources. We are working towards maintaining the record of unqualified audit opinions, which we have attained in the past three financial years and further reduce matters of emphasis with the main aim of ultimately eliminating them altogether.



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**Ms Rendani Sadiki**

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

Date: 12 September 2019

## 6. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF THE ACCURACY OF THE ANNUAL REPORT

The department prepared the report on its performance against predetermined objectives in accordance with the requirements of sections 40(3)(a) and 55(2)(a) of the Public Finance Management Act, 1999 (Act No. 1 of 1999); Chapter 18, section 18.3.1 (b) of Treasury Regulations and Chapter 6 of the National Treasury Framework. 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 that ended on 31 March 2019.



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Rendani Sadiki  
Accounting Officer (Acting)  
Date: 12 September 2019

## 7. 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



## 8. LEGISLATIVE AND OTHER MANDATES

The department draws its legislative mandate, which informs the operations of the department, from the following legislations:

- **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. Legally qualified personnel, who scrutinise the contents for accuracy and compliance with common law, case law and statutory law, subject these deeds and documents to three levels of examination.

- **STATE LAND DISPOSAL ACT, 1961 (ACT NO. 48 OF 1961)**

The Act makes provision for the disposal of certain State land and prohibits 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 granted in respect of land, as well as for the transfer of tribal land in full ownership to a tribe and for matters connected therewith.

- **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 sub-division 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 discriminatory laws or practices. To administer this task, the Act established a Commission on Restitution of Land Rights and a Land Claims Court. The Minister is authorised to purchase, acquire in any other manner or expropriate land or rights in land for the purpose of restitution awards.

- **LAND REFORM (LABOUR TENANTS) ACT, 1996 (ACT NO. 3 OF 1996)**

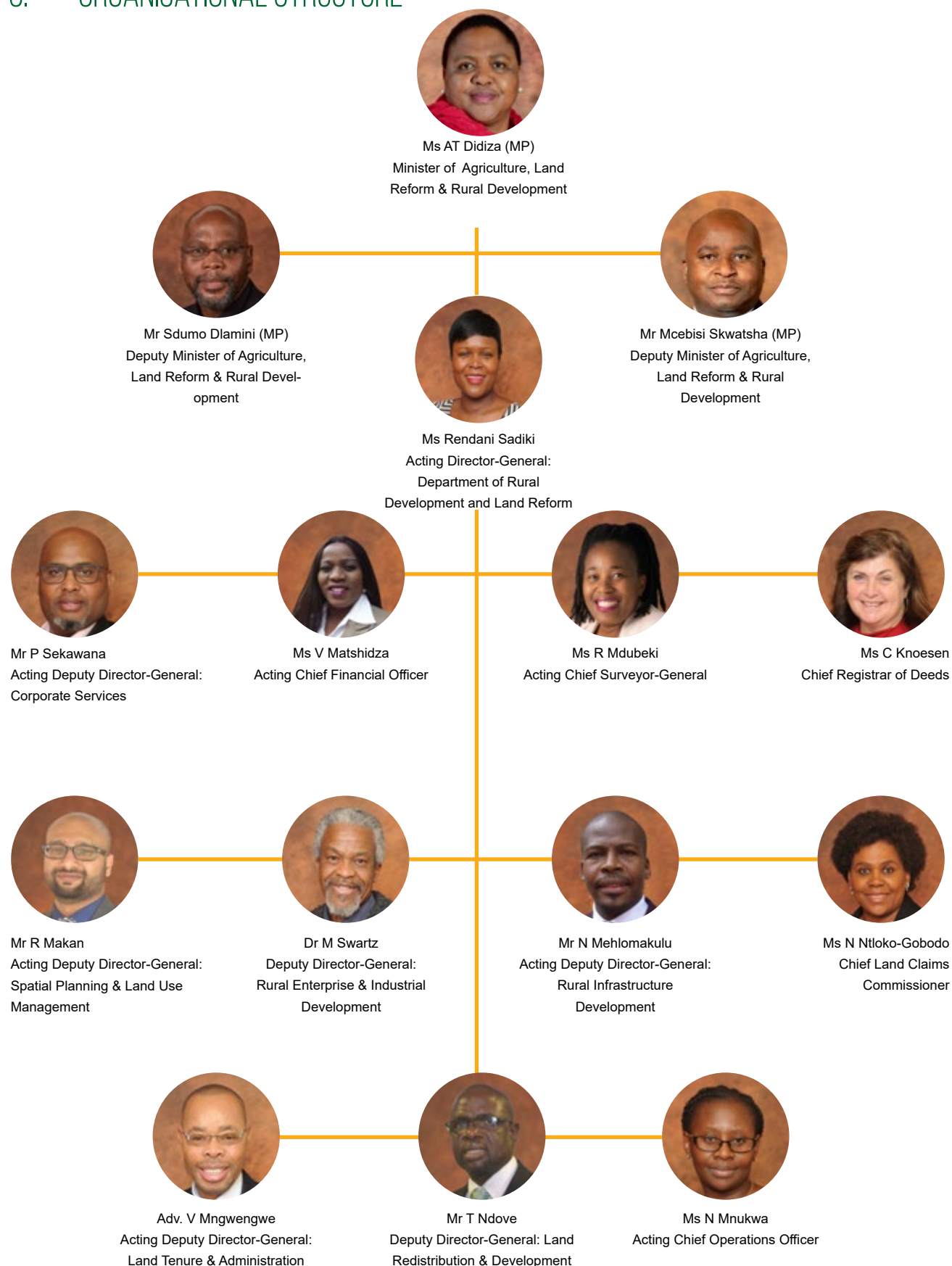
The Act makes provision for the security of tenure of labour tenants and those persons occupying or using land as a result of their association with labour tenants. It also makes provision for the acquisition of land and rights in land by labour tenants.

- **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.

## 9. ORGANISATIONAL STRUCTURE



## 10. ENTITIES REPORTING TO THE MINISTER

Name of entity	Legislative mandate	Financial relationship	Nature of operations
KwaZulu-Natal Ingonyama Trust Board (ITB)	The Ingonyama Trust 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, 1999 (Act No. 1 of 1999). It generates revenue by selling information and levying fees in accordance with the schedule of fees prescribed by regulation 84 of the Act; registers rights in land and thus provides security of title. It also maintains public registers of land.	Augmentation of the entity's budget.	Registration of title deeds.
Agricultural Land Holdings Account	The Agricultural Land Holdings Account was established in terms of the Provision of Land and Assistance Act, 1993 (Act No. 126 of 1993) Section 10(1) (a) that gives legal effect to the proactive acquisition of land, where the Minister may, from funds appropriated by Parliament for this purpose, acquire land for the purposes of this Act. Therefore, the State will proactively target land and match this with the demand or need for land.	Funds the operations of the entity.	Acquisition of strategically located land for agricultural productivity.
Office of the Valuer-General	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.	Ensuring that the land and property are valued in line with the Property Valuation Act, 2014 (Act No. 17 of 2014).



## PART *B*

# PERFORMANCE *Information*

## 1. AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES

The Auditor-General of South Africa (AGSA) currently performs the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings being reported under the predetermined objectives heading of this report and regulatory requirements section of the auditor's report.

Refer to page 113 of the report of the Auditor-General, published as Part E: Financial Information.



## 2. OVERVIEW OF DEPARTMENTAL PERFORMANCE

### SERVICE DELIVERY ENVIRONMENT

The 2030 National Development Plan 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. The year 2018 was a year in which, as a country, we commemorated the centenary celebrations of Madiba, who signed the Restitution of Land Act, 1994 (Act No. 22 of 1994) which was the first law to be passed by the first democratically elected parliament. The Act was passed with the conscious acknowledgment that land justice is important in dealing with the challenges of poverty, unemployment. It is evident that the pace of land reform must gain momentum in order to address the triple challenge of poverty, inequality and unemployment, our department are at all times cognisant of the historic injustice of land dispossession and remain committed to working toward the complete reversal of the inequality and poverty visited upon the black majority as a result of land dispossession and exclusion in the economy of the country.

The plan for 2018/2019 was focused on the strategic vision and goals that the Department of Rural Development and Land Reform has identified to fulfil the needs of rural communities and the broader society and to set our rural areas on a path of growth, employment and transformation. The plan largely centred on the integration of rural areas into the economy through strengthening of Land Reform programmes, infrastructure development, enterprise development; job creation and skills development. It has been glaringly evident that the pace of land reform must gain momentum in order to address the triple challenges of poverty, inequality and unemployment. In the past financial year, the department continued to implement various initiatives to transform the land administration system of our country, including the proposed legislative amendments in the Deeds environment.

Through the Land Reform programme, the department committed to ensure that acquired farms are productive and contribute to the agricultural economy, and food security. Productive utilisation of land remains a priority in the rural space and the department continued with the implementation of the One Household, One Hectare and the Land Development Programmes to improve household incomes and well-being. The attainment and maintenance of sustainable rural development and land reform interventions, programmes and projects have enhanced and expanded access of service delivery to the most vulnerable in our society. To revive the rural economy, the department continued implementing the Rural Economic Transformation model through the implementation of projects that would result to the Farmer Production Support Units and Agri-hubs being operational. Furthermore, the focus was also 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. In implementing all programmes, the department prioritised poverty eradication, job creation and promotion of equality by focusing on women, youth, people with disabilities, other previously disadvantaged groups, small medium and micro enterprises and co-operative development.

In the year under review, the department has managed to maintain an unqualified opinion on both financial and non-financial performance from 2014.



For the Geospatial and Cadastral Services programme whose purpose is to provide geospatial information, cadastral services, deeds registration, spatial planning and technical services in support of sustainable land development, the Surveyor-General has approved cadastral surveys in creation of 44 772 sectional title units from 2 649 Sectional Title Schemes. The fundamental impact on the economy of the country is reflected in the mortgaging of these surveyed properties after registration in the Deeds registry. This activity makes a major contribution to the fiscus of the country. The department has also, under this programme, developed 44 District Rural Development Plans (DRDP) to facilitate enhanced integrated spatial planning initiatives in rural areas. These plans form a basis for the identification of areas including towns within districts that require specific interventions in addressing the government's intention to address the triple challenges of poverty, unemployment and inequality. In 2018/2019 all the plans were completed including the 20 that were targeted for review to bring them to date and consistent with all the other DRDPs. Implementation and assessment thereof of these plans continues in 2019/20 financial year.

The Rural Development programme whose purpose is to initiate, facilitate, coordinate and act as a catalyst for the implementation of a comprehensive rural development programme leading to sustainable and vibrant rural communities, the department continued to make strides in facilitating rural infrastructure development strategies for socio-economic growth.

On Rural Infrastructure Development, the department managed to facilitate 144 infrastructure projects to support production aligned to the Agri-parks and 42 direct Agri-parks infrastructure projects. During the past financial year, the department has provided 8 589 skills opportunities to rural youth through rural development initiatives, of which 2 215 were skilled through the National Rural Youth Service Corps (NARYSEC) programme. The skills opportunities provided include training in Basic Veld Fire Fighting, Chainsaw Operation, Disaster Risk Management, Fencing Construction, Herbicides Applications, Soil Rehabilitation, Teacher Development Training, Waste Water Management, Sustainable Land Utilisation, Animal Production, Building Civil Construction, Business, Clothing Manufacture, Community House Building, Electrical Engineering, Hospitality Reception, IT Technical Support, Meat Processing, Occupational Hygiene & Safety, Plant Production, Plumbing, Road & Transport, Water & Wastewater Treatment, Agri Sales & Services, Marketing, Mixed Farming, Freight Handling, Bricklaying, Carpentry, Fire Fighting, Administration, Financial Management, Public Administration, General Management, First Aid Level 1&2, Automotive Repair & Maintenance, Freight Handling, Poultry Management, Plant Production Level 2, Community Animal Health and Early Childhood Development.

During the same period, the department created 6 275 job opportunities in rural development projects. The types of jobs created include construction, general labour, soil rehabilitation, sustainable land utilisation and disaster risk management de-bushing, livestock census, goat auction, fire fighting, loading of harvest, removal of weeds/harvesting, chickens slaughtering in abattoir, census-supporting farmers, cattle auction, fencing, treating and vaccinating goats, administration, fencing, security, block making, livestock auction, livestock census, harvesting and gin operating and cotton ginning.

In addressing the injustice of the past and land dispossession, the department through the Restitution programme has settled a total of 502 land claims during the period under review. Additionally, 995 land claims were finalised and 140 phased projects were approved during this period.

On the Land Reform programme whose purpose is to initiate sustainable land reform programmes in South Africa, the department has provided support to 2 251 households through the one household, one hectare programme of these 932 are women headed households, 316 are youth headed and 6 are for persons living with disability headed households. Furthermore, the programme acquired 85 324 hectares, of which 9 675 hectares were allocated to farm dwellers and/or labour tenants and 53 977 to smallholder farmers. Land has also been transferred to different districts such as but not limited to Amatole, Bojanala, Cape Wine lands, Capricorn, Ehlanzeni, Francis Baard, Lejweleputswa, uThukela etc. which are amongst the poorest districts targeted by the government. Under the Farm Development support, the department supported 208 farms. This constitutes 205 854 hectares of land costing over R416 million with provision of technical support, mechanisation and infrastructure to farmers.

The department intends going forward to strengthen its impact in making a difference to the vulnerable groups through its programmes by intentionally targeting women, youth and people living with disabilities as beneficiaries.

The department in enhancing service delivery and strengthening its relationships with its beneficiaries facilitated workshops, meetings, outreach programmes and exhibitions during the year under review. Going forward the department will improve its collaboration with other spheres of government both at national, provincial, district and local level to ensure effective and efficient delivery of services.

# DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM

## SERVICE DELIVERY IMPROVEMENT PLAN

### MAIN SERVICES AND STANDARDS

Main Service	Beneficiaries	Current/actual standard of service (2018-2019)	Desired Standard of Service	Actual Achievement
To confirm the vesting of State Land Parcels	<ul style="list-style-type: none"> <li>National Government departments</li> <li>Provincial Government departments</li> </ul>	110 days taken to process a vesting application	110 days taken to process a vesting application	31 days <sup>1</sup>
To facilitate infrastructure development to support rural economic transformation by 2020	<ul style="list-style-type: none"> <li>Rural towns and villages</li> </ul>	10 socio-economic infrastructure projects facilitated in support of the revitalisation of rural towns and villages	10 socio-economic infrastructure projects facilitated in support of the revitalisation of rural towns and villages	21 socio-economic infrastructure projects facilitated in support of the revitalisation of rural towns and villages.

### BATHO PELE ARRANGEMENTS WITH BENEFICIARIES (CONSULTATION, ACCESS, ETC.)

Current/actual Arrangement	Desired arrangements	Actual Achievements
110 days taken to process a vesting application	100 days to process a vesting application	31 days taken to process a vesting application
10 socio-economic infrastructure projects facilitated in support of the revitalisation of rural towns and villages	10 socio-economic infrastructure projects facilitated in support of the revitalisation of rural towns and villages	21 socio-economic infrastructure projects facilitated in support of the revitalisation of rural towns and villages.

### SERVICE DELIVERY INFORMATION TOOL

Current/actual information	Desired information	Actual achievements
Conduct and participate in exhibitions or outreach programmes whereby information regarding departmental products and services is disseminated to members of the public and also shared with beneficiaries.	Demand driven	124 exhibitions/ outreach programmes were facilitated by the department.

### COMPLAINTS MECHANISM

Current/actual complaint mechanism	Desired complaint mechanism	Actual Achievements
Number of enquiries received : 133	36 hours refer to relevant stakeholders 14 working days to resolve complaints received by the Call Centre	99 queries were addressed 34 queries were outstanding

1. This applies to the activities associated with the vesting process which are performed at National Office.

### ORGANISATIONAL ENVIRONMENT

In the 2018 State of the Nation Address (SONA), President Cyril Ramaphosa indicated that the reconfiguration of government departments' project would be undertaken and the Presidency will manage the process. This meant that the Presidency would review the mandate of the Department of Rural Development and Land Reform (DRDLR) and the DRDLR's organisational structure as part of its bigger reconfiguration project. While the reconfiguration process announced by the president continued, the DRDLR operated under its current mandate and structure, and the design of micro-level structure was placed on hold.

Furthermore, the Minister of Finance, in his Medium Term Budget Policy Statement in October 2018, highlighted the difficult economic and fiscal choices confronting us over the medium term to reduce the structural deficit, especially the consistent high growth in the real public sector wage bill. New fiscal anchors may be required to ensure sustainability, in addition to the expenditure ceiling.

The Department of Public Service and Administration (DPSA) issued a Circular advising all Heads of National/Provincial departments, Offices of the Premiers, and government components on organisational structures interim measures on Human Resources and non-HR-related areas of efficiency gains identified between National Treasury and DPSA, which would be incrementally, introduced post-2019 elections. The general efficiency measures that must be taken into cognisance to support on-going HR efficiency gains will be on creation and filling of posts. This is where executive authorities should ensure the alignment of functional organisational structures to their respective personnel budgets, only critical posts required to render regulated or obligatory services to citizens, or the performance of legislative functions should be created and filled.

Employment of persons additional to the establishment shall not exceed 12 consecutive calendar months unless otherwise directed by the Minister of Public Service and Administration. Noting the above, departments should endeavour to deal with extra pressures through reassignment of responsibilities as far as possible before appointing persons additional to the establishment. The department should create posts in the office of Executive Authorities in line with Chapter 8 of Ministerial Handbook and Regulation 66 of the Public Service Regulations, read in conjunction with Section 9 of the Public Service Act, 1994 (Act No. 103 of 1994), which stipulates that posts should only be filled and be linked to the term of the office of the Executive Authority. Such posts must be abolished on organisational structure of the department and funds must be redirected to the core line posts of the departments where office bearer's (former Minister and Deputy Ministers) position no longer exist.

With regard to Programme 1: Administrative functions, moving into the 6th Administration, standardised Post Provisioning Norms will start becoming applicable, including how Programme 1's functions are currently structured. National Treasury and DPSA are currently exploring the most efficient model or delivery mode for these administrative regulatory functions to release savings towards core line posts.

The above measures contributed to the department's reduction of Compensation of Employees (COE) budget and the funding of vacant positions in line with the approved organisational structure. This has necessitated that the department introduced the re-prioritisation of vacant positions in line with the available COE.

### KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

During the 2018/19 financial year, the country was seized with consultation process on the land expropriation without compensation led by parliament. The president also appointed the Advisory Panel on Land Reform and Agriculture to advise and provide a unified policy perspective on land reform under the Constitution and applicable legislation. The department, during this financial year, focused on analysis of inputs received from public consultations and engagements with the advisory panel, of which by the end of the financial year, its report was not finalised. The following is the progress in the planned policies for the 2018/19 financial year:

- **A Policy Framework in review of the Deeds Registries Act of 1937 and Related Geomatics Functions:** a policy discussion document was developed and the development of the policy is targeted for the Financial Year 2020.
- **An Operations Policy to institute Agricultural Land Ceilings:** phase I of the Development of Land Size and Efficiency Simulation research, to study the inter-relationship of soil, water and climate to define appropriate land sizes within the various agro-climatic regions, is partially completed. Suitable data availability required to conclude the General Computable Equilibrium and Social Accounting Matrix presented a challenge in concluding this phase.
- **Policy Contributions towards a Land Value Tax:** a policy discussion document was developed.
- **An Operations Policy for Evidence Based Policy Research and Development for Rural Development and Land Reform:** a project proposal for evidence-based policy development approach was completed.

### 3. STRATEGIC OUTCOME ORIENTATED GOALS

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

## 4. PERFORMANCE INFORMATION BY PROGRAMME

### PROGRAMME 1: ADMINISTRATION

**Purpose:** To 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

- 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.

#### PROGRAMME PERFORMANCE INDICATORS

Programme 1: Administration								
Performance indicator	Actual Achievement 2014/15	Actual Achievement 2015/16	Actual Achievement 2016/17	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from planned target to Actual Achievement for 2018-2019	Comment on Deviations
% of valid invoices paid within 30 days upon receipt by Supply Chain Management	92%	97%	94%	87%	100%	96%	-4%	Some payables that were carried over from March 2018 to April 2018 that could not be paid within 30 days due to system downtime imposed across all departments by National Treasury. Receipt of invoices at some entry points derailed the department from proper monitoring of progress on payment of invoices.
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	Unqualified audit opinion	None	Not applicable



## PROGRAMME 2: GEOSPATIAL AND CADASTRAL SERVICES

**Purpose:** To 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

- To ensure an integrated and comprehensive land administration system.

### PROGRAMME PERFORMANCE INDICATORS

Programme 2: Geospatial and Cadastral Services								
Performance indicator	Actual Achievement 2014/15	Actual Achievement 2015/16	Actual Achievement 2016/17	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from planned target to Actual Achievement for 2018-2019	Comment on Deviations
Number of District Rural Development Plans (DRDPs) reviewed	New indicator	24	15	37	20 Reviewed DRDPs  (EC 5, FS 1, KZN 10, LP 2, MP 1 and NC 1)	20 Reviewed DRDPs  (EC 5, FS 1, KZN 10, LP 2, MP 1 and NC 1)	None	Not applicable
Number of deeds and documents accurately registered	961 518	994 566	1 001 554	947 727	943 969	936 708	-7 261	In the year under review, there was a high number of deeds and documents rejected during deeds examination processes due to poor standards of conveyancing, resulting in deeds not being compliant with legislation requirements.  Another contributing factor was the withdrawal of lodged deeds made available for registration by conveyancers, thus reducing the number of possible registrations

# DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM

Programme 2: Geospatial and Cadastral Services								
Performance Indicator	Actual Achievement 2014/15	Actual Achievement 2015/16	Actual Achievement 2016/17	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from planned target to Actual Achievement for 2018-2019	Comment on Deviations
% of Deeds made available within 7 days from lodgement for execution	New indicator	84%	86%	92%	95%	93%	-2%	<p>Subsequent to a major planned shutdown at SITA Centurion, in June (for upgrade and servicing of UPS), upon the restoration of services, there was equipment failure which resulted in downtime for 8 days.</p> <p>This affected all deeds offices' server configurations and applications, and in turn, service delivery turnaround times. Smaller deeds offices were able to recover the production time lost; however, those receiving large volumes of lodgements could not, resulting in non-achievement of the target. Power-outages/ failure also affected performance.</p>
Number of maps of the national map series produced	1 800	273	269	223	195	223	28	<p>The target was over-achieved as the time taken to produce a map depends on the amount of detail of the area in question. The lesser the detail, the quicker the production and thus more maps can be produced in a short space of time. The more the detail the more the time needed to produce maps.</p> <p>In this instance, the target was over achieved due to most maps for the financial year being produced were for the far less densified areas of the Eastern Cape, Northern Cape and the Western Cape provinces.</p>
Average number of working days taken to process registerable diagrams, sectional plans and general plans	New Indicator	13	13	17	14	16	-2	<p>The target was partially achieved as a result of capacity constraints in the SG offices due to scarcity of skills at senior and middle management levels as well various unfunded posts at these levels.</p> <p>The poor quality of work submitted by the land surveyors, which often result in lengthier checking times and pre-approval corrections required also led to non-achievement of this target.</p>

## PROGRAMME 3: RURAL DEVELOPMENT

Purpose: To 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:

- Facilitate infrastructure development to support rural economic transformation by 2020.
- Provide support to rural enterprises and industries in areas with economic development potential and opportunities by 2020.
- Increase job opportunities and ensure skills development through CRDP and land reform initiatives by 2020.

### PROGRAMME PERFORMANCE INDICATORS

Programme 3: Rural Development								
Performance indicator	Actual Achievement 2014/15	Actual Achievement 2015/16	Actual Achievement 2016/17	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from planned target to Actual Achievement for 2018-2019	Comment on Deviations
Number of infrastructure projects facilitated to support production aligned to the agri-parks programme	239 (inclusive of AVMP&RVCP)	474 (inclusive of AVMP&RVCP)	269 (inclusive of socio-economic infrastructure, AVMP&RVCP)	149	80	144	64	The target was over achieved because some projects were delayed due to SCM related challenges (tender cancellations) in the previous financial year and were only started towards the end of the financial year, thereby contributing to the current financial year's performance.
Number of Agri-parks infrastructure projects facilitated	New indicator	29	53	53	53	42	-11	The target was not achieved due to planning processes that took longer than anticipated e.g. EIA's approvals, etc.
Number of socio-economic projects facilitated in support of revitalisation of rural towns & villages	123	115	269 (inclusive of socio-economic infrastructure AVMP&RVCP)	46	10	23	13	The overachievement was due to procurement policy shifts resulting in more projects being implemented and the implementation of the emergency drought relief intervention for Beaufort-West

# DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM

Programme 3: Rural Development								
Performance Indicator	Actual Achievement 2014/15	Actual Achievement 2015/16	Actual Achievement 2016/17	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from planned target to Actual Achievement for 2018-2019	Comment on Deviations
Number of rural agricultural enterprises supported aligned to the Agri-parks	442 (inclusive of non-agricultural enterprises)	216 (inclusive of non-agricultural enterprises)	192	194	150	223	73	Livestock auction and sales were demand driven, which resulted in additional enterprises supported.  More Farmer Production Support Units were supported with mechanisation due to demand.
Number of rural non-agricultural enterprises supported aligned to the Agri-parks	New indicator	New indicator	51	57	58	79	21	There was more demand which resulted in more arts and craft enterprises being supported.
Number of skills development opportunities provided in rural development initiatives	9 509	9 516	7 993	7 707 RID=3 982 (NARYSEC= 2 442 RDMS=1 540) REID=3 725	6 864 RID=1 710 NARYSEC= 2 091 REID=3 063	8 589 RID=2 299 NARYSEC= 2 215 REID=4 075	1 725 RID=589 NARYSEC= 124 REID=1 012	RDMS: More community members were identified by the leadership for the trainings and could be accommodated within the original budget set.  NARYSEC: Certificates which had been anticipated to be received in Q1 2019/20 were received during Q4 reporting.  REID: More Arts and Craft beneficiaries were trained.  Strategic Partners, especially in the goats programme, managed to train more beneficiaries
Number of job opportunities created in rural development initiatives	4 916	6 005	6 169	6 607 RID=2 326 REID=4 281	5 191 RID=2 500 REID=2 691	6 275 RID=1 379 REID=4 896	1 084 RID= -1 121 REID= 2 205	RID: Jobs target could not be achieved due to projects that were completed this current financial year, yielding fewer jobs than expected based on tenders awarded.  REID: Livestock auction and sales were demand driven, and farmers made requests to be assisted with auctions as and when needed which resulted in more jobs created than envisaged.

## PROGRAMME 4: RESTITUTION

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

### PROGRAMME STRUCTURE:

- Restitution National Office
- Restitution Regional Offices
- Restitution Grants

### STRATEGIC OBJECTIVES:

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

### PROGRAMME PERFORMANCE INDICATORS

Programme 4: Restitution								
Performance indicator	Actual Achievement 2014/15	Actual Achievement 2015/16	Actual Achievement 2016/17	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from planned target to Actual Achievement for 2018-2019	Comment on Deviations
Number of land claims settled	428	617	804	850	1 151	502	-649	The annual target was not achieved due to the following reasons: Family disputes that led to claimants not accepting offers based on split options. Verification challenges with regards to beneficiaries during S42(d) drafting process. Claimants rejecting offers based on historical value of claims and changing options. Rejected offers by landowners due for representation to OVG. Delays with gazetting of claims and awaiting expiry of cooling off period for gazette notices. Long turnaround times from OVG
Number of land claims finalised	372	560	-	865	991	995	4	Implementation of the 2018/19 operational plan resulted in the reduction of commitments especially in KZN, NC, FS & EC.
Number of phased projects approved	119	82	75	71	117	140	23	The target was achieved due to the following reasons: 1. Settlement of multiple phased projects within submissions, namely: EC: 1 submission contained 3 individual phased projects; LP: 1 submission contained 12 individual phased projects; MP: 3 submissions contained 8, 9 and 10 individual phased projects respectively. 2. WC settled 14 phased projects against a zero annual target.

## PROGRAMME 5: LAND REFORM

**Purpose:** : To initiate sustainable Land Reform Programmes in South Africa.

### PROGRAMME STRUCTURE:

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

### PROGRAMME PERFORMANCE INDICATORS

Programme 5: Land Reform								
Performance indicator	Actual Achievement 2014/15	Actual Achievement 2015/16	Actual Achievement 2016/17	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from planned target to Actual Achievement for 2018-2019	Comment on Deviations
Number of hectares acquired	354 802	242 556	201 430  ALHA: 87,153ha HH: 7,124ha  Restitution: 107,149ha	155 791	81 000	85 324.5523	4 324.5523	Target over achieved as a result of North West acquiring more farms than targeted.
	Agricultural Holding Account			81 948				
	Household Grants			10 089				
Number of hectares allocated to smallholder farmers	New indicator	247 385	136 938	53 036.0500	40 500	53 977.548	13 477.548	The target was achieved as a result of farms that were previously acquired but only allocated during the period under review.
Number of hectares acquired through financial partnerships	New Indicator	New Indicator	New Indicator	New Indicator	8 100	0	-8 100	The Blended Finance Model was not fully operational because of some gaps identified in the model leading to the programme being put on hold.

# DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM

Programme 5: Land Reform								
Performance Indicator	Actual Achievement 2014/15	Actual Achievement 2015/16	Actual Achievement 2016/17	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from planned target to Actual Achievement for 2018-2019	Comment on Deviations
Number of farms supported through post settlement support	New Indicator	New Indicator	New Indicator	New Indicator	166	208	42	Target over achieved due to the implementation of the stimulus package.
Number of Communal Property Associations supported to be compliant with legislation	0	201	209	304	418	360	-58	Though a substantial number of CPAs were supported, the support didn't always cover the specific areas that fall within the definition of technical indicator description. This resulted in the evidence of such support being disregarded for reporting purposes.
Number of labour tenants applications settled	0	19	467	60	1 947	624	-1 323	<p>Landowners are denying status of labour tenants on their farms/ properties.</p> <p>Officials are struggling to trace applicants.</p> <p>Applicants have left the farms and do not want to go back, but refuse to sign affidavits or similar documents withdrawing or waving their applications.</p> <p>There are disputes amongst labour tenants themselves who refuse to relocate closer to each other.</p> <p>Landowners make land available on the part of the farm occupied by the majority and minority refuse to relocate and thus collapsing the project.</p>
Number of State land parcels confirmed as vested	1 646	1 247	719	505	583	649	66	The variance was due to some vesting certificates having more properties than initially planned, especially in Eastern Cape.
Number of hectares allocated to farm dwellers and/or labour tenants	New indicator	3 910	18 275	15 437.8800	8 500	9 675.5201	1 175.5201	The variance was due to additional hectares of land being acquired as a result of the settlement of court cases in KwaZulu-Natal.
Number of households supported under the One Household, One Hectare Programme (1hh1Ha)	New indicator	New indicator	New indicator	New indicator	3 437	2 251	-1 186	The planning process took longer than anticipated due to prolonged consultation process with affected communities and stakeholders.



## 5. TRANSFER PAYMENTS

The table below reflects the **transfer payments made** for the period 1 April 2018 to 31 March 2019

Name of transferee	Type of organisation	Purpose for which the funds were used	Did the department comply with S38(1)(j) of the PFMA	Amount transferred (R'000)	Amount spent by the entity	Reason for the funds unspent by the entity
Municipalities	Municipalities	Fine and penalties; rates and taxes; and licences	Yes	225 351	225 351	None
Ingonyama Trust Board	Agencies and Accounts	Administration of Ingonyama Trust land for the material and social benefit of the affected communities	Yes	20 349	20 349	None
Agricultural Land holding Account	Agencies and Accounts	Acquisition of strategically located land for agricultural productivity	Yes	1 326 457	1 326 457	None
South African Broadcasting Corporation	Agencies and Accounts	Licences (Radio & TV)	Yes	4	4	None
Office of the Valuer-General	Agencies and Accounts	Ensuring that the land and property are valued in line with the Property Valuation Act, 2014 (Act No. 17 of 2014)	Yes	141 123	141 123	None
SA Geomatics Council	Agencies and Accounts	Membership Fees	Yes	3 900	3 900	None
ICAS South Africa (Pty) Ltd	Public corporations and private enterprises	Fines and penalties	Yes	14	14	None
Regional Centre for Mapping	Foreign government and international organisations	Membership fees	Yes	2 168	2 168	None
South African Council for Planners	Non-profit institutions	Membership fees	Yes	3 695	3 695	None
Social benefits (membership fees)	Households	Membership fees	Yes	4 587	4 587	None
Social benefits (claims against state)	Households	Claims against state	Yes	7 922	7 922	None
Bursaries cash (non-employees)	Households	Bursaries to non-employees	Yes	19 686	19 686	None
Rural Development infrastructure	Households	Facilitate infrastructure development to support rural economic transformation	Yes	115 111	115 111	None
Rural Enterprises and Industries Development (REID) agriculture & non-agriculture	Households	Facilitate the development of rural enterprises and industries in areas with economic development potential and opportunities	Yes	12 696	12 696	None
National Rural Youth Services Corps (NARYSEC student)	Households	Increase job opportunities and ensure skills development through the Comprehensive Rural Development Programme and land reform initiatives	Yes	351 278	351 278	None
Restitution grants (beneficiaries)	Households	Facilitate the restoration of land rights or alternative forms of equitable redress	Yes	2 657 297	2 657 297	None
Land reform grants (beneficiaries)	Households	Initiate sustainable land reform programmes in South Africa	Yes	161 765	161 765	None
				<b>5 053 403</b>	<b>5 053 403</b>	None

## 6. CONDITIONAL GRANTS

### CONDITIONAL GRANTS AND EARMARKED FUNDS PAID

The table/s below details the conditional grants and ear marked funds paid during for the period 1 April 2018 to 31 March 2019.

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

### CONDITIONAL GRANTS AND EARMARKED FUNDS RECEIVED

The table/s below details the conditional grants and ear marked funds received during for the period 1 April 2018 to 31 March 2019.

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

## 7. DONOR FUNDS

### DONOR FUNDS RECEIVED / PAID

Name of donor	Participatory Settlement and Development Support (PSDS) to Land Reform Beneficiaries and Rural Citizens
Full amount of the funding	ZAR 60,500,000 (EUR 6,050,000)
Period of the commitment	01 September 2011 to 31 December 2016
Purpose of the funding	<p>Improving the quality of the service delivered to beneficiaries. This requires a better range and fit of resources and more stakeholders contributing to the process (different government institutions and spheres of government, the private sector and civil society).</p> <ul style="list-style-type: none"> <li>• Improving co-ordination and integration across all levels. This will speed up delivery, include more stakeholders and resources, and improve quality.</li> <li>• Improving information, learning and knowledge management. The process of improving feed-back and learning – in terms of policy, procedures and products – needs to be strengthened.</li> </ul> <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"> <li>• Analysis of integrated rural development interventions in pilot municipalities;</li> <li>• Integrated rural development interventions are better coordinated and integrated in pilot municipalities;</li> <li>• Stakeholder capacities for coordinated integrated rural development interventions are improved.</li> </ul>
Actual outputs achieved	The final evaluation team found that the PSDS project was set up as an intervention that was fully aligned with the DRDLR and Outcome 7 of the Medium Term Strategic Framework (MTSF) of the South African Government
Amount received in current period (R'000)	Nil
Amount spent by the department (R'000)	Nil
Monitoring mechanism by the donor	<ul style="list-style-type: none"> <li>• Expenditure monitored by PSDS BELGIUM Senior Programme Manager and Project Officer through means of BAS Expenditure Reports supplied by DRDLR Financial Division.</li> <li>• Internal Audit in 2013 by BTC Brussels.</li> <li>• External Audit in 2014 by Moore Stephens UK – framework agreement between BTC Brussels and Moore Stephens UK.</li> <li>• Final Evaluation in 2017 by Thomas Pijnenburg, External Consultant appointed by BTC Brussels.</li> <li>• External Audit in 2017 by Moore Stephens UK – framework agreement between BTC Brussels and Moore Stephens UK.</li> </ul>

8. CAPITAL INVESTMENT, MAINTENANCE AND ASSET MANAGEMENT PLAN  
PROVIDE COMMENTARY ON THE FOLLOWING:

Infrastructure projects	2018/2019			2017/2018		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
<b>New and replacement assets</b>						
Existing infrastructure assets	-	-	-	-	-	-
Upgrades and additions	733,348	686,570	46,778	279	279	-
Rehabilitation, renovations and refurbishments	-	-	-	-	-	-
Maintenance and repairs	-	-	-	-	-	-
<b>Infrastructure transfer</b>						
Current	-	-	-	-	-	-
Capital	-	-	-	-	-	-
<b>TOTAL</b>	<b>733,348</b>	<b>686,570</b>	<b>46,778</b>	<b>279</b>	<b>279</b>	<b>-</b>



PART *e*

GOVERNANCE

### 1. INTRODUCTION

The department continued to maintain proper governance, risk and compliance processes. These processes assist the department to promote and entrench an ethical culture with the aim to prevent and combat fraud and corruption. The risk management function is located in the Office of the Director-General, which allows the independence it needs to discharge its governance duties properly. The function has access to executive management and is part of the decision-making process in the department.

The risk management function reports to the Risk and Compliance Committee (RCC), which is chaired by an external person. The RCC assists the Director-General to discharge her duties including, amongst others, reviewing and approving risk management policies, strategies, frameworks, etc. The risk management function is responsible for risk services, fraud prevention and awareness, compliance, business continuity and ethics. The ethics function was transferred to the risk management function in the year under review. The RCC shares information with the audit committee and its chairperson is a member of in the audit committee meetings.

### 2. RISK MANAGEMENT

The department acknowledges that it does not operate in a risk free environment. It has therefore adopted and implemented processes, to ensure that effective internal controls are put in place to mitigate the risks. The department continues to implement its frameworks, policies and strategies on risk management, business continuity, fraud prevention and awareness, and compliance management. The department continued to monitor the identified key (top five) strategic risks through ensuring that management puts in measures to reduce the risks.

In addition to the strategic risks, the department continued to review, update and monitor operational risks across the department and these included compliance, business continuity, ethics and fraud related risks.

The risk assessments were aligned to the strategy and the annual performance plan to ensure that efficient management of risks contributes to the improved departmental performance. The department continuously identified emerging risks, as part of risk management, monitoring and departmental performance improvement.

### 3. FRAUD AND CORRUPTION

The department continued to implement its anti-fraud and corruption processes with the aim to prevent or reduce the magnitude. This was done through the guidance of the approved policy and strategy. The department, through its communication strategy, bolstered its programmes on fraud, corruption and ethics awareness and, as a result, it has noted an increase of the applications to perform remunerative work outside public service. In addition to awareness programmes is the whistle blowing policy for officials to confidentially report suspected fraud and corruption. In the current financial year, the department's partnership with the Department of Correctional Services has grown with awareness on fraud and corruption during the international anti-corruption day.

The introduction of Ethics management, through the development of ethics framework and strategy, and a partnership with the Human Resources Directorate, has improved the conversations on the moral code in the department as well as leadership commitment to ethics management. In the year under review; training on ethics for senior management was conducted.

The department, through the designation of an Ethics Officer and the development of the Ethics Committee's terms of reference in line with the Public Service Regulations, depicts that management is changing its focus from corruption prevention to integrity management.

### 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 320 SMS members, financial disclosures targeted for submission to the Public Service Commission, 320 were submitted during the year under review. Not all SMS members had disclosed by 30 April 2019. Twenty-one (21) SMS members disclosed on 2 May 2019, making the department 93.44 % compliant on 30 April 2019. 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:

#### 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;
- puts the public interest first in the execution of his or her duties;
- loyally executes the policies of the Government of the day in the performance of his or her official duties as contained in all statutory and other prescripts;
- strives to be familiar with and abides by all statutory and other instructions applicable to his or her conduct and duties; and
- co-operates with public institutions established under legislation and the Constitution in promoting the public interest.



### RELATIONSHIP WITH THE PUBLIC

An employee -

- promotes the unity and well-being of the South African nation in performing his or her official duties;
- will serve the public in an unbiased and impartial manner in order to create confidence in the Public Service;
- is polite, helpful and reasonably accessible in his or her dealings with the public, at all times treating members of the public as customers who are entitled to receive high standards of service;
- has regard for the circumstances and concerns of the public in performing his or her official duties and in the making of decisions affecting them;
- is committed through timely service to the development and upliftment of all South Africans;
- does not unfairly discriminate against any member of the public on account of race, gender, ethnic or social origin, colour, sexual orientation, age, disability, religion, political persuasion, conscience, belief, culture or language;
- does not abuse his or her position in the Public Service to promote or prejudice the interest of any political party or interest group;
- respects and protects every person's dignity and his or her rights as contained in the Constitution; and
- recognises the public's right of access to information, excluding information that is specifically protected by law.

### RELATIONSHIP AMONG EMPLOYEE

An employee -

- co-operates fully with other employees to advance the public interest;
- executes all reasonable instructions by persons officially assigned to give them, provided these are not contrary to the provisions of the Constitution and/or any other law;
- refrains from favouring relatives and friends in work-related activities and never abuses his or her authority or influences another employee, nor is influenced to abuse his or her authority;
- uses the appropriate channels to air his or her grievances or to direct representations;
- is committed to the optimal development, motivation and utilisation of his or her staff and the promotion of sound labour and interpersonal relations;
- deals fairly, professionally and equitably with other employees, irrespective of race, gender, ethnic or social origin, colour, sexual orientation, age, disability, religion, political persuasion, conscience, belief, culture or language; and
- refrains from party political activities in the workplace.

### EFFECT IT HAS ON THE DEPARTMENT

#### **Non-compliance to the Code of Conduct will lead to the following:**

- Relationship with the Legislature and the Executive
  - ◇ Will compromise the efficiency and effectiveness of the work of Legislature and Parliament; and
  - ◇ It will affect the effectiveness of the office of the Ministry in discharging his/her political duties.
- Relationship with the Public
  - ◇ It will have an impact on the Service Delivery to the Public.
- Relationship among Employees
  - ◇ Demoralises employees and affect service delivery; and
  - ◇ Affect Professionalism and effectiveness amongst Employees.

#### **The process followed for the breach of code of conduct is as follows:**

- Investigations will be held to ascertain the veracity of the breach of Code of Conduct;
- An Employee is given a right to be heard ( Disciplinary Process); and
- Should the gravity of the breach be deemed to have broken the trust relationship, the sanction will be termination of services and if it did not break the trust relationship, it will be progressive sanction (Sanction short of dismissal).

## 6. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

The department achieved the following activities during the 2018/19 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 submitted to the heads of offices and Facility Management to be implemented and ensure compliance with the Occupational Health and Safety Act, 1993 (Act No. 85 of 1993) and its Regulations.

Province	Office/Building	Date Conducted
Eastern Cape	Amathole District proposed building	11 April 2018
	Regional Land Claims Commissioner (RLCC) with Department of Public Works for the installation of a disability ramp	18 April 2018
	For the completion of a disability ramp	05 October 2018
	Renovations of the Registry at Queenstown District office	25 April 2018
	Renovations of the Registry at Port Elizabeth District office	16 May 2018
	King William's Town Deeds office with Facilities Management and OHS from national office	27 June 2018
	Mthatha Deeds office with Facilities Management and OHS from national office	19 July 2018
	Mthatha District office	20 July 2018 & 26 March 2019
	Block H Fire safety inspection	14 August 2018
	Fire extinguishers with service providers	22 February 2019
	Surveyor-General (SG) Office	25 March 2019
Gauteng / National office	National office (Old Building)	24 April 2018
	ICD Building (Internal Audit)	18 June 2018
	ICD Building (Forensic Investigation Unit)	19 June 2018
	Pretoria Deeds	20 June 2018
Limpopo	Polokwane RLCC Schoeman Limpopo	29 January 2019 and 16 May 2019
	Sekhukhune District	21 August 2018 and 21 February 2019
	Spatial Planning and Land Use Management (SPLUM)	05 June 2018 and 05 December 2018
	SG office	21 April 2018 and 06 November 2018
	Provincial Shared Service Centre (PSSC)	17 September 2019
	RLCC Biccard	19 July 2018
Northern Cape	Compound Building	10 May 2018
	Flexi Building: Kimberley	11 May 2018
	RLCC: Kimberley office	10 & 23 May 2018
	Springbok office	16 – 18 July 2018

## DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM

Province	Office/Building	Date Conducted
North West	Bojanala Platinum District Office	11 June 2018
	Ngaka Modiri Molema District Office:	12 June 2018)
	Dr. RS Mompoti District Office:	13 June 2018 & 06 February 2019
	Dr Kenneth Kaunda District Office:	14 June 2018 & 07 February 2019
	Ngaka Modiri Molema District Office	04 & 05 February 2019
	Megacity office	05 February 2019
	Bojanala Platinum District Office (Rustenburg)	08 February 2019
Mpumalanga	RLCC Lodgement	12 September 2018
	Gert Sibande District Office (Ermelo)	09 October 2018
	Nkangala (Witbank) District Office	24 October 2018
	PSSC	27 November 2018
	SG	30 November 2018
	Ehlanzeni District Office	11 February 2019
	Gert Sibande District Office (Piet Retief)	19 March 2019
Free State	Lejweleputswa District office	27 August 2018, 26 February 2019
	Thabo Mofutsanyane District	11 June 2018, 24 July 2018, 30 August 2018, 19 February 2019
	Fezile Dabi District office	28 August 2018, 10 July 2018 and 29 February 2019
	Deeds Office	06 July 2018, 11 January 2019 and 13 February 2019
	PSSC office	20 November 2019, 14 January 2019 and 13 February 2019
	SG/SPLUM	13 February 2019
	Thaba Nchu college	03 April 2018, 06 April 2018 and 25 January 2019
Western Cape	NGI Lodgement office	14 May 2018
	Stellenbosch office	24 May 2018; 17 October 2018
	Site inspection in Bellville	27 June 2018
	SG (Assessment of a new building)	28 June 2018
	Clanwilliam	28 June 2018
	Deeds office	17 July 2018
	George Restitution office	03 September 2018
	George PLR office	03 September 2018
	Deeds office	23 October 2018
	Worcester office	14 November 2018
	National Geomatics Information (NGI) office (Basement area)	27 November 2018
	RLCC Lodgement Center, Mowbray	28 January 2019
	NGI (Ground, 1st & 2nd floor)	28 January 2019

## OHS ASSESSMENTS CONDUCTED AT NARYSEC FACILITIES

Province	Office/Building	Date Conducted
Free State	Thaba Nchu College	22 August 2018
		25 January 2019

Projects implemented under the Rural Infrastructure Development (RID) programme 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 were not meeting the requirements in terms of OHS Act and its Regulations. These projects are the following:

Province	Office/Building	Date Conducted
KwaZulu-Natal	Umsinga (soil erosion)	22 August 2017
	Umzimkhulu Cattle Feedlot Project	25 May 2018

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

Province	Office/Building	Date Conducted
Eastern Cape	Deputy Minister Skwatsha held an Imbizo at Mooiplaas	19 June 2018
	Minister Maite Nkoana-Mashabane meeting the political heads of EC in Bhisho	13 July 2018
	Minister Maite Nkoana-Mashabane handing over the Land Claim in Ntabankulu	14 July 2018
	Minister Maite Nkoana-Mashabane handing over Zimbane claim in Mthatha city hall	15 July 2018
	Deputy Minister Mashego-Dlamini handover of day care centre at Indwe	19 September 2018
Free State	Jacobsdal Ministerial	14 July 2018
	Ficksburg Ministerial	07 September 2018
Gauteng	Staff meeting to meet and greet the new Minister at Ditsong Museum	04 April 2018
	Wolmarans event at Tshwane Events Centre	30 June 2018
	Woman's Day celebration held at The Lakes hotel in Benoni	16 August 2018
	Women in Dialogue held at Birchwood hotel	19 – 21 September 2018
	Long Service Awards Ceremony at Birchwood hotel	30 November 2018
	Handover of title Deeds at Moretele Park	09 March 2019
KwaZulu-Natal	Handover of title deeds of Kwa Mkhwanazi	06 October 2018
	Port Shepstone event	11 January 2019
	Presidential handover of Title Deeds of Ubizo CPA held at Bhikikusasa High School in Empangeni	16 March 2019
	Ministerial Rural Women Engagement Session at Assemblies of God - Ingquza Hill Local Municipality	01 June 2018

## DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM

Province	Office/Building	Date Conducted
<b>Mpumalanga</b>	Amerfoort event	15 July 2018
	White River event	24 August 2018
	Masoyi event	12 October 2018
	Lillydale event	15 & 16 November 2018
<b>North West</b>	Women's Day Celebration held at Orion Hotel in Rustenburg	30 – 31 August 2018
<b>Western Cape</b>	Budget Speech	11 May 2018
	Richmond Park event	12 May 2018
	Imbizo in Kurland (2x events)	12 July 2018
	Mandela day in Mbekweni Primary school	18 July 2018
	NARYSEC Event held in	10 August 2018
	Claimants meeting	08 September 2018
	Drakenstein Heritage Event	22 September 2018
	REID Event in Arniston	05 December 2018
	REID Event in Hermanus	06 December 2018
	DM's Event in Gugulethu school donation	05 February 2019

### OHS COMMITTEE MEETINGS HELD

Province	Office/Building	Date Conducted
<b>Gauteng/National office</b>	Centre Walk	18 September 2018
	National office (Old Building)	18 September 2018
	National office (Old building)	February 2018
<b>KwaZulu-Natal</b>	Deeds Office	11 July 2018
	SG Office	07 June 2018
<b>Free State</b>	Surveyor-General office	19 June & 22 August 2018
	RLCC office	19 April 2018; 26 January 2019 & 15 February 2019
	Deeds office	07 July 2018
	Thabo Mofutsanyane office	11 & 13 July 2018
	Fezile Dabi District office	09 July & 12 September 2018 & 28 February 2019
	Lejweleputswa District office	10 July & 12 September 2018 & 26 February 2019
	PSSC office	04 June 2018



## DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM

Province	Office/Building	Date Conducted
Mpumalanga	Witbank office	23 April 2018; 02 August 2018; 26 September 2018
	Surveyor-General office	26 April 2018; 21 September 2018; 12 February 2019
	SPLUM office	24 April 2018; 14 August 2018; 12 September 2018
	PSSC office	16 May 2018; 14 August 2018; 19 February 2019
	RLCC office	17 May & 05 July 2018; 23 October 2018; 07 March 2019
	Ermelo District office	22 May 2019
	Piet Retief District office	17 July 2018; 06 November 2018; 19 March 2019
	Ehlanzeni office	19 July 2019; 23 October 2018; 23 January 2019
	Deeds office	24 July 2018; 21 January 2019
	PSSC: Block D	08 November 2018
	PSSC : Block E	08 November 2018
Limpopo	Surveyor, SPLUM & Deeds	25 May 2018; 26 July 2018, 25 October 2018, 31 December 2018
	RLLC Schoeman & Biccard	23 May 2018, 14 November 2018, 23 February 2019
	PSSC office	27 June 2018; 19 Sep 2018, 17 December 2018, 23 March 2019
North West	Megacity Office	12 June 2018
	Ngaka Modiri Molema District office	12 June 2018
	Dr RS Mompoti District office	13 June 2018
	Vryburg Deeds	13 June 2018
	Megacity Office	18 October 2018
	Ngaka Modiri Office	18 October 2018
	Vryburg Deeds	19 October 2018
	Dr RS Mompoti District Office	19 October 2018
	Dr KK Office in Klerksdorp	22 October 2018
	Rustenburg	24 October 2018
	Rustenburg	04 February 2019
Eastern Cape	RLCC	06 April 2018 18 May 2018
	PSSC with other stakeholders in the complex	22 June 2018
	King William's Town Deeds	28 June 2018
	Mthatha Deeds	20 July 2018
	PSSC with Buffalo City Metropolitan (BCM) Fire department	30 October 2018
	Amathole District office with DPW	04 February 2019
	PSSC with BCM Fire department	19 February 2019

## DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM

Province	Office/Building	Date Conducted
Western Cape	Laingsburg RID Health and Safety site handover meeting	11 April 2018
	Beaufort West	10 May 2018
	NGI & Restitution offices x2	22 May 2018
	Stellenbosch office	24 May 2018
	Health and safety site handover meeting	03 June 2018
	Deeds office	25 June 2018
	Deeds & SG offices	17 & 23 July 2018; 13 September 2018 23 October 2018 25 February 2019
	Stellenbosch office	06 & 17 August 2018; 17 October 2018
	Laingsburg RID Health & Safety site handover meeting	23 August 2018
	George RLCC office	03 September 2018
	George PLR office	03 September 2018
	George (RLCC & PLR)	08 October 2018
	Worcester office	14 November 2018
	Deeds office	20 November 2018
	NGI & RLCC Lodgement	29 January 2019

## INCIDENTS AND INJURY ON DUTY (IOD) OCCURRED AND REPORTED

Province	Office/Building	Nature Incident	Date Occurred/ Reported
Gauteng	National office, Old Building	Exposure to excessive chemicals after offices were fumigated	16 April 2018
	National office, Old Building	Burst water pipe that left the building without water	13 June 2018
	National office, South Block	Fire risk incident that led to the evacuation of officials	09 July 2018

Province	Office/Building	Nature Incident	Date Occurred/ Reported
Western Cape	Deeds office	Injury on duty	09 July 2018
	Provincial Shared Services Centre	Safety risk on the 6th floor. The landlord attended and resolved the matter	23 May 2018
	Stellenbosch office	Hygiene and poor housekeeping complaint. The matter was attended and addressed to office manager in writing	04 July 2018
	Mowbray RLCC office	Water leakage that resulted in no water supply. A contractor was then appointed to repair the leaking pipe	22 July 2018
	Provincial Shared Services Centre	Fire risk incident at 1st floor where officials stored electrical appliances on the walkways	22 August 2018
KwaZulu-Natal	RLCC 200 Church	Fell and sustained head injury (Cleaning Services Employee)	11 July 2018

## DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM

### EVACUATION DRILL CONDUCTED AT THESE OFFICES:

Province	Office	Date Of The Exercise
KwaZulu-Natal	Umhlaba House Building	23 November 2018
	Pietermaritzburg District Office	02 November 2018
Free State	Thabo Mofutsanyane office	18 February 2019
	RLCC office	27 March 2019
	Fezile Dabi District office	29 March 2019
Gauteng / National office	ICD Building	19 April 2019
Mpumalanga	RLCC office	29 May 2018; 15 June 2018; 29 November 2018
	Witbank office	22 August 2018
	Ehlanzeni office	15 February 2019
	Ermelo District office	13 Aug 2018; 18 March 2019
	Piet Retief District office	28 Aug 2018, 19 March 2019
Western Cape	Stellenbosch District office	24 May 2018
	Beaufort West district office	May 2018
	Worcester District office	26 June 2018
	Clanwilliam office joint drill x4 tenants	28 June 2018
	George PLR office	19 October 2018
	Deeds and SG x2 offices (6 floors)	31 January 2019
	14 Long street (8 Floors)	28 March 2019
Eastern Cape	Queenstown District office	29 June 2018
	Amathole District office	28 August 2018
	PE District office	27 September 2018
	SG Office	25 March 2019
Limpopo	SPLUM office	17 May 2018; 21 November 2018
	Surveyor-General office	23 May 2018
	Deeds office	23 May 2018
	RLCC: Schoeman office	25 May 2018; 24 November 2018
	RLCC: Biccard office	16 August 2018; 15 February 2019
	PSSC office	14 August 2018; 13 February 2019
	Sekhukhune District office	21 August 2018; 21 February 2019
North West	Megacity office	18 October 2018
	Vryburg Deeds	19 October 2018
	Dr RS Mompoti office	19 October 2018
	Rustenburg District office	04 February 2019

## DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM

OHS AWARENESS WAS CONDUCTED TO THE NEWLY APPOINTED SECURITY COMPANY PERSONNEL (LINDA SECURITY) AT THESE OFFICES:

Province	Office/Building	Date Conducted
Eastern Cape	PSSC: Block H (East London)	09 & 10 July 2018
	RLCC: Beacon Bay	11 July 2018
	PSSC and stakeholders in the complex	20 June 2018
	Amathole District office	28 August 2018
	PE District office	27 September 2018
	KWT Deeds cleaners	04 December 2018
	All East London offices	26 March 2019
Gauteng	OHS induction to cleaners at Centre Walk	16 November 2018
	OHS induction to cleaners at Capitol Towers	05 December 2018
KwaZulu-Natal	SSC office in Pietermaritzburg	13 August 2018
	Surveyor-General office in Pietermaritzburg	13 August 2018
	PSSC & SPLUM offices in Pietermaritzburg	14 August 2018
	Registry of Deeds: Pietermaritzburg	14 August 2018
	RLCC: 200 Church, Umhlaba House & Durban	15 August 2018
	Port Shepstone District office	16 August 2018
	Richards Bay	17 August 2018
Free State	Deeds office (Housekeepers)	06 July 2018; 28 November 2018
	Thabo Mofutsanyana COIDA Presentation	11 July 2018
	RLCC COIDA Presentation	29 February 2019
	Thaba Nchu College NARYSEC Participants OHS Presentation	02 September 2018
North West	Rustenburg District office	11 June 2018
	Vryburg Deeds	11 July 2018
	Ngaka Modiri Molema office	16 October 2018
Western Cape	Laingsburg RID Health and Safety site handover meeting	11 April 2018
	Beaufort West	10 May 2018
	Health & Safety site handover	03 June 2018
	Deeds office	25 June 2018
	Stellenbosch office	06 & 17 August 2018
	Laingsburg health & safety side handover	23 August 2018
	George RLCC office	03 September 2018
	Worcester office	14 November 2018
	NGI and RLCC Lodgement x2 offices	29 January 2019

## 7. PORTFOLIO COMMITTEES

No.	Date	Committee/ Institution	Purpose	Reports requested at meeting/ Resolutions
1.	31/01/2018	Portfolio Committee on Water and Sanitation	Oversight visit: Mpumalanga 30/01/18 to 1/02/18. Msukaligwa Local Municipality: Gert Sibande District and site visit to Amersfort Waste Water Treatment Plant.	Ministerial submission - List of Communal Property Associations (CPAs) in the Gert Sibande District - List of state owned farms in the Gert Sibande District and - Maps showing location of CPAs and farms in the Gert Sibande District.
2.	14/02/2018	Portfolio Committee on RDLR	State of the Nation Address by President	Pro forma documents on CPA Constitution – before the next meeting;
3.	20/02/2018	PLENARY (Joint Sitting): National Assembly Chamber.	Briefing by the Department of Rural Development and Land Reform on the Extension of Security of Tenure Amendment Bill [B 24B-2015] (s75)	None for DRDLR
4.	27/02/2018	Select Committee on Land and Mineral Resources.	Further deliberation (clause-by-clause reading) on the Communal Property Associations Amendment Bill.	Resolutions: - After discussions, the select committee resolved that, per the dictum in Lamosa judgment, it will initiate its public consultation process. Quoting Section 72(1) (a) of the Constitution, the meeting heard, that advertisement(s) to be placed in print media etc. explaining the Bill and - Calling for submissions, public hearing to be held in parliament. Thereafter, deliberations on the Bill to be held with relevant groups. - Date for the next meeting to be communicated to the department as soon as decided on by the Committee.
5.	07/03/2018	Portfolio Committee on RDLR	Briefing by Dr Aninka Claassen on the High Level Panel's recommendation.	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

## DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM

No.	Date	Committee/ Institution	Purpose	Reports requested at meeting/ Resolutions
6.	14/03/2018	Portfolio Committee on RDLR	Briefing by the Department of Rural Development and Land Reform on the Mala Mala 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.	<p>Reports requested:</p> <p>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.</p> <p>Resolutions</p> <p>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.</p> <p>Labour tenants has its specific legislation and therefore there is no need for labour tenants to be included in the CPAs Amendment Bill.</p>
7.	20/03/2018	Portfolio Committee on RDLR	Briefing on the complaints from members of the public during the CPA Amendment Bill Public Hearings in Northern Cape and KwaZulu-Natal.	<ul style="list-style-type: none"> <li>- List of commonages supported through RADP;</li> <li>- Comprehensive report on Riemvasmaak after the meeting of the newly elected trust scheduled for 24 March 2018, takes place.</li> <li>- Detailed plan for the Western Cape Commonages: (Oudtshoorn, Stellenbosch, Prince Albert and Cedarberg).</li> <li>- Progress report on finding grazing land for Mr Bongani Mdaka in the Free State.</li> <li>- 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.</li> <li>- The list of commonage farms circulated to the Portfolio Committee to include Limpopo province.</li> </ul>



## DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM

No.	Date	Committee/ Institution	Purpose	Reports requested at meeting/ Resolutions
8.	06/06/2018	National Council of Provinces	Finalisation of the Committee's deliberations and processes on the Extension of Security of Tenure Amendment Bill [B 24B – 2015] Sec 75	None for DRDLR
9.	12/06/2018	Select Com on Land and Mineral Resources	Preparation for the Port Com meeting of 13/06/2018	None for DRDLR
10.	13/06/2018	Portfolio Committee on RDLR	Briefing by the Ministry or the Department of Rural Development and Land Reform on the: - Status of the land restitution in District Six; - Status of the District Six housing units for claimants; - Availability of funding to either compensate or build housing units for remaining claimants as part of the District Six Programme; and - The completion date of the District Six Programme.	The Portfolio Committee Meeting of 13 June 2018 resolved that “the Minister must institute a forensic investigation into Mala Mala, and be able to call for new elections for the CPA executive committee.”  Department to provide a report on reasons why title deeds are kept in offices, progress report on attachments 2 and 3 where it is indicated that CPAs will be awarded title deeds in June or July and CPAs that are in court.
11.	19/06/2018	Standing Committee on Human Settlement: WC Provincial Parliament.	Finalisation of the Committees deliberations and processes on the Extension of Security of Tenure Amendment Bill [B 24B – 2015] Sec 75.	None for DRDLR
12.	19/06/2018	Select Com on Land and Mineral Resources	Stakeholder consultative meeting on the Restitution of Land Rights Amendment Bill [B19 – 2017].	None for DRDLR
13.	14/08/2018	Portfolio Committee on RDLR	Stakeholder consultative meeting on the Restitution of Land Rights Amendment Bill [B19 – 2017].	None for DRDLR
14.	15/08/2018	Portfolio Committee on RDLR	Stakeholder consultative meeting on the Restitution of Land Rights Amendment Bill [B19 – 2017].	None for DRDLR

## DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM

No.	Date	Committee/ Institution	Purpose	Reports requested at meeting/ Resolutions
15.	16/08/2018	Portfolio Committee on RDLR	Briefing on District Six Land Claim.	None for DRDLR
16.	21/08/2018	WC Standing Com on Human Settlements	Formal deliberations on the Restitution of Land Rights Amendment Bill [B19 – 2018].	None for DRDLR
17.	22/08/2018	Portfolio Committee on RDLR	Oral presentations on the possible change of the Section 25 of the Constitution.	None for DRDLR
18.	4/09/2018	Constitutional Review Committee	Oral presentations on the possible change of the Section 25 of the Constitution.	None for DRDLR
19.	5/09/2018	Constitutional Review Committee	Oral presentations on the possible change of the Section 25 of the Constitution.	None for DRDLR
20.	6/09/2018	Constitutional Review Committee	Oral presentations on the possible change of the Section 25 of the Constitution.	None for DRDLR
21.	7/09/2018	Constitutional Review Committee	Clause by Clause consideration of the Restitution Amendment Bill. Deliberations and finalisation	None for DRDLR
22.	5/09/2018	Portfolio Committee on RDLR	Briefings A-GSA on performance of DRDLR and entities on 2017-2018 Annual Reports and Briefing by ITB on their 2017-2018 Annual Reports	None for DRDLR
23.	09/10/2018	Portfolio Committee on RDLR	Briefing by DRDLR, OVG and Commission on their 2017-2018 Annual Report	Detailed report on travelling expenses ITB Meeting between ITB, DRDLR, AG and NT must take place to discuss the issue of royalties to mitigate challenges ITB
24.	10/10/2013	Portfolio Committee on RDLR	Oversight to the Free State. Visit to Agri-Parks and projects funded by DRDLR	Report on future plans for DRDLR [COO] Report on investigations [CSS]
25.	15-19/10/2018	Select Committee Land and Mineral Resources	Public Hearings on Electronic Deeds Registry Bill and Briefing on the Annual Report of CPAs	None for DRDLR

## DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM

No.	Date	Committee/ Institution	Purpose	Reports requested at meeting/ Resolutions
26.	17/10/2018	Portfolio Committee on RDLR	Clause by Clause consideration of the Electronic Deeds Bill	<ul style="list-style-type: none"> <li>- Detailed report on Vumelana Advisory Fund;</li> <li>- Detailed updated report on Pniel CPA;</li> <li>- Detailed report on Elandskloof CPA;</li> <li>- List of newly established CPAs in all provinces; and</li> <li>- Report on Nqacule CPA court case;</li> </ul>
27.	24/10/2018	Portfolio Committee on RDLR	Briefing by DRDLR on: - Progress of Land Reform since the start of democracy Challenges with respect to the land reform process	None for DRDLR
28.	30/10/2018	PLENARY: NA	Questions for oral reply by the Minister of Rural Development and Land Reform	None for DRDLR
29.	07/11/2018	PLENARY: National Assembly	Negotiating Mandate meeting on the Communal Property Association Amendment Bill	None for DRDLR
30.	13/11/2018	Select Committee Land and Mineral Resources	Unannounced visit by the Portfolio Committee: DRDLR National Office	None for DRDLR
31.	14/11/2018	Portfolio Committee on RDLR	Day 1: Oversight to Mala Mala: N'wandlamahri CPA: Meeting with Commission and Claimants of the Mala Mala land Claim	None for DRDLR
32.	15/11/2018	Portfolio Committee on RDLR	Day 2: Oversight to Mala Mala: N'wandlamahri CPA: Meeting with the Mala Mala Board of Directors, Commission and DRDLR	None for DRDLR

## DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM

No.	Date	Committee/ Institution	Purpose	Reports requested at meeting/ Resolutions
33.	16/11/2018	Portfolio Committee on RDLR	Negotiating Mandate Meeting on the Communal Property Association Amendment Bill [B 12B – 2017] (s76	None for DRDLR. Mala Mala Board of Directors requested to submit the following: - Mala Mala permanent employment breakdown; - Mr Derick Mthabine's Letter of Resignation; and Extract from Minutes of Mala Mala Board Meeting of 24 August 2018, noting the Chairman's request for information on Mr Mthabine's successor before accepting his resignation.
34.	20/11/2018	Select Committee Land and Mineral Resources	Status Report on Agri-Parks and the Blended Financing Model	None for DRDLR
35.	21/11/2018	Portfolio Committee on RDLR	Northern Cape Provincial Legislature: Public hearings on the Communal Property Associations Amendment Bill.	The Committee resolved that written questions from Committee members will be sent by the Committee Secretary to the DRDLR, DAFF, Land Bank and Treasury for answering. The Committee chairperson gave members a due date of Friday, 23 November 2018 for the questions to be submitted to the Committee secretary.
36.	26/11/2018	Select Committee Land and Mineral Resources	- Final mandate meeting on the Communal Property Associations Amendment Bill	None for DRDLR
37.	27/11/2018	Select Committee Land and Mineral Resources	Progress report on Elandsloof CPA and DRDLR Organogram	None for DRDLR
38.	05/12/2018	Portfolio Committee on RDLR	Briefing on Electronic Deeds Registry Systems	DRDLR was requested to provide a report of what was discussed in meetings with the CPA, report on land that was rented, update the presentation with details (problem statement, background, figures etc). The report to be ready by end of February 2019; Committee will call a meeting to discuss the reports
39.	29/01/2019	Select Committee on Land and Mineral Resources	State of the Nation Address (SONA)	None for DRDLR

## DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM

No.	Date	Committee/ Institution	Purpose	Reports requested at meeting/ Resolutions
40.	07/02/2019	PLENARY: Joint Sitting National Assembly and National Council of Provinces	Debate of the State of the Nation Address	None for DRDLR
41.	12/02/2019	PLENARY: Joint Sitting National Assembly and National Council of Provinces	Continuation of the Debate on the State of the Nation Address	None for DRDLR
42.	13/02/2019	PLENARY: Joint Sitting National Assembly and National Council of Provinces	Briefing on DRDLR's Staff Establishment and Organisational Structure	None for DRDLR
43.	13/02/2019	Portfolio Committee on Rural Development and Land Reform	Reply by the President on the State of the Nation Address	The Committee requested copy of the skills audit report.
44.	14/02/2019	PLENARY: Joint Sitting National Assembly and National Council of Provinces	Roundtable discussion on land tenure models, water rights and water access, land administration and current land reform policy.	None for DRDLR
45.	20/02/2019	Advisory Panel on Land Reform and Agriculture	Budget Speech by the Minister of Finance	None for DRDLR
46.	20/02/2019	PLENARY: Joint Sitting National Assembly and National Council of Provinces	Briefing by the Department of Public Works on progress to date regarding the Immovable Asset Register (IAR), information on properties and land parcels earmarked for land reform, in line with the High Level Panel (HLP) Recommendations and the 2019 State of the Nation Address (SONA).	None for DRDLR
47.	26/02/2019	Portfolio Committee on Public Works	Invitation to all relevant stakeholders to a follow-up meeting on Mala Mala CPA.	None for DRDLR

## DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM

No.	Date	Committee/ Institution	Purpose	Reports requested at meeting/ Resolutions
48.	27/02/2019	Portfolio Committee on RDLR	Progress report on the implementation of the Deed of Settlement between the Richtersveld Community and Alexkor.	None for DRDLR
49.	27/02/2019	Select Committee on Communication and Public Enterprises	Workshop on the Blended Funding Model	- Approval for the CPA to be placed on Administration; - Instruction letter to State Attorney; and - Opinion from State Attorney's office.
50.	06/03/2019	Joint Portfolio Committees: DRDLR and DAFF:	Response by DRDLR to issues raised by stakeholders on the Electronic Deeds Registration Bill	None for DRDLR
51.	12/03/2019	Select Committee on Land Mineral Resources	Status report on Gelukwaarts farm project in the WC.	None for DRDLR

No.	Date	Committee/ Institution	Purpose	Reports requested at meeting/ Resolutions
52.	13/03/2019	Portfolio Committee on RDLR	Deliberations and adoption the Electronic Deeds Registration Bill	<p>Resolutions:</p> <ul style="list-style-type: none"> <li>- Mr Cloete be allocated alternative farm. This is allow the department to deal with the matter of Ms Nontando Ngxumeshe;</li> <li>- The lease agreement Ms Ngxumeshe claims to have be thoroughly scrutinized by an expert;</li> <li>- The department release itself from this lease through a legal process</li> <li>- Ensures that Ms Ngxumeshe be evicted from the Farm Gelukwaarts through the court as well as the other illegal occupiers</li> <li>- Consequence management pertaining to the agreement between Ms Ngxumeshe and the former owner on her vacating the land and returning to it after conclusion of the transaction between the state and the former owner;</li> <li>- The Minister or Deputy Ministers engage with the Minister of Police on the matters where SAPS are fulfilling their role as it was reported that there were incidents within the engagements of the Farm Gelukwaarts, where SAPS was reluctant to take on cases and act accordingly.</li> </ul> <p>Reports requested:</p> <ul style="list-style-type: none"> <li>- The Portfolio Committee receives a report on all KZN matters of similar nature.</li> </ul>

## 8. SCOPA RESOLUTIONS

The department did not appear before SCOPA during the 2018-2019 Financial Year.

## 9. PRIOR MODIFICATIONS TO AUDIT REPORTS

Progress made in clearing/resolving qualifications, disclaimers, adverse opinion and matter of non-compliance: not applicable, the department received an unqualified audit report.



## 10. INTERNAL CONTROL UNIT

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

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

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

Such controls include:

- Preventative controls to reduce the probability that something will go wrong and reduce its impact should the risk materialise;
- Corrective controls to correct errors when they occur, and
- Detective controls to find 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 and completeness, and the accurate interpretation of policy directives.

In 2018/19 the activities of the Internal Control sub-directorates were as follows:

- Verification of payments before and after processing in order to ensure the validity and accuracy thereof;
- Internal control awareness campaigns in all the provinces;
- Identification of internal control weaknesses and provision of recommendations to improve those recommendations through pre-checking of all Basic Accounting System (BAS) payments;
- Monitoring of the implementation of internal and external audit recommendations as well as those of the Management Performance Assessment Tool (MPAT);
- Roll-out of all approved financial management policies;
- Drafted the standard operating procedure for Irregular, Fruitless and Wasteful expenditure; and
- Issued Internal Control Plan for the department.

## 11. INTERNAL AUDIT AND AUDIT COMMITTEES

### KEY ACTIVITIES AND OBJECTIVES OF 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 INTERNAL AUDIT WORK DONE

- Audits on the financial processes of the DRDLR and its trading entities.
- Audits on the governance and risk management processes of the DRDLR.
- Comprehensive, forensic and follow-up audits on processes falling within specific branches of the DRDLR.
- 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.

## DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM

### 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 Qunta (Chairperson)	<ul style="list-style-type: none"> <li>• PHD</li> <li>• Master's in Business</li> <li>• Administration</li> <li>• Masters in Commerce (Economics)</li> <li>• Bcom (Hons) (Economics)</li> </ul>	External	Not Applicable	1 February 2017	Not applicable	7
Mr A N Mhlongo (Member)	<ul style="list-style-type: none"> <li>• Chartered Accountant (South Africa)</li> <li>• Chartered Management Accountant</li> <li>• Chartered Global Management Accountant</li> <li>• Bcom (Hons)</li> </ul>	External	Not Applicable	1 February 2017	Not applicable	7
Mr H G Hlomane (Member)	<ul style="list-style-type: none"> <li>• Masters in Information Technology</li> <li>• Bachelor of Science degree in Mathematical Sciences</li> </ul>	External	Not Applicable	1 February 2017	*	5

## DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM

Name	Qualifications	Internal or external member	If internal, position in the department	Date appointed	Date Resigned	No. of Meetings attended
Ms A M M Badimo	<ul style="list-style-type: none"> <li>• B.Sc. (Computer Science)</li> <li>• B.Sc. Hons (Computer Science)</li> <li>• M.Sc Applied Science (Electrical Engineering),</li> <li>• MBA</li> <li>• CISM</li> <li>• CGEIT</li> <li>• CISA</li> <li>• CRISC</li> </ul>	External	Not Applicable	27 March 2019	Not applicable	-

### REPORT OF THE AUDIT COMMITTEE

The Department of Rural Development and Land Reform (DRDLR) (AC) is pleased to present its report for the financial year ended 31 March 2019. This report includes the Deeds Registration Trading Account and the (ALHA).

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 up to the passing of Mr H G Hlomane on 7 November 2018. The vacancy left by Mr H G Hlomane has since been filled by Ms A M M Badimo. The Audit Committee had seven meetings as indicated in the table hereunder and is constituted of persons who possess the correct mix of experience, qualifications and skills to carry out its responsibilities.

Name of member	Number of meetings attended
Dr N Z Qunta (Chairperson)	7
Mr A N Mhlongo (Member)	7
Mr H G Hlomane (Member)	5

### 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, 1999( 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, despite numerous attempts by the Chairperson, the AC could not present their oversight reports to the Executive Authority during the financial year ended 31 March 2019.

### 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;
- 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.

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; and
- Fraud, Corruption, Misconduct, Irregularities and Mismanagement. The AC expresses serious concerns on incidences of fraud identified in several programmes, especially the SRR programme.

### IN-YEAR MANAGEMENT AND MONTHLY/QUARTERLY REPORT

The Audit Committee appreciates that financial information and performance information submissions were generally done timeously and appropriately. The Audit Committee, however, expresses concern in respect of the progress made in 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.
- Effective steps were not taken to prevent irregular, and fruitless and wasteful expenditure.
- Payments were not always made within thirty days.
- Shortcomings in procurement and contract management.

#### AGRICULTURAL LAND HOLDINGS ACCOUNT

- Material corrections to the Annual Financial Statements.

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.



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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 2019





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# HUMAN RESOURCE *Management*

### 1. INTRODUCTION

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

Human Resource Management is a function in the department, implemented to maximise employee performance in service of the department's strategic objectives. The Chief Directorate: Human Resources and Organisational Development primarily concern is the management of employees in the department and focuses on policies and systems to do so. This section addresses the human resource matters of the department. The focus is on human resource issues prioritised for the year under review, key strategies implemented to attract and recruit a skilled and capable workforce, the employee performance management framework and employee wellness programmes. It further provides highlights on human resource achievements, challenges and future human resource strategies.

#### OVERVIEW OF HR MATTERS IN THE DEPARTMENT

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

- Managed human resource policies, planning and research;
- Managed employee performance management system;
- Provided staffing services including recruitment and selection and mobility;
- Managed employee health and wellness programmes;
- Managed human resource benefits;
- Facilitated and monitored the implementation of employment equity;
- Ensured that an effective PERSAL management infrastructure is in place and maintained;
- Monitored and managed statistics and information on PERSAL;
- Facilitated code of conduct, labour relations' guidelines and practices;
- Facilitated labour relations services;
- Managed employee grievances;
- Managed labour disputes;
- Managed collective bargaining;
- Managed the implementation of the Skills Development Act and internship/ Learnerships programmes;
- Coordinated and facilitated the training and development of employees;
- Managed bursaries; and
- Provided organisational development services.

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### SET HR PRIORITIES FOR THE YEAR UNDER REVIEW AND THE IMPACT OF THESE PRIORITIES

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

HRP Objective	Outcomes	Approach to mitigate risk and achieve outcome
1. Maintenance of approved organisational structure to ensure alignment with MTEF	Reviewed and maintained structure with regards to departmental service delivery programmes and mandates and alignment to MTEF structure	Obtain approval of the organisational structure from the delegated authorities and concurrence from DPSA  Communicate the approved organisational structure to stakeholders Implement the structure
2. Manage the Recruitment and Selection process for the department	Funded vacant priority posts filled	Identify critical/priority vacant posts to be filled  Draft the list of priority posts per branch and calculate costs of the filling of the priority posts  Develop and implement Recruitment plan for branches  Streamline recruitment process in order to meet set standard for filling of posts  Communicate progress on filling of the posts to stakeholders
3. Transformation and Diversity management	Transformation strategies and diversity interventions implemented in the department	Submit requests for delegated authority to enforce the ring-fencing of SMS posts to reach the 50/50 target  Submit requests for delegated authority to enforce the ring-fencing of certain posts for people with disability  Facilitate the establishment of EE Forum based at National Office  Implement Organisation Change Management interventions to address diversity survey findings
4. Development and retention of scarce and critical skills	Capacitated workforce by identifying and targeting the posts linked to critical and scarce skills to improve service delivery in the department	Facilitate training programmes to address scarce and critical skills within the department such as Executive Coaching, AMDP, development programmes, etc.  Facilitate process to ensure alignment of skills to job requirements for the department  Facilitate the implementation of Skills Audit results

HRP Objective	Outcomes	Approach to mitigate risk and achieve outcome
5. Review, implementation and monitor HR policies, practices and procedures	Streamlined and monitoring of HR policies, practices and procedures	<p>Identify critical policies to be reviewed and align to directives and departmental objectives.</p> <p>Review critical policies</p> <p>Review HR delegations</p> <p>Consultation and information sharing with Organised Labour to get buy-in.</p> <p>Obtain approval for the newly reviewed policies and HR delegations</p> <p>Communicate policies and delegations to employees and publish on departmental intranet</p>
6. Implement and monitor interventions through the EHW Programme to ensure a conducive working environment	Ensure healthy and productive workforce through EHW initiatives	<p>Initiate project to intensify marketing of health and wellness programmes for the department</p> <p>Monitor the implementation of health and wellness programmes in the department</p> <p>Ensure integrated approach to implementation of health and wellness</p>
7. Foster sound labour relations in the department	Ensure healthy workforce relationships	<p>Reduce turnaround time for finalising grievances and misconduct cases</p> <p>Educate and advocate the management of discipline to SMS members</p> <p>Educate and advocate the Code of Conduct to all staff members</p> <p>Communicate and liaise with Organised Labour to build and strengthen relationships</p>
8. Monitor and report on SDIP	SDIP implemented	<p>Draft the DRDLR 2018/21 SDIP</p> <p>Submit SDIP plan for approval</p> <p>Implement 2018/2021 SDIP plan</p> <p>Monitor progress on implementation of SDIP</p> <p>Facilitate and coordinate the development of implementation of Batho Pele initiatives</p>

### WORKFORCE PLANNING FRAMEWORK AND KEY STRATEGIES TO ATTRACT AND RECRUIT A SKILLED AND CAPABLE WORKFORCE

Human Resource Planning is the 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 2018/21 was developed and approved with effect from 29 June 2018. The plan was submitted to the Department of Public Service and Administration (DPSA) as required. The plan was implemented to address the current and future human resource needs of the department.

The plan will guide the implementation of Human Resource Strategies including Organisational Development Strategies; Human Resource Strategies; Training and Development Strategies; and Employee Health and Wellness Strategies to ensure attraction, recruitment and retention of skilled and capable workforce in the department. The successful implementation of the HR Plan will contribute towards the identification of the gaps and implementation of interventions to address current and future HR needs of the department.

### EMPLOYEE PERFORMANCE MANAGEMENT FRAMEWORK

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

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

### EMPLOYEE HEALTH AND WELLNESS PROGRAMMES

The Employee Health and Wellness Programmes (EHWPs) are departmental programmes offering wellness services that are aimed at improving the quality of life of all employees in order to maximise organisational effectiveness. Such programmes include, but are not limited to mental health, work-life wellness and health and productivity management.

### PSYCHOSOCIAL COUNSELING SERVICES

Psychosocial support that addresses the on-going psychological and social problems of individuals and families:

- Direct and confidential access to a 24-hour personal support service;
- Individual and/ group face-to-face counselling sessions are considered where short-term psychological support is appropriate;
- Critical incident service offers prompt and professional trauma diffusion, debriefing and grief counselling to employees exposed to incidents of trauma and loss; and
- EHWM deals with rehabilitation in line with internal Human Resource Policies.

### LIFE SKILLS, HEALTH AND WELLNESS PROMOTION

The presentation of life-skills programmes is informed by the identified trends of employee challenges through reporting, monitoring and evaluation. These programmes include but are not limited to Work Life Balance, Emotional Intelligence, Stress and Depression Management, Personal Financial Management, Interpersonal Relations and Substance Abuse Management. The services are provided through Health and Productivity Management Pillar to strengthen and improve the efficiency of occupational health education and promotion. The pillar helps to promote and maintain the general health of employees through prevention, intervention, awareness, education, risk assessment, and support in order to mitigate the impact of communicable (e.g.; HIV& AIDS and TB) and non-communicable (e.g.; Diabetes and High Blood Pressure) diseases and injuries on the productivity and quality of life of employees.

### POLICY DEVELOPMENT

The department implemented the Human Resource (HR) Policies approved by the Acting Director-General. It continues reviewing these Policies continuously to ensure that it aligns with the development in the Legislative framework and directives. Below are the policies reviewed and approved during the performance period under review:

- Acting Allowance;
- Parking;
- Discipline;
- Persal;
- Transformation;
- Counter Offer;
- Overtime;
- Terminations;
- Operations Design Policy.

The department aligned and amended the Employee Performance Management and Development System (EPMDS) Policy for salary levels 1 – 12 in accordance with the Directive received from the Department of Public Service and Administration (DPSA). The department also implemented the Performance Management and Development System (PMDS) for Members of SMS and Heads of department in accordance with the Directives received from DPSA and Outcome 12.



### ACHIEVEMENTS

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

- All funded posts have job evaluation results and descriptions.
- Chief Directorate: HR & OD process maps and Standard Operating Procedures (SOPs) completed.
- Co-facilitated an exhibition with Branch: Deeds Registration of DEEDS Services - part of Public Service Month Events.
- Facilitated Strategic Planning Sessions for Branch: COO and the Northern Cape Provincial Shared Services Centre.
- Capacitate employees in various training programmes in core and business support.
- Management Development Programmes were rolled out to all employees:
  - o Advanced Management Development Programme for levels 9-12.
  - o Emerging Management Development Programme for levels 6-8.
  - o Foundation Management Development Programme for levels 1-5.
- Identified Executive Managers were enrolled in Mentorship and Coaching Programmes.
- Rolled out the organisational change management interventions and customised programmes such as Women Power to focus on issues affecting women in the workplace and possible solutions to create a conducive environment for them.
- Nominated women employees to attend Leadership Programmes and Agriculture related seminars/workshops/conferences.

### 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:

- Lack of cooperation by Branches, e.g., some branches could not avail themselves for the mapping of business processes and development of standard operating procedures
- Lack of adequate resources in terms of warm bodies
- Inadequate budget for mainstreaming of human resource imperatives.
- Late submission or no submission of compliance reports.
- Finalisation of moderations timeously.
- Compliance of employees and supervisors to due dates in assessment reports.
- Late course cancellation due to other departmental competing priorities.
- High turn up of employees in some of the courses beyond the planned target number.
- Lack of compliance by some of the employees in finalising and submitting POEs after attending training sessions and/or programmes.



### 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** – Reviewed and maintain structures to ensure achievement of departmental service delivery programmes and mandates and alignment to MTEF structure.
- **Manage the Recruitment and Selection process for the department** - Streamline recruitment processes in order to meet set standards for filling of posts. Identify priority posts to be funded and filled.
- **Transformation and Diversity management** - Facilitate the establishment of an EE Forum based at National Office. Implement Organisational Change Management interventions to address diversity survey findings.
- **Development and retention of scarce and critical skills** - Facilitate training programmes to address scarce and critical skills within the department such as Executive Coaching, AMDP, Management development programmes, etc. Facilitate processes to ensure alignment of skills to job requirements for the department.
- **Review, implement and monitor HR policies, practices and procedures** - Identify critical policies to be reviewed and aligned to directives and departmental objectives. Review HR delegations.
- **Implement and monitor interventions through the EHW Programme to ensure a conducive working environment** - Initiate projects to intensify marketing of Health and Wellness programmes for the department. Monitor the implementation of Health and Wellness programmes in the department.
- **Foster sound labour relations in the department** - Reduce turnaround time for finalising grievances and misconduct cases. Communicate and liaise with Organised Labour to build and strengthen relationships
- **Monitor and report on SDIP** - Draft the DRDLR 2018/21 SDIP. Facilitate and coordinate the development of implementation of Batho Pele initiatives.

## 2. HUMAN RESOURCES OVERSIGHT STATISTICS

### 3.1 PERSONNEL RELATED EXPENDITURE

The following tables summarise the final audited personnel related expenditure by Programmes (Table 3.1.1) and by Salary Bands (Table 3.1.2). In particular, it provides an indication of the amount spent on Personnel Expenditure in terms of each of the Programmes or Salary Bands within the department. The tables thereafter provide a summary per Programme (Table 3.1.3) and Salary Bands (Table 3.1.4), of expenditure incurred as a result of salaries, overtime, housing allowance and medical assistance.

TABLE 3.1.1 – PERSONNEL EXPENDITURE BY PROGRAMME FOR THE PERIOD 1 APRIL 2018 AND 31 MARCH 2019

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	608984	572488	16905	19591	94.01	340.159
Geospatial and Cadastral Services	389712	335475	385	53852	86.08	379.497
Rural Development	214330	208624	0	5706	97.34	450.592
Restitution	300713	288215	87	12411	95.84	406.509
Land Reform	284159	277072	0	7087	97.51	434.282
Deeds Registration	683503	525358	2	57	76.86	453.677
<b>TOTAL</b>	<b>2481401</b>	<b>2207232</b>	<b>17379</b>	<b>98704</b>	<b>88.95</b>	<b>398.777</b>

\* The total expenditure is determined by adding the personnel expenditure, training expenditure and professional and special services.

TABLE 3.1.2 – PERSONNEL COSTS BY SALARY BAND FOR THE PERIOD 1 APRIL 2018 AND 31 MARCH 2019

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)	80225	3.63	240	334.271
Skilled (Levels 3-5)	102848	4.66	747	137.681
Highly skilled production (Levels 6-8)	755116	34.21	2452	307.959
Highly skilled supervision (Levels 9-12)	902498	40.89	1774	508.736
SMS (Levels 13-16)	366545	16.61	322	1138.339
<b>TOTAL</b>	<b>2207232</b>	<b>100.00</b>	<b>5535</b>	<b>398.777</b>

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TABLE 3.1.3 – SALARIES, OVERTIME, HOUSING ALLOWANCE AND MEDICAL ASSISTANCE BY PROGRAMME FOR THE PERIOD 1 APRIL 2018 AND 31 MARCH 2019

Programme	Salaries		Overtime		Housing Allowance		Medical Assistance	
	Amount (R'000)	%	Amount (R'000)	%	Amount (R'000)	%	Amount (R'000)	%
Administration	507124	25.90	16155	63.71	18968	20.11	30241	23.41
Geospatial and Cadastral Services	305981	15.62	435	1.72	11984	12.70	17075	13.22
Rural Development	192078	9.81	2149	8.47	5785	6.13	8612	6.67
Restitution	257002	13.12	4113	16.22	10239	10.85	16861	13.05
Land Reform	254179	12.98	504	1.99	8148	8.64	14241	11.02
Deeds Registration	441998	22.57	2002	7.89	39208	41.56	42150	32.63
<b>TOTAL</b>	<b>1958362</b>	<b>100.00</b>	<b>25358</b>	<b>100.00</b>	<b>94332</b>	<b>100.00</b>	<b>129180</b>	<b>100.00</b>

TABLE 3.1.4 – SALARIES, OVERTIME, HOUSING ALLOWANCE AND MEDICAL ASSISTANCE BY SALARY BANDS FOR THE PERIOD 1 APRIL 2018 AND 31 MARCH 2019

Salary Bands	Salaries		Overtime		Housing Allowance		Medical Assistance	
	Amount (R'000)	%	Amount (R'000)	%	Amount (R'000)	%	Amount (R'000)	%
Lower skilled (Levels 1-2)	79823	4.08	402	1.59	0	0.00	0	0.00
Skilled (Levels 3-5)	44126	2.25	878	3.46	25632	27.17	32212	24.94
Highly skilled production (Levels 6-8)	667899	34.10	18444	72.73	37611	39.87	31162	24.12
Highly skilled supervision (Levels 9-12)	835244	42.65	5634	22.22	29439	31.21	32181	24.91
SMS (Levels 13-16)	331270	16.92	0	0.00	1650	1.75	33625	26.03
<b>TOTAL</b>	<b>1958362</b>	<b>100.00</b>	<b>25358</b>	<b>100.00</b>	<b>94332</b>	<b>100.00</b>	<b>129180</b>	<b>100.00</b>

## 3.2 EMPLOYMENT AND VACANCIES

The following tables summarise the number of posts on the establishment, the number of employees, the vacancy rate, and whether there are any staff additional to the establishment. This information is presented in terms of three key variables: - Programme (Table 3.2.1) and Salary Band (Table 3.2.2). Table 3.2.3 provides establishment and vacancy information for the key critical occupations of the department.

TABLE 3.2.1 – EMPLOYMENT AND VACANCIES BY PROGRAMME AS ON 31 MARCH 2019

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate
Administration	1932	1683	12.89
Geospatial and Cadastral Services	983	884	10.07
Rural Development	556	463	16.73
Restitution	781	709	9.22
Land Reform	799	638	20.15
Deeds Registration	1278	1158	9.39
<b>TOTAL</b>	<b>6329</b>	<b>5535</b>	<b>12.55</b>

\*Number of posts filled are inclusive of the employees additional to the establishment.

TABLE 3.2.2 – EMPLOYMENT AND VACANCIES BY SALARY BAND AS ON 31 MARCH 2019

Salary Band	Number of posts on approved establishment	Number of posts filled	Vacancy Rate
Lower skilled (Levels 1-2)	240	240	0.00
Skilled (Levels 3-5)	835	747	10.54
Highly skilled production (Levels 6-8)	2743	2452	10.61
Highly skilled supervision (Levels 9-12)	2118	1774	16.24
SMS (Levels 13-16)	393	322	18.07
<b>TOTAL</b>	<b>6329</b>	<b>5535</b>	<b>12.55</b>

\*Number of posts filled are inclusive of the employees additional to the establishment.

TABLE 3.2.3 – EMPLOYMENT AND VACANCIES BY CRITICAL OCCUPATIONS AS ON 31 MARCH 2019

Critical occupations	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Agriculture Related	8	8	0.00	0
Architects Town and Traffic Planners	34	32	0.00	2
Cartographers and Surveyors	315	215	0.00	100
Cartographic Surveying and Related Technicians	77	73	0.00	4
Community Development Workers	112	108	0.00	4
Engineers and related Professionals	21	9	0.00	12
Other	5762	4630	13.78	338
<b>TOTAL</b>	<b>6329</b>	<b>5075</b>	<b>12.55</b>	<b>460</b>

### 3.3 FILLING OF SMS POSTS

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

TABLE 3.3.1 – SMS POST INFORMATION AS ON 31 MARCH 2019

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	1	100.00
Salary Level 16	1	0	0.00	1	100.00
Salary Level 15	13	8	61.54	5	38.46
Salary Level 14	92	80	86.96	12	13.04
Salary Level 13	286	234	81.82	52	18.18
<b>TOTAL</b>	<b>393</b>	<b>322</b>	<b>81.93</b>	<b>71</b>	<b>18.07</b>

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TABLE 3.3.2 – SMS POST INFORMATION AS ON 30 SEPTEMBER 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
Salary Level 16	1	1	100.00	0	0.00
Salary Level 15	13	8	61.54	5	38.46
Salary Level 14	95	75	78.95	20	21.05
Salary Level 13	270	209	77.41	61	22.59
<b>TOTAL</b>	<b>380</b>	<b>293</b>	<b>77.11</b>	<b>87</b>	<b>22.89</b>

TABLE 3.3.3 – ADVERTISING AND FILLING OF SMS POSTS FOR THE PERIOD 1 APRIL 2018 AND 31 MARCH 2019

SMS Level	Advertising	Filling of posts	
	Number of vacancies per level advertised in 6 months of becoming vacant	Number of vacancies per level filling in 6 months of becoming vacant	Number of vacancies per level not filled in 6 months but filled in 12 months
Director General/Head of department	0	0	0
Salary Level 16	0	0	0
Salary Level 15	3	1	2
Salary Level 14	14	5	9
Salary Level 13	43	25	18
<b>TOTAL</b>	<b>60</b>	<b>31</b>	<b>29</b>

TABLE 3.3.4 – REASONS FOR NOT HAVING COMPLIED WITH THE FILLING OF FUNDED VACANT SMS – ADVERTISED WITHIN 6 MONTHS AND FILLED WITHIN 12 MONTHS AFTER COMING VACANT FOR THE PERIOD 1 APRIL 2018 AND 31 MARCH 2019

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
Delays in obtaining approval from the delegated authority
Unavailability of some of the panel members

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 2018 AND 31 MARCH 2019

Reasons for vacancies not advertised within six months
No disciplinary steps were taken.

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

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

No disciplinary steps were taken.

**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 2019, 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 2018 AND 31 MARCH 2019**

Salary band	Number of posts on approved establishment	Number of Posts Evaluated	% of posts evaluated by Salary Bands	Posts Upgraded		Posts downgraded	
				Number	%	Number	%
Lower skilled (Levels 1-2)	240	0	0.00	0	0.00	0	0.00
Skilled (Levels 3-5)	835	2	0.24	0	0.00	1	50.00
Highly skilled production (Levels 6-8)	2743	18	0.66	0	0.00	0	0.00
Highly skilled supervision (Levels 9-12)	2118	32	1.51	1	3.13	2	6.25
SMS Band A	286	9	3.15	0	0.00	0	0.00
SMS Band B	92	2	2.17	0	0.00	0	0.00
SMS Band C	13	2	15.38	0	0.00	1	50.00
SMS Band D	2	1	50.00	0	0.00	1	100.00
<b>TOTAL</b>	<b>6329</b>	<b>66</b>	<b>1.04</b>	<b>1</b>	<b>1.52</b>	<b>5</b>	<b>7.58</b>

**TABLE 3.4.2 – PROFILE OF EMPLOYEES WHOSE POSITIONS WERE UPGRADED DUE TO THEIR POSTS BEING UPGRADED FOR THE PERIOD 1 APRIL 2018 AND 31 MARCH 2019**

Beneficiaries	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	1	0	0	0	1
<b>TOTAL</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
<b>Employees with a disability</b>					<b>0</b>

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TABLE 3.4.3 – EMPLOYEES WITH SALARY LEVELS HIGHER THAN THOSE DETERMINED BY JOB EVALUATION BY OCCUPATION FOR THE PERIOD 1 APRIL 2018 AND 31 MARCH 2019

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

TABLE 3.4.4 – PROFILE OF EMPLOYEES WHO HAVE SALARY LEVELS HIGHER THAN THOSE DETERMINED BY JOB EVALUATION FOR THE PERIOD 1 APRIL 2018 AND 31 MARCH 2019

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

### 3.5 EMPLOYMENT CHANGES

This section provides information on changes in employment over the financial year. Turnover rates provide an indication of trends in the employment profile of the department. The following tables provide a summary of turnover rates by Salary Band (Table 3.5.1) and by Critical Occupations (Table 3.5.2). Table 3.5.3 identifies the major reasons why staff left the department. Table 3.5.4 provides promotions by Critical Occupation and Salary Band (Table 3.5.5).

TABLE 3.5.1 – ANNUAL TURNOVER RATES BY SALARY BAND FOR THE PERIOD 1 APRIL 2018 AND 31 MARCH 2019

Salary Band	Number of Employees per band as on 1 April 2018	Appointments and Transfers into the department	Terminations and Transfers out of the department	Turnover Rate
Lower skilled (Levels 1-2)	0	318	78	0.00
Skilled (Levels 3-5)	752	26	31	4.12
Highly skilled production (Levels 6-8)	2460	69	77	3.13
Highly skilled supervision (Levels 9-12)	1778	65	69	3.88
SMS Band A	199	37	2	1.01
SMS Band B	78	8	6	7.69
SMS Band C	9	1	2	22.22
SMS Band D	1	0	1	100.00
<b>TOTAL</b>	<b>5277</b>	<b>524</b>	<b>266</b>	<b>5.04</b>

TABLE 3.5.2 – ANNUAL TURNOVER RATES BY CRITICAL OCCUPATION FOR THE PERIOD 1 APRIL 2018 AND 31 MARCH 2019

Critical Occupation	Number of Employees per occupation as on 1 April 2018	Appointments and Transfers into the department	Terminations and Transfers out of the department	Turnover Rate
Agriculture Related	7	1	0	0.00
Architects Town and Traffic Planners	31	3	2	6.45
Cartographers and Surveyors	292	1	78	26.71
Cartographic Surveying and Related Technicians	34	39	0	0.00
Community Development Workers	19	89	0	0.00
Engineers and related Professionals	20	5	16	80.00
Other	4874	386	170	3.49
<b>TOTAL</b>	<b>5277</b>	<b>524</b>	<b>266</b>	<b>5.04</b>



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TABLE 3.5.3 – REASONS WHY EMPLOYEES LEFT THE DEPARTMENT FOR THE PERIOD 1 APRIL 2018 AND 31 MARCH 2019

Termination Type	Number	% of Total Terminations
Death	15	5.64
Resignation	140	52.63
Expiry of contract	72	27.07
Dismissal – misconduct	5	1.88
Discharged due to ill-health	5	1.88
Retirement	28	10.53
Transfers to other Public Service departments	1	0.38
<b>TOTAL</b>	<b>266</b>	<b>100.00</b>
<b>Total number of employees who left as a % of total employment</b>		<b>4.81</b>

TABLE 3.5.4 – PROMOTIONS BY CRITICAL OCCUPATION FOR THE PERIOD 1 APRIL 2018 AND 31 MARCH 2019

Critical Occupation	Employees as at 1 April 2018	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	7	0	0.00	7	100.00
Architects Town and Traffic Planners	31	1	3.23	19	61.29
Cartographers and Surveyors	292	14	4.79	221	75.68
Cartographic Surveying and Related Technicians	34	1	2.94	63	185.29
Community Development Workers	19	0	0.00	48	252.63
Engineers and related Professionals	20	1	5.00	8	40.00
Other	4874	179	3.67	3877	79.54
<b>TOTAL</b>	<b>5277</b>	<b>196</b>	<b>3.71</b>	<b>4243</b>	<b>80.41</b>

TABLE 3.5.5 – PROMOTIONS BY SALARY BAND FOR THE PERIOD 1 APRIL 2018 AND 31 MARCH 2019

Salary Band	Employees 1 April 2018	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)	752	17	2.26	401	53.32
Highly skilled production (Levels 6-8)	2460	74	3.01	2043	83.05
Highly skilled supervision (Levels 9-12)	1778	82	4.61	1586	89.20
SMS (Levels 13-16)	287	23	8.01	213	74.22
<b>TOTAL</b>	<b>5277</b>	<b>196</b>	<b>3.71</b>	<b>4243</b>	<b>80.41</b>

### 3.6 EMPLOYMENT EQUITY

Ensuring representation in the public service is a requirement in terms of Chapter 10, Section 195(1) (i) of the Constitution of the Republic of South Africa. The Department of Rural Development and Land Reform has developed a 5 year (2014-2019) Employment Equity (EE) Plan, that is informed by Chapter 10 (Section 195) and the provisions of the Employment Equity Act, 1998 (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. The total number of employees is a combination of the filled posts and the additional appointments on the approved establishment.

TABLE 3.6.1 – TOTAL NUMBER OF EMPLOYEES (INCLUDING EMPLOYEES WITH DISABILITIES) IN EACH OF THE FOLLOWING OCCUPATIONAL CATEGORIES AS ON 31 MARCH 2019

Occupational categories (SASCO)	Male				Female				Total
	African	Coloured	Asian	White	African	Coloured	Asian	White	
Legislators, senior officials and managers	153	13	12	16	90	7	5	16	312
Professionals	889	63	19	109	825	83	36	150	2174
Technicians and associate professionals	684	29	7	23	629	40	13	71	1496
Clerks	360	18	5	10	624	78	19	46	1160
Service and sales workers	116	2	0	3	148	2	0	0	271
Craft and related trade workers	14	1	1	1	0	1	0	3	21
Elementary occupations	55	7	0	1	30	8	0	0	101
<b>TOTAL</b>	<b>2271</b>	<b>133</b>	<b>44</b>	<b>163</b>	<b>2346</b>	<b>219</b>	<b>73</b>	<b>286</b>	<b>5535</b>
<b>Employees with disabilities</b>	<b>43</b>	<b>3</b>	<b>1</b>	<b>13</b>	<b>34</b>	<b>3</b>	<b>1</b>	<b>12</b>	<b>110</b>

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TABLE 3.6.2 – TOTAL NUMBER OF EMPLOYEES (INCLUDING EMPLOYEES WITH DISABILITIES) IN EACH OF THE FOLLOWING OCCUPATIONAL BANDS AS ON 31 MARCH 2019

Occupational categories (SASCO)	Male				Female				Total
	African	Coloured	Asian	White	African	Coloured	Asian	White	
Top Management	3	1	1	0	2	0	0	1	8
Senior Management	154	12	12	18	89	7	5	17	314
Professionally qualified specialists and mid-management	591	34	19	86	471	30	18	75	1324
Skilled technical and academically qualified workers	1219	62	10	53	1486	154	47	190	3221
Semi-skilled and discretionary decision making	205	24	2	6	160	27	3	3	430
Unskilled and defined decision making	99	0	0	0	138	1	0	0	238
<b>TOTAL</b>	<b>2271</b>	<b>133</b>	<b>44</b>	<b>163</b>	<b>2346</b>	<b>219</b>	<b>73</b>	<b>286</b>	<b>5535</b>

TABLE 3.6.3 – RECRUITMENT FOR THE PERIOD 1 APRIL 2018 AND 31 MARCH 2019

Occupational categories (SASCO)	Male				Female				Total
	African	Coloured	Asian	White	African	Coloured	Asian	White	
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	13	0	2	0	8	0	0	0	23
Professionally qualified specialists and mid-management	39	1	0	2	28	1	0	1	72
Skilled technical and academically qualified workers	63	0	0	0	53	4	0	0	120
Semi-skilled and discretionary decision making	40	2	0	0	23	3	1	0	69
Unskilled and defined decision making	119	0	0	0	121	0	0	0	240
<b>TOTAL</b>	<b>274</b>	<b>3</b>	<b>2</b>	<b>2</b>	<b>233</b>	<b>8</b>	<b>1</b>	<b>1</b>	<b>524</b>
<b>Employees with disabilities</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4</b>

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TABLE 3.6.4 – PROMOTIONS FOR THE PERIOD 1 APRIL 2018 AND 31 MARCH 2019

Occupational categories (SASCO)	Male				Female				Total
	African	Coloured	Asian	White	African	Coloured	Asian	White	
Top Management	2	0	0	0	0	0	0	0	2
Senior Management	69	7	7	8	46	5	4	11	157
Professionally qualified specialists and mid-management	529	34	16	85	538	36	17	89	1344
Skilled technical and academically qualified workers	799	47	8	38	1180	125	38	158	2393
Semi-skilled and discretionary decision making	160	22	1	7	130	23	1	3	347
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>1559</b>	<b>110</b>	<b>32</b>	<b>138</b>	<b>1894</b>	<b>189</b>	<b>60</b>	<b>261</b>	<b>4243</b>
<b>Employees with disabilities</b>	<b>28</b>	<b>0</b>	<b>0</b>	<b>8</b>	<b>21</b>	<b>0</b>	<b>0</b>	<b>10</b>	<b>67</b>

TABLE 3.6.5 – TERMINATIONS FOR THE PERIOD 1 APRIL 2018 AND 31 MARCH 2019

Occupational categories (SASCO)	Male				Female				Total
	African	Coloured	Asian	White	African	Coloured	Asian	White	
Top Management	1	0	0	0	0	0	0	0	1
Senior Management	3	0	1	2	10	0	0	0	16
Professionally qualified specialists and mid-management	37	5	0	5	21	0	0	7	75
Skilled technical and academically qualified workers	32	2	0	1	24	2	0	9	70
Semi-skilled and discretionary decision making	12	2	0	0	8	1	0	0	23
Unskilled and defined decision making	49	0	0	0	31	1	0	0	81
<b>TOTAL</b>	<b>134</b>	<b>9</b>	<b>1</b>	<b>8</b>	<b>94</b>	<b>4</b>	<b>0</b>	<b>16</b>	<b>266</b>
<b>Employees with disabilities</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>11</b>

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TABLE 3.6.6 – DISCIPLINARY ACTION FOR THE PERIOD 1 APRIL 2018 AND 31 MARCH 2019

Disciplinary Action	Male				Female				Total
	African	Coloured	Asian	White	African	Coloured	Asian	White	
Written warning	1	1	0	0	1	0	0	0	3
Final written warning	0	0	0	0	1	0	0	0	1
Dismissal	7	0	0	0	3	0	0	2	12
Not guilty	2	0	0	0	1	0	0	0	3
Suspension without pay and final written warning	1	0	0	0	0	0	0	0	1
Case withdrawn	2	0	0	0	1	0	0	0	3
Matter dismissed, resigned before sanction / referred to new dept.	0	0	0	0	0	0	0	0	0
Appeals	13	1	0	0	2	0	0	0	16
Pending	26	4	0	2	19	0	0	0	51
<b>TOTAL</b>	<b>52</b>	<b>6</b>	<b>0</b>	<b>2</b>	<b>28</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>90</b>

TABLE 3.6.7 – SKILLS DEVELOPMENT FOR THE PERIOD 1 APRIL 2018 AND 31 MARCH 2019

Occupational categories (SASCO)	Male				Female				Total
	African	Coloured	Asian	White	African	Coloured	Asian	White	
Legislators, senior officials and managers	488	19	12	21	471	17	8	15	1051
Professionals	487	31	5	61	305	46	19	103	1057
Technicians and associate professionals	276	5	7	29	257	16	14	32	636
Clerks	959	55	18	27	1041	105	22	112	2339
Service and sales workers	16	1	0	0	13	1	0	0	31
Craft and related trade workers	0	0	0	0	0	0	0	0	0
Elementary occupations	43	6	1	1	40	6	0	3	100
<b>TOTAL</b>	<b>2269</b>	<b>117</b>	<b>43</b>	<b>139</b>	<b>2127</b>	<b>191</b>	<b>63</b>	<b>265</b>	<b>5214</b>
<b>Employees with disabilities</b>	<b>43</b>	<b>3</b>	<b>1</b>	<b>12</b>	<b>34</b>	<b>2</b>	<b>2</b>	<b>12</b>	<b>109</b>

### 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 AT 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	0	0	0.00
Salary Level 16	1	1	1	100.00
Salary Level 15	13	8	8	100.00
Salary Level 14	95	75	71	94.66
Salary Level 13	270	209	196	93.77
<b>Total</b>	<b>380</b>	<b>293</b>	<b>276</b>	<b>94.19</b>

TABLE 3.7.2 – REASONS FOR NOT HAVING CONCLUDED PERFORMANCE AGREEMENTS FOR ALL SMS MEMBERS AS AT 31 MARCH 2019

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

TABLE 3.7.3 – DISCIPLINARY STEPS TAKEN AGAINST SMS MEMBERS FOR NOT HAVING CONCLUDED PERFORMANCE AGREEMENTS AS AT 31 MARCH 2019

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 2018/19 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.

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TABLE 3.8.1 – PERFORMANCE REWARDS BY RACE, GENDER, AND DISABILITY

Race and Gender	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee (R)
African Female	1071	2312	46.32	16196	15.122
African Male	973	2228	43.67	16127	16.575
Asian Female	34	72	47.22	571	16.794
Asian Male	19	43	44.19	532	28.000
Coloured Female	83	216	38.43	1414	17.036
Coloured Male	44	130	33.85	943	21.432
White Female	139	274	50.73	2885	20.755
White Male	62	150	41.33	1505	24.274
Employees with disabilities	50	110	45.45	886	17.720
<b>Total</b>	<b>2475</b>	<b>5535</b>	<b>44.72</b>	<b>41059</b>	<b>16.589</b>

TABLE 3.8.2 – PERFORMANCE REWARDS BY SALARY BANDS FOR PERSONNEL BELOW SMS MEMBERS FOR THE PERIOD 1 APRIL 2018 AND 31 MARCH 2019

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	240	0.00	0	0.000
Skilled (Levels 3-5)	213	747	28.51	1666	7.822
Highly skilled production (Levels 6-8)	1396	2452	56.93	17586	12.597
Highly skilled supervision (Levels 9-12)	788	1774	44.42	17832	22.629
<b>Total</b>	<b>2397</b>	<b>5213</b>	<b>45.98</b>	<b>37084</b>	<b>15.471</b>

TABLE 3.8.3 – PERFORMANCE REWARDS BY CRITICAL OCCUPATIONS FOR THE PERIOD 1 APRIL 2018 AND 31 MARCH 2019

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	5	8	62.50	110	22.000
Architects Town and Traffic Planners	17	34	50.00	402	23.647
Cartographers and Surveyors	98	315	31.11	2269	23.153
Cartographic Surveying and Related Technicians	35	77	45.45	681	19.457
Community Development Workers	68	112	60.71	919	13.515
Engineers and related Professionals	6	21	28.57	110	18.333
Other	2246	4968	45.21	36568	16.281
<b>Total</b>	<b>2475</b>	<b>5535</b>	<b>44.72</b>	<b>41059</b>	<b>16.589</b>

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TABLE 3.8.4 – PERFORMANCE RELATED REWARDS (CASH BONUS), BY SALARY BAND, FOR SMS MEMBERS FOR THE PERIOD 1 APRIL 2018 AND 31 MARCH 2019

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	55	234	23.50	2459	44.709
SMS Band B	22	80	27.50	1409	64.045
SMS Band C	1	8	12.50	107	107.000
SMS Band D	0	0	0.00	0	0
<b>Total</b>	<b>78</b>	<b>322</b>	<b>24.22</b>	<b>3975</b>	<b>50.962</b>

### 3.9 FOREIGN WORKERS

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

TABLE 3.9.1 – FOREIGN WORKERS FOR THE PERIOD 1 APRIL 2018 AND 31 MARCH 2019

Salary Band	1 April 2018		31 March 2019		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	1	11.11	1	33.33
Highly skilled supervision (Levels 9-12)	6	100.00	7	77.77	1	33.33
SMS (Levels 13-16)	0	0.00	1	11.11	1	33.33
<b>Total</b>	<b>6</b>	<b>100.00</b>	<b>9</b>	<b>100.00</b>	<b>3</b>	<b>100.00</b>

TABLE 3.9.2 – FOREIGN WORKER BY MAJOR OCCUPATION FOR THE PERIOD 1 APRIL 2018 AND 31 MARCH 2019

Salary Band	1 April 2018		31 March 2019		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	33.33	0	0.00	-2	-66.66
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	2	22.22	2	66.66
Other	4	66.66	7	77.77	3	100.00
<b>Total</b>	<b>6</b>	<b>100.00</b>	<b>9</b>	<b>100.00</b>	<b>3</b>	<b>100.00</b>



## 3.10 LEAVE UTILISATION

The Public Service Commission identified the need for careful monitoring of sick leave within the public service. The following tables provide an indication of the use of sick leave (Table 3.10.1) and disability leave (Table 3.10.2). In both cases, the estimated cost of the leave is also provided. Table 3.10.3 summarises the utilisation of annual leave. The wage agreement concluded with trade unions in the Public Service Coordinating Bargaining Council in 2000, requires management of annual leave to prevent high levels of accrued leave being paid at the time of termination of service.

TABLE 3.10.1 – SICK LEAVE, 1 JANUARY 2018 TO 31 DECEMBER 2018

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)	538	42.90	156	65.00	4	178
Skilled (Levels 3-5)	2638	76.80	358	47.93	5	2131
Highly skilled production (Levels 6-8)	17792	64.71	2368	96.57	6	23909
Highly skilled supervision (Levels 9-12)	9263	63.96	1354	76.32	6	23305
SMS (Levels 13-16)	1259	75.46	208	64.60	4	5122
<b>Total</b>	<b>31490</b>	<b>64.77</b>	<b>4444</b>	<b>80.29</b>	<b>5</b>	<b>54645</b>

TABLE 3.10.2 – DISABILITY LEAVE (TEMPORARY AND PERMANENT), 1 JANUARY 2018 TO 31 DECEMBER 2018

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)	15	100.00	1	0.42	15	5
Skilled (Levels 3-5)	1178	100.00	47	6.29	25	971
Highly skilled production (Levels 6-8)	4801	100.00	258	10.52	19	6193
Highly skilled supervision (Levels 9-12)	2066	100.00	121	6.82	17	5217
SMS (Levels 13-16)	574	100.00	13	4.04	44	2638
<b>Total</b>	<b>8634</b>	<b>100.00</b>	<b>440</b>	<b>7.95</b>	<b>24</b>	<b>15024</b>

TABLE 3.10.3 – ANNUAL LEAVE, 1 JANUARY 2018 TO 31 DECEMBER 2018

Salary Bands	Total days taken	Average per employee	Number of employees who took leave
Lower skilled (Levels 1-2)	2785	12	240
Skilled (Levels 3-5)	10285	14	459
Highly skilled production (Levels 6-8)	72685	30	2452
Highly skilled supervision (Levels 9-12)	44002	25	1774
SMS (Levels 13-16)	7235	22	317
<b>Total</b>	<b>136992</b>	<b>25</b>	<b>5242</b>

TABLE 3.10.4 – CAPPED LEAVE, 1 JANUARY 2018 TO 31 DECEMBER 2018

Salary Bands	Total days of capped leave taken	Number of Employees who took leave	Average number of days taken per employee	Capped leave available as on 31 December 2016
Lower skilled (Levels 1-2)	0	0	-	0
Skilled (Levels 3-5)	16	3	5	1631
Highly skilled production (Levels 6-8)	130	6	22	9271
Highly skilled supervision (Levels 9-12)	131	18	7	10356
SMS (Levels 13-16)	10	5	2	4274
<b>Total</b>	<b>287</b>	<b>32</b>	<b>9</b>	<b>25532</b>

TABLE 3.10.5 – LEAVE PAYOUTS FOR THE PERIOD 1 APRIL 2018 TO 31 MARCH 2019

Reason	Total Amount (R'000)	Number of Employees	Average payment per employee
Leave payout for 2018/19 due to non-utilisation of leave for the previous cycle	2875	123	21.335
Capped leave payouts on termination of service for 2018/19	479	10	44.375
Current leave payout on termination of service for 2018/19	1877	49	41.125
<b>Total</b>	<b>5231</b>	<b>182</b>	<b>35.612</b>

### 3.11 HIV/AIDS & HEALTH PROMOTION PROGRAMMES

The national Employee Health and Wellness Strategic Framework was developed and launch in 2008 following the research and benchmarking of international and local best practices and by obtaining inputs from stakeholders from previous Employee Health and Wellness Indabas. It seeks to represent an integrated, needs-driven, participative, and holistic approach to Employee Health and Wellness in the Public Service. The integrated approach to employee health and wellness recognises the importance of individual health, wellness and safety and its linkages to organisational wellness and productivity in the Public Service. Table 3.11.1 indicates the steps taken to reduce the risk of occupational exposure in the workplace. Table 3.11.2 delivers the details of the departments programmes.

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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 John Masilela Acting Director: Labour Relations
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); 6 x Provincial Coordinators (ASDs), 2 x vacant posts.
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 and Productivity Management (Disease Management, Health Promotion/Awareness and Health Screening), Life-skills Programmes, HIV&AIDS, TB and STIs including Voluntary HIV Counselling and Testing (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, Communication, Spiritual and Union representatives.
5. Has the department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	X		<ul style="list-style-type: none"> <li>• HIV&amp;AIDS, TB and STI Policy.</li> <li>• Employee Health and Wellness Policy.</li> <li>• Health Productivity Management.</li> <li>• Safety, Health, Environment, Risk and Quality (SHERQ) management</li> </ul>
6. Has the department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	X		HIV&AIDS policy is being implemented. Awareness and Education on HIV&AIDS Management. Provision of Care and Support by in-house EHWM Specialists and service providers through Psycho-social Services.

## DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM

Question	Yes	No	Details, if yes
7. Does the department encourage its employees to undergo Voluntary Counseling and Testing? If so, list the results that you have achieved.	X		Voluntary Counselling and Testing (VCT) was incorporated into Health and Wellness events/office-based services, World AIDS Day and Sexually Transmitted Infections/Condom Week. The total number of attendance was 1679 (31%); the number of VCT participants was 716 which gives a percentage of 43%.
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

<b>Programme Manager</b>	Bongeka Gcwabe
<b>National Coordinator</b>	Khonjiwe Radebe
<b>National Coordinator</b>	Nocawe Morake
<b>Occupational Health Specialist</b>	Lucia Lethola

## DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM

### EHW MANAGEMENT COMMITTEE MEMBERS

Provinces	KwaZulu-Natal	Western Cape	Mpumalanga	North West	Free State
<b>Provincial Coordinators</b>	Happy Kwela	Vuyolwethu Noyi	Post Vacant	Post Vacant	Khulubone Mkhonza
<b>HR Managers</b>	Sharon Budhoo	Tobani Mtintsilana	Asanda Mdala	Boitumelo Molopyane	Zola Mokoena
<b>Committee Members</b>	Happy Kwela	Vuyolwethu Noyi	Zanele Ngwenya Thembi Makama	Nare Kubyana	Khulubone Mkhonza
Provinces	Limpopo	Gauteng	Northern Cape	Eastern Cape	National Office
<b>Provincial Coordinators</b>	Mashangu Nefale	Post Vacant	Haroldine Wells	Siphokazi Njongi	Mr S Ngomane (Chairperson)  Bongeka Gcwabe (Programme Manager)  Lucia Lethola Khonjiwe Radebe Nocawe Morake Simon Visagie Julius Mothate Onicah Cholo Khethani Ngobeni Simphiwe Jacobs Lindiwe Motau Nancy Manganyi Motlatso Rammutla Boitshwarelo Moemedi
<b>HR Managers</b>	Moraka Shai	Mohemedi Molefi	Thapelo Mashoai	Mcebisi Ciko	
<b>Committee Members</b>	Mashangu Nefale	Agnes Kibe Munyai Dovhani Karien Kloppe Nokwanda Mncwango Samuel Moleleki David Sema Jennifer Motsepe Danisile Sambo Boipelo Mathule	Haroldine Wells Clement Makebe	Siphokazi Njongi	

### 3.12 LABOUR RELATIONS

The purpose of Directorate: Labour Relations is to fulfill 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

## DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM

- 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

Subject matter	Date
None	0
<b>Total</b>	<b>0</b>

TABLE 3.12.2 – MISCONDUCT AND DISCIPLINARY HEARINGS FINALISED

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

Outcomes of disciplinary hearings	Number	% of total
Written warning	3	3.33
Final written warning	1	1.11
Dismissal	12	13.33
Not Guilty	3	3.33
Suspension	1	1.11
Case withdrawn	3	3.33
Appeals	16	17.78
Pending	51	56.67
<b>Total</b>	<b>90</b>	<b>100.00</b>

TABLE 3.12.3 – TYPES OF MISCONDUCT ADDRESSED AT DISCIPLINARY HEARINGS

Type of misconduct	Number	% of total
Negligence	2	2.22
Insubordination/Disrespect/Insolence	6	6.67
Contravention of Deeds Registration	1	1.11
Bribe	1	1.11
Fraud	8	8.89
Contravention PFMA and other charges	21	23.33
Pending	51	56.67
<b>Total</b>	<b>90</b>	<b>100.00</b>

TABLE 3.12.4 – GRIEVANCES LODGED

Grievances Lodged	Number	% of Total
Number of grievances resolved	288	50.53
Number of grievances not resolved	282	49.47
<b>Total</b>	<b>570</b>	<b>100.00</b>

TABLE 3.12.5 – DISPUTES LODGED WITH COUNCILS

Disputes Lodged	Number	% of Total
Number of disputes upheld	15	16.30
Number of disputes dismissed	11	11.96
Withdrawn or settlement reached	17	18.48
Still in process	49	53.26
<b>Total</b>	<b>92</b>	<b>100.00</b>

TABLE 3.12.6 – STRIKE ACTIONS

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

TABLE 3.12.7 – PRECAUTIONARY SUSPENSIONS FOR THE PERIOD

Number of people suspended	15
Number of people whose suspension exceeded 30 days	15
Average number of days suspended	730
Cost (R'000) of suspensions	9551608.50

### 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 2018 TO 31 MARCH 2019

Occupational Categories	Gender	Number of employees as at 1 April 2018	Training needs identified at start of reporting period			
			Learnerships	Skills Pro-grammes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	108	0	Skills Programme	Conference (Non NQF)	183
	Male	167	0	Skills Programme	Conference (Non NQF)	195
Professionals	Female	1110	0	Skills Programme	Conference (Non NQF)	61
	Male	1094	0	Skills Programme	N/A	62
Technicians and associate professionals	Female	747	0	Skills Programme	N/A	36
	Male	732	0	Skills Programme	N/A	36
Clerks	Female	763	0	Skills Programme	Conference (Non NQF)	450
	Male	395	0	Skills Programme	Conference (Non NQF)	420

# DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM

Occupational Categories	Gender	Number of employees as at 1 April 2018	Training needs identified at start of reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Service and sales workers	Female	10	0	Skills Programme	N/A	6
	Male	23	0	Skills Programme	N/A	1
Craft and related trade workers	Female	5	0	Skills Programme	N/A	0
	Male	18	0	Skills Programme	N/A	0
Elementary occupations	Female	38	0	Skills Programme	N/A	12
	Male	67	0	Skills Programme	N/A	13
Sub Total	Female	2781	0	Skills Programme	N/A	740
	Male	2493	0	Skills Programme	N/A	727
<b>Total</b>		<b>5277</b>	<b>0</b>			<b>1475</b>



## DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM

TABLE 3.13.2 - TRAINING PROVIDED FOR THE PERIOD 1 APRIL 2018 TO 31 MARCH

Occupational Categories	Gender	Number of employees as at 1 April 2018	Training needs identified at start of reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	108	0	242	54	296
	Male	167	0	294	65	359
Professionals	Female	1110	0	70	297	367
	Male	1094	0	74	345	419
Technicians and associate professionals	Female	747	0	1054	6	1060
	Male	732	0	862	0	862
Clerks	Female	763	0	1 038	1 162	2 200
	Male	395	0	596	803	1 399
Service and sales workers	Female	10	0	0	0	0
	Male	23	0	0	0	0
Craft and related trade workers	Female	5	0	1	5	6
	Male	18	0	0	2	2
Elementary occupations	Female	38	0	1 443	946	2 389
	Male	67	0	1 123	711	1 834
Sub Total	Female	2781	0	3848	2470	6318
	Male	2493	0	2949	1926	4875
<b>Total</b>		<b>5277</b>	<b>5277</b>	<b>6797</b>	<b>4396</b>	<b>11193</b>

### 3.14 INJURY ON DUTY

The following tables provide basic information on injury on duty.

TABLE 3.14.1 INJURY ON DUTY FOR PERIOD FOR THE PERIOD 1 APRIL 2018 TO 31 MARCH 2019

Nature of injury on duty	Number	% of total
Required basic medical attention only	3	100.00
Temporary Total Disablement	0	0.00
Permanent Disablement	0	0.00
Fatal	0	0.00
<b>Total</b>	<b>3</b>	<b>100.00</b>

## 3.15 UTILISATION OF CONSULTANTS

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

TABLE 3.15.1 – REPORT ON CONSULTANT APPOINTMENTS FOR THE PERIOD 1 APRIL 2018 TO 31 MARCH 2019

Nature of Consulting Services	Amount Paid (R'000)
Audit Committee (Non-Officials)	1457
Board Member	3526
Financial Management	2192
Organisational Management	3602
Project Management	18175
Research & Advisory	73879
Valuer	229
Com Of Enquiry	300
Qualification Verification	149
Geo Information Services	1514
Land & Qty Survey Services	1148
L/Pvt Firm: Legal Services	148672
L/State Attny: Conveyancing Services	71
State Attorney Legal Advice	53749
Aerial Photography	11384
Artist & Performers	135
Audio Visual Services	1
Casual Laborers	29
Employee Wellness	1426
Event Promoters	1514
Graphic Designs	1
Interior Decorators	187
Medical Services	18
Stage And Sound Crew	14
Tracing Agent & Debt Collectors	1124
Transport/Rlctn Contr	1124
Plant Flowers &Other Decorations	2
Mnt&Rep Other Machinery & Equipment	5910
A&S/O/S: Administration & Support Staff	10874
A&S/O Nutrition Services: Communities	2082
A&S/O Nutrition Services: Training College	6963
A&S/O/S: Financial Management	1257
A&A/O/S: Land Claim Verification	1074
A&S/O/S: Personnel & Labour	607
A&S/O/S: Researcher	252
Consultant and Special Serv: Investigation	8 983
Agency & S/O Serv Security Services	389

Nature of Consulting Services	Amount Paid (R'000)
Consultant: Agency Staff	54
Consultant : Quality Control Inspection	41
Prof. Services: SITA Mainframe Time	26 581
Prof. Services: SITA Printing Works	145
Computer Services: Oracle Data Support	13 594
Computer Services: External Service provider Accpac	259
<b>Total Consultants And Professional Service</b>	<b>404687</b>

### 3.16 SEVERANCE PACKAGES

TABLE 3.16.1 – GRANTING OF EMPLOYEE INITIATED SEVERANCE PACKAGES FOR THE PERIOD 1 APRIL 2018 TO 31 MARCH 2019

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



PART *E*  
FINANCIAL  
*Information*

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### OPINION

I have audited the financial statements of the Department of Rural Development and Land Reform set out on pages 124 to 210, which comprise the appropriation statement, the statement of financial position as at 31 March 2019, 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.

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 2019, and its financial performance and cash flows for the year then ended in accordance with the Modified Cash Standard (MCS) prescribed by the National Treasury and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

### 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 department in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code), parts 1 and 3 of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) 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.

### SIGNIFICANT UNCERTAINTIES

As disclosed in note 18 to the financial statements, claims of R2 199million (2017-18: R2 108 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.

### IMPAIRMENTS

As disclosed in notes 23.3 and 12.6 to the financial statements, provision has been made for an impairment of R89,2 million, of which R73,3 million relates to the non-recovery of accrued departmental revenue (2017-18: R80,3 million) and R15,9 million relates to the provision for doubtful staff debts (2017-18: R13,8 million).

### RESTATEMENT OF CORRESPONDING FIGURES

As disclosed in note 33 to the financial statements, the corresponding figures for 31 March 2018 were restated as a result of errors in the financial statements of the department at, and for the year ended, 31 March 2019.

### 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 MCS 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 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 appropriate governance structure 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

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

### 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 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.

My procedures address the reported performance information, which must be based on the approved performance planning documents of the department. I have not evaluated the completeness and appropriateness of the performance indicators/measures included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

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 2019:

Programmes	Pages in the annual performance report
Programme 2 - Geospatial and Cadastral Services	37 – 38
Programme 3 - Rural Development	39 – 40
Programme 4 - Restitution	41
Programme 5 - Land Reform	42 – 43

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.

I did not raise any material findings on the usefulness and reliability of the reported performance information for these programmes:

- Programme 2: Geospatial and Cadastral Services
- Programme 3: Rural Development
- Programme 4: Restitution
- Programme 5: Land Reform

## OTHER MATTERS

I draw attention to the matters below.

## ACHIEVEMENT OF PLANNED TARGETS

Refer to the annual performance report on pages 36 to 43 for information on the achievement of planned targets for the year and explanations provided for the under- or overachievement of a significant number of targets.

## ADJUSTMENT OF MATERIAL MISSTATEMENTS

I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of programme 2: geospatial and cadastral services. 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

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.

The material findings on compliance with specific matters in key legislation are as follows:

### ANNUAL FINANCIAL STATEMENTS

The annual financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework or supported by full and proper records as required by section 40(1) (a) and (b) of the PFMA. Material misstatements relating to disclosures of agent-principal arrangements, contingent assets and contingent liabilities identified by the auditors in the submitted financial statements were corrected and the supporting records for payables were provided subsequently, resulting in the financial statements receiving an unqualified opinion.

### EXPENDITURE MANAGEMENT

Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R105,9 million (2017-18: R6.2 million), as disclosed in note 24 to the annual financial statements, as required by section 38(1) (c)(ii) of the PFMA and treasury regulation 9.1.1. The majority of the irregular expenditure disclosed in the financial statements resulted from non-compliance with supply chain management processes.

Effective steps were not taken to prevent fruitless and wasteful expenditure amounting to R2 184 000, as disclosed in note 25.1 to the annual financial statements, as required by section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1.

Payments were not made within 30 days or an agreed period after receipt of an invoice, as required by treasury regulation 8.2.3.

### PROCUREMENT AND CONTRACT MANAGEMENT

In some instances, invitations for competitive bidding were not advertised for a required minimum period, as required by treasury regulations 16A6.3(c).

In some instances, persons in service of the Department who had a private or business interest in contracts awarded by the Department failed to disclose such interest, as required by treasury regulation 16A8.4 and the public service regulations 18(1) and (2).

In some instances, persons in service of the Department whose close family members, partners or associates had a private or business interest in contracts awarded by the failed to disclose such interest, as required by treasury regulation 16A8.4.

### OTHER INFORMATION

The accounting officer is responsible for the other information. The other information comprises the information included in the annual 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 in this auditor's report.

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.

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.

The other information I obtained prior to the date of this auditor's report is the accounting officer's report and the other information to be included in the annual report is expected to be made available to us after 31 July 2019.

If, based on the work I have performed on the other information that I 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.

When I do receive and read the other information to be included in the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

### INTERNAL CONTROL DEFICIENCIES

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 compliance with legislation included in this report.

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

Management did not ensure that there were adequate daily and monthly controls to confirm the accuracy of information in the preparation of financial reporting. The audit revealed significant weaknesses in the information system environment, which is not ideal for the preparation of complete and credible monthly, quarterly and annual financial information that is free of material errors and misstatements.

### OTHER REPORTS

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.

Currently, 46 cases are under investigation by the forensic investigation directorate. These investigations relate to:

- Allegations of corruption
- Allegations of financial mismanagement
- Allegations of fraud
- Allegations of fraud and procurement irregularities
- Allegations of fraudulent lodgement
- Allegations of irregular appointments
- Allegations of irregular submission of tender documents
- Allegations of irregularities
- Allegations of manipulation of fuel claims
- Allegations of misappropriation of funds
- Allegations of misconduct
- Allegations of mismanagement
- Allegations of mismanagement of land transfers
- Allegations of mismanagement of valuations
- Allegations of misuse of subsistence and travel claims
- Allegations of procurement irregularities
- Allegations of travel irregularities
- Allegations of travel mismanagement
- Allegations of unlawful land claims
- Appointment of a service provider
- Suspected procedural implementation and deployment

As at 31 March 2019, the department's forensic investigations directorate had concluded 38 investigations relating to the following:

- Allegations of fraud and corruption
- Allegations of corruption during the appointment of service providers
- Allegations of irregularities
- Allegations of financial mismanagement
- Allegations of manipulation of fuel claims
- Allegations of mismanagement of travel claims
- Allegations of unlawful land claims
- Allegations of fraudulent activities

*Auditor General*

Pretoria

31 July 2019



AUDITOR-GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## 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 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; and
  - 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.

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# DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM VOTE 39

## APPROPRIATION STATEMENT AS AT 31 MARCH 2019

Appropriation per programme									
Voted funds and Direct charges	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Programme</b>									
1. Administration	1,877,945	-	33,484	1,911,429	1,842,589	68,840	96.4%	1,762,212	1,373,037
2. National Geomatics Management Services	657,664	-	(15,358)	642,306	626,906	15,400	97.6%	652,389	618,203
3. Rural Development	1,787,249	-	211,475	1,998,724	1,980,700	18,024	99.1%	2,009,507	1,995,657
4. Restitution	3,359,330	-	(95,066)	3,264,264	3,256,042	8,222	99.7%	3,097,519	3,093,990
5. Land Reform	2,743,055	-	(134,535)	2,608,520	2,574,863	33,657	98.7%	2,662,613	2,649,294
<b>TOTAL</b>	<b>10,425,243</b>	<b>-</b>	<b>-</b>	<b>10,425,243</b>	<b>10,281,100</b>	<b>144,143</b>	<b>98.6%</b>	<b>10,184,240</b>	<b>9,730,181</b>
<b>Reconciliation with Statement of Financial Performance</b>									
<b>Add:</b>									
Departmental receipts				114,509				81,609	
Aid assistance				-				8,922	
<b>Actual amounts per Statement of Financial Performance (Total Revenue)</b>				<b>10,539,752</b>				<b>10,274,771</b>	
<b>Add: Aid assistance</b>					-				8,800
<b>Actual amounts per Statement of Financial Performance Expenditure</b>					<b>10,281,100</b>				<b>9,738,981</b>

Appropriation per economic classification									
	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>	<b>3,872,512</b>	<b>438,805</b>	<b>237,553</b>	<b>4,548,870</b>	<b>4,457,129</b>	<b>91,741</b>	<b>98.0%</b>	<b>4,512,361</b>	<b>4,058,522</b>
Compensation of employees	2,325,590	-	-	2,325,590	2,239,196	86,394	96.3%	2,194,584	2,085,585
Salaries and wages	2,036,321	(7,729)	-	2,028,592	1,954,159	74,433	96.3%	1,919,252	1,817,716
Social contributions	289,269	7,729	-	296,998	285,037	11,961	96.0%	275,332	267,869
Goods and services	1,546,872	437,933	237,553	2,222,358	2,217,012	5,346	99.8%	2,317,777	1,969,206
Administrative fees	20,416	7,878	-	28,294	28,130	164	99.4%	27,822	27,807
Advertising	36,515	(22,628)	(690)	13,197	13,151	46	99.7%	10,365	10,362
Minor assets	23,007	(16,490)	(1,080)	5,437	5,206	231	95.8%	6,426	6,421
Audit costs: External	23,741	(5,502)	-	18,239	18,235	4	100.0%	20,069	20,069
Bursaries:									
Employees	4,753	1,214	-	5,967	5,967	-	100.0%	5,546	5,546
Catering: Departmental activities	6,875	(2,061)	-	4,814	4,735	79	98.4%	4,841	4,836
Communication (G&S)	41,586	(1,028)	36	40,594	40,353	241	99.4%	54,119	54,110
Computer services	239,060	(49,009)	(9,095)	180,956	180,944	12	100.0%	138,183	138,183
Consultants: Business and advisory services	160,163	(34,427)	(23,784)	101,952	101,893	59	99.9%	495,461	146,974
Infrastructure and planning services	4,147	(361)	(1,121)	2,665	2,662	3	99.9%	887	887
Legal services	108,396	53,884	40,229	202,509	202,493	16	100.0%	211,251	211,250
Contractors	30,368	(8,554)	-	21,814	21,753	61	99.7%	17,436	17,421
Agency and support / outsourced services	68,245	(7,604)	(17,822)	42,819	42,798	21	100.0%	67,080	67,080
Entertainment	30	(29)	-	1	-	1	-	3	3



# APPROPRIATION STATEMENT

## AS AT 31 MARCH 2019

Appropriation per economic classification									
	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Fleet services (including government motor transport)	24,796	(2,436)	(902)	21,458	21,253	205	99.0%	19,133	19,131
Inventory: Farming supplies	-	293,497	233,752	527,249	527,249	-	100.0%	210,575	210,575
Inventory: Other supplies		104,850		104,850	104,850		100.0%	324,981	324,981
Consumable supplies	16,216	(7,179)	-	9,037	8,539	498	94.5%	5,838	5,837
Consumable: Stationery, printing and office supplies	45,179	(13,270)	(1,638)	30,271	29,771	500	98.3%	26,843	26,838
Operating leases	280,179	24,244	29,210	333,633	332,711	922	99.7%	225,096	225,093
Property payments	159,496	4,085	(1,052)	162,529	162,320	209	99.9%	130,546	130,545
Transport provided:									
Departmental activity	1,620	3,283	(1,680)	3,223	3,218	5	99.8%	2,345	2,345
Travel and subsistence	168,294	90,658	-	258,952	257,257	1,695	99.3%	246,798	246,786
Training and development	30,778	(4,532)	(8,867)	17,379	17,377	2	100.0%	7,174	7,173
Operating payments	22,453	6,406	1,802	30,661	30,380	281	99.1%	8,861	8,860
Venues and facilities	28,580	22,305	255	51,140	51,067	73	99.9%	47,025	47,021
Rental and hiring	1,979	739	-	2,718	2,700	18	99.3%	3,073	3,072
Interest and rent on land	50	872	-	922	921	1	99.9%	-	3,731
Interest (Incl. interest on unitary payments (PPP))	50	872	-	922	921	1	99.9%	-	3,731
<b>Transfers and subsidies</b>	<b>6,248,354</b>	<b>(948,961)</b>	<b>(238,023)</b>	<b>5,061,370</b>	<b>5,053,403</b>	<b>7,967</b>	<b>99.8%</b>	<b>4,952,670</b>	<b>4,950,172</b>
Provinces and municipalities	96,394	128,992	-	225,386	225,351	35	100.0%	217,741	217,740
Municipalities	96,394	128,992	-	225,386	225,351	35	100.0%	217,741	217,740
Municipal bank accounts	96,394	128,992	-	225,386	225,351	35	100.0%	217,741	217,740
Departmental agencies and accounts	1,491,833	3	-	1,491,836	1,491,833	3	100.0%	1,436,945	1,436,945
Departmental agencies (non-business entities)	1,491,833	3	-	1,491,836	1,491,833	3	100.0%	1,436,945	1,436,945
Foreign governments and international organisations	1,749	420	-	2,169	2,168	1	100.0%	2,385	2,385
Public corporations and private enterprises	650,001	(650,000)	14	15	14	1	93.3%	1	-
Public corporations	650,000	(650,000)	-	-	-	-	-	1	-
Subsidies on products and production (pc)	150,000	(150,000)	-	-	-	-	-	-	-
Other transfers to public corporations	500,000	(500,000)	-	-	-	-	-	1	-
Private enterprises	1	-	14	15	14	1	93.3%	-	-
Other transfers to private enterprises	1	-	14	15	14	1	93.3%	-	-
Non-profit institutions	3,695	-	-	3,695	3,695	-	100.0%	3,492	3,492
Households	4,004,682	(428,376)	(238,037)	3,338,269	3,330,342	7,927	99.8%	3,292,106	3,289,610
Social benefits	1,702	1,832	1,083	4,617	4,588	29	99.4%	5,847	5,847
Other transfers to households	4,002,980	(430,208)	(239,120)	3,333,652	3,325,754	7,898	99.8%	3,386,259	3,383,763
<b>Payments for capital assets</b>	<b>304,377</b>	<b>510,156</b>	<b>470</b>	<b>815,003</b>	<b>767,908</b>	<b>47,095</b>	<b>94.2%</b>	<b>719,209</b>	<b>718,035</b>
Buildings and other fixed structures	237,838	495,510	-	733,348	686,570	46,778	93.6%	563,316	563,316
Buildings	237,838	7,556	-	245,394	198,616	46,778	80.9%	2,042	2,042
Other fixed structures	-	487,954	-	487,954	487,954	-	100.0%	561,274	561,274
Machinery and equipment	47,458	8,468	470	56,396	56,080	316	99.4%	44,769	43,595
Transport equipment	2,300	1,210	-	3,510	3,509	1	100.0%	1,337	1,337
Other machinery and equipment	45,158	7,258	470	52,886	52,571	315	99.4%	43,432	42,258
Land and sub-soil assets	19,081	6,178	-	25,259	25,258	1	100.0%	111,124	111,124

# DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM VOTE 39

## APPROPRIATION STATEMENT AS AT 31 MARCH 2019

Appropriation per economic classification									
	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Payment for financial assets	-	-	-	-	2,660	(2,660)	-	-	3,452
	10,425,243	-	-	10,425,243	10,281,100	144,143	98.6%	10,184,240	9,730,181

Programme 1: Administration									
	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>SUB-PROGRAMME</b>									
1.Ministry	47,822	6,010	59	53,891	53,069	822	98.5%	45,249	45,223
2.Management	207,444	14,358	99	221,901	216,638	5,263	97.6%	169,581	164,863
3.Internal Audit	46,682	(8,122)	35	38,595	38,402	193	99.5%	34,859	34,434
4.Corporate Services	456,440	(47,223)	986	410,203	409,871	332	99.9%	375,841	364,269
5.Financial Services	193,220	6,435	295	199,950	196,528	3,422	98.3%	182,596	179,887
6.Provincial Coordination	393,451	11,275	2,587	407,313	395,286	12,027	97.0%	373,916	352,632
7.Office Accommodation	532,886	17,267	29,423	579,576	532,795	46,781	91.9%	580,170	231,729
	1,877,945	-	33,484	1,911,429	1,842,589	68,840	96.4%	1,762,212	1,373,037

Economic classification									
<b>Current payments</b>	<b>1,620,561</b>	<b>-</b>	<b>29,427</b>	<b>1,649,988</b>	<b>1,627,398</b>	<b>22,590</b>	<b>98.6%</b>	<b>1,747,793</b>	<b>1,358,069</b>
Compensation of employees	793,516	-	-	793,516	772,281	21,235	97.3%	739,278	697,285
Salaries and wages	696,277	(2,087)	-	694,190	675,771	18,419	97.3%	647,314	607,840
Social contributions	97,239	2,087	-	99,326	96,510	2,816	97.2%	91,964	89,445
Goods and services	827,045	-	29,423	856,468	855,113	1,355	99.8%	1,008,515	660,033
Administrative fees	4,204	1,018	-	5,222	5,166	56	98.9%	5,823	5,817
Advertising	25,558	(20,256)	-	5,302	5,294	8	99.8%	3,823	3,822
Minor assets	3,833	(1,861)	-	1,972	1,894	78	96.0%	2,285	2,284
Audit costs: External	22,394	(5,350)	-	17,044	17,041	3	100.0%	18,383	18,383
Bursaries: Employees	4,753	1,214	-	5,967	5,967	-	100.0%	5,546	5,546
Catering: Departmental activities	796	(205)	-	591	570	21	96.4%	594	592
Communication (G&S)	12,243	668	-	12,911	12,829	82	99.4%	20,536	20,531
Computer services	203,194	(37,321)	-	165,873	165,863	10	100.0%	122,080	122,080
Consultants: Business and advisory services	21,623	(2,024)	-	19,599	19,591	8	100.0%	375,423	26,978
Legal services	11,084	23,220	-	34,304	34,299	5	100.0%	24,273	24,272
Contractors	15,090	(7,024)	-	8,066	8,046	20	99.8%	2,375	2,371
Agency and support / outsourced services	12,238	(7,584)	-	4,654	4,651	3	99.9%	8,270	8,270
Entertainment	-	-	-	-	-	-	-	2	2
Fleet services (including government motor transport)	5,401	1,229	-	6,630	6,560	70	98.9%	5,641	5,640
Consumable supplies	5,070	(1,658)	-	3,412	3,210	202	94.1%	2,217	2,217
Consumable: Stationery, printing and office supplies	11,151	(1,809)	-	9,342	9,244	98	99.0%	7,122	7,119
Operating leases	259,674	18,835	29,423	307,932	307,906	26	100.0%	205,161	205,160
Property payments	131,986	4,554	-	136,540	136,521	19	100.0%	109,496	109,495
Travel and subsistence	46,791	25,381	-	72,172	71,604	568	99.2%	68,832	68,823

# DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM VOTE 39

## APPROPRIATION STATEMENT AS AT 31 MARCH 2019

Programme 1: Administration (Continued)									
	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Training and development	15,286	1,619	-	16,905	16,905	-	100.0%	5,605	5,604
Operating payments	7,285	(2,291)	-	4,994	4,946	48	99.0%	3,184	3,184
Venues and facilities	7,391	9,358	-	16,749	16,720	29	99.8%	11,004	11,003
Rental and hiring	-	287	-	287	286	1	99.7%	840	840
Interest and rent on land	-	-	4	4	4	-	100.0%	-	751
Interest (Incl. interest on unitary payments (PPP))	-	-	4	4	4	-	100.0%	-	751
<b>Transfers and subsidies</b>	<b>812</b>	<b>-</b>	<b>3,399</b>	<b>4,211</b>	<b>4,201</b>	<b>10</b>	<b>99.8%</b>	<b>2,091</b>	<b>2,091</b>
Provinces and municipalities	41	-	(23)	18	16	2	88.9%	13	13
Municipalities	41	-	(23)	18	16	2	88.9%	13	13
Municipal bank accounts	41	-	(23)	18	16	2	88.9%	13	13
Departmental agencies and accounts	-	3	-	3	2	1	66.7%	13	13
Departmental agencies (non-business entities)	-	3	-	3	2	1	66.7%	13	13
Public corporations and private enterprises	-	-	15	15	14	1	93.3%	-	-
Private enterprises	-	-	15	15	14	1	93.3%	-	-
Other transfers to private enterprises	-	-	15	15	14	1	93.3%	-	-
Households	771	(3)	3,407	4,175	4,169	6	99.9%	2,065	2,065
Social benefits	771	(3)	997	1,765	1,759	6	99.7%	2,065	2,065
Other transfers to households	-	-	2,410	2,410	2,410	-	100.0%	-	-
<b>Payments for capital assets</b>	<b>256,572</b>	<b>-</b>	<b>658</b>	<b>257,230</b>	<b>210,363</b>	<b>46,867</b>	<b>81.8%</b>	<b>12,328</b>	<b>11,157</b>
Buildings and other fixed structures	237,838	-	-	237,838	191,060	46,778	80.3%	2,042	2,042
Buildings	237,838	-	-	237,838	191,060	46,778	80.3%	2,042	2,042
Machinery and equipment	18,734	-	658	19,392	19,303	89	99.5%	10,286	9,115
Transport equipment	2,300	1,210	-	3,510	3,509	1	100.0%	1,293	1,293
Other machinery and equipment	16,434	(1,210)	658	15,882	15,794	88	99.4%	8,993	7,822
<b>Payment for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>627</b>	<b>(627)</b>	<b>-</b>	<b>-</b>	<b>1,720</b>
	<b>1,877,945</b>	<b>-</b>	<b>33,484</b>	<b>1,911,429</b>	<b>1,842,589</b>	<b>68,840</b>	<b>96.4%</b>	<b>1,762,212</b>	<b>1,373,037</b>

# DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM VOTE 39

## APPROPRIATION STATEMENT AS AT 31 MARCH 2019

Sub-programme: 1.1: Ministry									
	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>	<b>47,485</b>	<b>5,951</b>	-	<b>53,436</b>	<b>52,470</b>	<b>966</b>	<b>98.2%</b>	<b>44,907</b>	<b>44,749</b>
Compensation of employees	29,966	-	-	29,966	29,058	908	97.0%	26,994	26,840
Salaries and wages	28,245	302	-	28,547	27,646	901	96.8%	25,117	24,967
Social contributions	1,721	(302)	-	1,419	1,412	7	99.5%	1,877	1,873
Goods and services	17,519	5,951	-	23,470	23,412	58	99.8%	17,913	17,909
Administrative fees	307	505	-	812	810	2	99.8%	538	538
Advertising	-	-	-	-	-	-	-	4	3
Minor assets	23	6	-	29	27	2	93.1%	74	74
Catering: Departmental activities	1	6	-	7	5	2	71.4%	3	3
Communication (G&S)	736	114	-	850	847	3	99.6%	1,201	1,200
Consultants: Business and advisory services	1,080	(1,080)	-	-	-	-	-	981	981
Contractors	2	-	-	2	1	1	50.0%	-	-
Fleet services (including government motor transport)	707	627	-	1,334	1,323	11	99.2%	1,231	1,231
Consumable supplies	107	(26)	-	81	75	6	92.6%	63	63
Consumable: Stationery, printing and office supplies	681	(291)	-	390	385	5	98.7%	448	448
Operating leases	722	932	-	1,654	1,653	1	99.9%	1,202	1,202
Travel and subsistence	13,089	1,896	-	14,985	14,964	21	99.9%	11,972	11,970
Operating payments	58	11	-	69	66	3	95.7%	116	116
Venues and facilities	6	3,251	-	3,257	3,256	1	100.0%	80	80
<b>Transfers and subsidies</b>	<b>103</b>	<b>2</b>	<b>59</b>	<b>164</b>	<b>164</b>	<b>-</b>	<b>100.0%</b>	<b>-</b>	<b>-</b>
Households	103	2	59	164	164	-	100.0%	-	-
Social benefits	103	2	59	164	164	-	100.0%	-	-
Payments for capital assets	234	57	-	291	289	2	99.3%	342	342
Machinery and equipment	234	57	-	291	289	2	99.3%	342	342
Other machinery and equipment	234	57	-	291	289	2	99.3%	342	342
<b>Payment for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>146</b>	<b>(146)</b>	<b>-</b>	<b>-</b>	<b>132</b>
<b>TOTAL</b>	<b>47,822</b>	<b>6,010</b>	<b>59</b>	<b>53,891</b>	<b>53,069</b>	<b>822</b>	<b>98.5%</b>	<b>45,249</b>	<b>45,223</b>

## DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM VOTE 39

# APPROPRIATION STATEMENT AS AT 31 MARCH 2019

Sub-programme: 1.2: Management									
	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>	<b>204,937</b>	<b>14,167</b>	<b>-</b>	<b>219,104</b>	<b>213,796</b>	<b>5,308</b>	<b>97.6%</b>	<b>169,098</b>	<b>164,142</b>
Compensation of employees	91,276	(3,288)	-	87,988	82,931	5,057	94.3%	78,998	74,049
Salaries and wages	80,899	(3,744)	-	77,155	73,036	4,119	94.7%	69,704	65,199
Social contributions	10,377	456	-	10,833	9,895	938	91.3%	9,294	8,850
Goods and services	113,661	17,455	-	131,116	130,865	251	99.8%	90,100	90,093
Administrative fees	840	(355)	-	485	475	10	97.9%	544	543
Advertising	350	(328)	-	22	22	-	100.0%	31	31
Minor assets	159	(2)	-	157	148	9	94.3%	42	42
Catering: Departmental activities	216	(145)	-	71	68	3	95.8%	120	119
Communication (G&S)	1,052	(256)	-	796	779	17	97.9%	1,327	1,326
Computer services	4,993	(3,736)	-	1,257	1,256	1	99.9%	3,759	3,759
Consultants: Business and advisory services	8,007	(1,449)	-	6,558	6,555	3	100.0%	14,947	14,946
Legal services	9,127	24,504	-	33,631	33,630	1	100.0%	-	-
Contractors	6,513	(4,912)	-	1,601	1,598	3	99.8%	23	22
Agency and support / outsourced services	1	(1)	-	-	-	-	-	-	-
Fleet services (including government motor transport)	212	(90)	-	122	112	10	91.8%	98	98
Consumable supplies	783	(299)	-	484	449	35	92.8%	200	200
Consumable: Stationery, printing and office supplies	1,641	(312)	-	1,329	1,311	18	98.6%	870	870
Operating leases	240	131	-	371	367	4	98.9%	247	247
Property payments	70,228	2,817	-	73,045	73,043	2	100.0%	57,774	57,774
Travel and subsistence	6,573	2,315	-	8,888	8,766	122	98.6%	8,585	8,583
Operating payments	818	(358)	-	460	454	6	98.7%	361	361
Venues and facilities	1,908	(69)	-	1,839	1,832	7	99.6%	1,172	1,172
<b>Transfers and subsidies</b>	<b>229</b>	<b>11</b>	<b>99</b>	<b>339</b>	<b>336</b>	<b>3</b>	<b>99.1%</b>	<b>152</b>	<b>152</b>
Households	229	11	99	339	336	3	99.1%	152	152
Social benefits	229	11	99	339	336	3	99.1%	152	152
<b>Payments for capital assets</b>	<b>2,278</b>	<b>180</b>	<b>-</b>	<b>2,458</b>	<b>2,443</b>	<b>15</b>	<b>99.4%</b>	<b>331</b>	<b>331</b>
Machinery and equipment	2,278	180	-	2,458	2,443	15	99.4%	331	331
Other machinery and equipment	2,278	180	-	2,458	2,443	15	99.4%	331	331
<b>Payment for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>63</b>	<b>(63)</b>	<b>-</b>	<b>-</b>	<b>238</b>
<b>TOTAL</b>	<b>207,444</b>	<b>14,358</b>	<b>99</b>	<b>221,901</b>	<b>216,638</b>	<b>5,263</b>	<b>97.6%</b>	<b>169,581</b>	<b>164,863</b>

# DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM VOTE 39

## APPROPRIATION STATEMENT AS AT 31 MARCH 2019

Sub-programme: 1.3: Internal Audit									
	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>	<b>46,418</b>	<b>(8,205)</b>	<b>-</b>	<b>38,213</b>	<b>37,964</b>	<b>249</b>	<b>99.3%</b>	<b>34,661</b>	<b>34,219</b>
Compensation of employees	30,960	(19)	-	30,941	30,742	199	99.4%	24,473	24,035
Salaries and wages	27,205	198	-	27,403	27,240	163	99.4%	21,638	21,248
Social contributions	3,755	(217)	-	3,538	3,502	36	99.0%	2,835	2,787
Goods and services	15,458	(8,186)	-	7,272	7,222	50	99.3%	10,188	10,184
Administrative fees	277	(155)	-	122	118	4	96.7%	97	96
Minor assets	202	(192)	-	10	9	1	90.0%	192	192
Catering: Departmental activities	65	(15)	-	50	49	1	98.0%	41	41
Communication (G&S)	253	(53)	-	200	197	3	98.5%	242	242
Computer services	401	(100)	-	301	300	1	99.7%	-	-
Consultants: Business and advisory services	1,401	(56)	-	1,345	1,344	1	99.9%	1,024	1,023
Agency and support / outsourced services	8,593	(7,336)	-	1,257	1,257	-	100.0%	5,641	5,641
Fleet services (including government motor transport)	46	(31)	-	15	11	4	73.3%	10	10
Consumable supplies	111	(23)	-	88	79	9	89.8%	33	33
Consumable: Stationery, printing and office supplies	170	(51)	-	119	117	2	98.3%	136	136
Operating leases	88	-	-	88	87	1	98.9%	73	73
Travel and subsistence	3,648	(163)	-	3,485	3,465	20	99.4%	2,438	2,436
Operating payments	203	(11)	-	192	189	3	98.4%	250	250
Venues and facilities	-	-	-	-	-	-	-	11	11
<b>Transfers and subsidies</b>	<b>84</b>	<b>8</b>	<b>35</b>	<b>127</b>	<b>125</b>	<b>2</b>	<b>98.4%</b>	<b>80</b>	<b>80</b>
Households	84	8	35	127	125	2	98.4%	80	80
Social benefits	84	8	35	127	125	2	98.4%	80	80
<b>Payments for capital assets</b>	<b>180</b>	<b>75</b>	<b>-</b>	<b>255</b>	<b>254</b>	<b>1</b>	<b>99.6%</b>	<b>118</b>	<b>118</b>
Machinery and equipment	180	75	-	255	254	1	99.6%	118	118
Other machinery and equipment	180	75	-	255	254	1	99.6%	118	118
<b>Payment for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>59</b>	<b>(59)</b>	<b>-</b>	<b>-</b>	<b>17</b>
<b>TOTAL</b>	<b>46,682</b>	<b>(8,122)</b>	<b>35</b>	<b>38,595</b>	<b>38,402</b>	<b>193</b>	<b>99.5%</b>	<b>34,859</b>	<b>34,434</b>

# DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM VOTE 39

## APPROPRIATION STATEMENT AS AT 31 MARCH 2019

Sub-programme: 1.4: Corporate Services									
	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>	<b>447,383</b>	<b>(45,592)</b>	<b>4</b>	<b>401,795</b>	<b>401,367</b>	<b>428</b>	<b>99.9%</b>	<b>372,245</b>	<b>360,299</b>
Compensation of employees	171,364	3,006	-	174,370	174,241	129	99.9%	183,351	171,413
Salaries and wages	151,070	2,594	-	153,664	153,568	96	99.9%	162,669	150,868
Social contributions	20,294	412	-	20,706	20,673	33	99.8%	20,682	20,545
Goods and services	276,019	(48,598)	-	227,421	227,122	299	99.9%	188,894	188,886
Administrative fees	757	687	-	1,444	1,431	13	99.1%	1,339	1,338
Advertising	24,264	(19,781)	-	4,483	4,480	3	99.9%	3,302	3,302
Minor assets	1,895	(871)	-	1,024	1,001	23	97.8%	306	306
Bursaries: Employees	4,753	1,214	-	5,967	5,967	-	100.0%	5,546	5,546
Catering: Departmental activities	155	59	-	214	211	3	98.6%	64	63
Communication (G&S)	1,785	(140)	-	1,645	1,628	17	99.0%	5,011	5,011
Computer services	195,206	(31,545)	-	163,661	163,655	6	100.0%	117,537	117,537
Consultants: Business and advisory services	6,752	(2,626)	-	4,126	4,124	2	100.0%	8,734	8,733
Legal services	1,948	(1,948)	-	-	-	-	-	23,040	23,039
Contractors	2,845	449	-	3,294	3,288	6	99.8%	1,710	1,710
Agency and support / outsourced services	3,017	(815)	-	2,202	2,201	1	100.0%	274	274
Fleet services (including government motor transport)	20	229	-	249	245	4	98.4%	70	70
Consumable supplies	1,294	(13)	-	1,281	1,227	54	95.8%	779	779
Consumable: Stationery, printing and office supplies	2,279	(336)	-	1,943	1,914	29	98.5%	1,673	1,673
Operating leases	150	6	-	156	152	4	97.4%	101	100
Property payments	311	16	-	327	326	1	99.7%	170	169
Travel and subsistence	5,465	3,811	-	9,276	9,159	117	98.7%	7,191	7,190
Training and development	15,286	1,619	-	16,905	16,905	-	100.0%	5,605	5,604
Operating payments	3,549	(1,538)	-	2,011	2,001	10	99.5%	1,597	1,597
Venues and facilities	4,288	2,925	-	7,213	7,207	6	99.9%	4,845	4,845
Interest and rent on land	-	-	4	4	4	-	100.0%	-	-
Interest (Incl. interest on unitary payments (PPP))	-	-	4	4	4	-	100.0%	-	-
<b>Transfers and subsidies</b>	<b>187</b>	<b>29</b>	<b>982</b>	<b>1,198</b>	<b>1,197</b>	<b>1</b>	<b>99.9%</b>	<b>350</b>	<b>350</b>
Public corporations and private enterprises	-	-	15	15	14	1	93.3%	-	-
Private enterprises	-	-	15	15	14	1	93.3%	-	-
Other transfers to private enterprises	-	-	15	15	14	1	93.3%	-	-
Households	187	29	967	1,183	1,183	-	100.0%	350	350
Social benefits	187	29	189	405	405	-	100.0%	350	350
Other transfers to households	-	-	778	778	778	-	100.0%	-	-
<b>Payments for capital assets</b>	<b>8,870</b>	<b>(1,660)</b>	<b>-</b>	<b>7,210</b>	<b>7,181</b>	<b>29</b>	<b>99.6%</b>	<b>3,246</b>	<b>2,495</b>
Machinery and equipment	8,870	(1,660)	-	7,210	7,181	29	99.6%	3,246	2,495
Other machinery and equipment	8,870	(1,660)	-	7,210	7,181	29	99.6%	3,246	2,495
<b>Payment for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>126</b>	<b>(126)</b>	<b>-</b>	<b>-</b>	<b>1,125</b>
<b>TOTAL</b>	<b>456,440</b>	<b>(47,223)</b>	<b>986</b>	<b>410,203</b>	<b>409,871</b>	<b>332</b>	<b>99.9%</b>	<b>375,841</b>	<b>364,269</b>

# DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM VOTE 39

## APPROPRIATION STATEMENT AS AT 31 MARCH 2019

Sub-programme: 1.5: Financial Services									
	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>	<b>189,373</b>	<b>2,244</b>	-	<b>191,617</b>	<b>188,192</b>	<b>3,425</b>	<b>98.2%</b>	<b>179,342</b>	<b>176,969</b>
Compensation of employees	119,784	4,245	-	124,029	120,797	3,232	97.4%	114,808	111,690
Salaries and wages	103,215	4,393	-	107,608	104,450	3,158	97.1%	99,254	96,313
Social contributions	16,569	(148)	-	16,421	16,347	74	99.5%	15,554	15,377
Goods and services	69,589	(2,001)	-	67,588	67,395	193	99.7%	64,534	64,528
Administrative fees	1,051	257	-	1,308	1,299	9	99.3%	1,336	1,335
Advertising	253	52	-	305	304	1	99.7%	241	241
Minor assets	615	(313)	-	302	291	11	96.4%	525	525
Audit costs: External	22,394	(5,350)	-	17,044	17,041	3	100.0%	18,383	18,383
Catering: Departmental activities	75	(36)	-	39	36	3	92.3%	73	73
Communication (G&S)	5,505	1,415	-	6,920	6,910	10	99.9%	7,496	7,495
Computer services	2,594	(1,940)	-	654	652	2	99.7%	783	783
Consultants: Business and advisory services	1,283	(139)	-	1,144	1,142	2	99.8%	1,296	1,295
Contractors	4,948	(2,082)	-	2,866	2,864	2	99.9%	611	610
Agency and support / outsourced-services	627	82	-	709	708	1	99.9%	393	393
Fleet services (including government motor transport)	1,734	(575)	-	1,159	1,147	12	99.0%	846	845
Consumable supplies	2,008	(1,230)	-	778	747	31	96.0%	750	750
Consumable: Stationery, printing and office supplies	1,540	184	-	1,724	1,708	16	99.1%	1,404	1,404
Operating leases	2,483	1,868	-	4,351	4,343	8	99.8%	3,651	3,651
Property payments	16,747	(1,758)	-	14,989	14,986	3	100.0%	10,459	10,459
Travel and subsistence	4,951	6,061	-	11,012	10,945	67	99.4%	14,572	14,571
Operating payments	609	136	-	745	736	9	98.8%	280	280
Venues and facilities	172	1,367	-	1,539	1,536	3	99.8%	1,435	1,435
Interest and rent on land	-	-	-	-	-	-	-	-	751
Interest (Incl. interest on unitary payments (PPP))	-	-	-	-	-	-	-	-	751
<b>Transfers and subsidies</b>	<b>117</b>	<b>(1)</b>	<b>295</b>	<b>411</b>	<b>409</b>	<b>2</b>	<b>99.5%</b>	<b>368</b>	<b>368</b>
Provinces and municipalities	25	3	(15)	13	12	1	92.3%	9	9
Municipalities	25	3	(15)	13	12	1	92.3%	9	9
Municipal bank accounts	25	3	(15)	13	12	1	92.3%	9	9
Households	92	(4)	310	398	397	1	99.7%	359	359
Social benefits	92	(4)	310	398	397	1	99.7%	359	359
<b>Payments for capital assets</b>	<b>3,730</b>	<b>4,192</b>	-	<b>7,922</b>	<b>7,907</b>	<b>15</b>	<b>99.8%</b>	<b>2,886</b>	<b>2,466</b>
Buildings and other fixed structures	-	2,470	-	2,470	2,470	-	100.0%	-	-
Buildings	-	2,470	-	2,470	2,470	-	100.0%	-	-
Machinery and equipment	3,730	1,722	-	5,452	5,437	15	99.7%	2,886	2,466
Transport equipment	2,300	1,210	-	3,510	3,509	1	100.0%	1,293	1,293
Other machinery and equipment	1,430	512	-	1,942	1,928	14	99.3%	1,593	1,173
<b>Payment for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20</b>	<b>(20)</b>	<b>-</b>	<b>-</b>	<b>84</b>
<b>TOTAL</b>	<b>193,220</b>	<b>6,435</b>	<b>295</b>	<b>199,950</b>	<b>196,528</b>	<b>3,422</b>	<b>98.3%</b>	<b>182,596</b>	<b>179,887</b>



# DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM VOTE 39

## APPROPRIATION STATEMENT AS AT 31 MARCH 2019

Sub-programme: 1.6: Provincial Coordination									
	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>	<b>389,917</b>	<b>11,698</b>	-	<b>401,615</b>	<b>389,404</b>	<b>12,211</b>	<b>97.0%</b>	<b>369,412</b>	<b>348,004</b>
Compensation of employees	350,166	(3,944)	-	346,222	334,512	11,710	96.6%	310,654	289,258
Salaries and wages	305,643	(5,830)	-	299,813	289,831	9,982	96.7%	268,932	249,245
Social contributions	44,523	1,886	-	46,409	44,681	1,728	96.3%	41,722	40,013
Goods and services	39,751	15,642	-	55,393	54,892	501	99.1%	58,758	58,746
Administrative fees	972	79	-	1,051	1,033	18	98.3%	1,969	1,967
Advertising	691	(199)	-	492	488	4	99.2%	245	245
Minor assets	939	(489)	-	450	418	32	92.9%	1,146	1,145
Catering: Departmental activities	284	(74)	-	210	201	9	95.7%	293	293
Communication (G&S)	2,912	(412)	-	2,500	2,468	32	98.7%	5,259	5,257
Computer services	-	-	-	-	-	-	-	1	1
Consultants: Business and advisory services	-	48	-	48	48	-	100.0%	-	-
Legal services	9	664	-	673	669	4	99.4%	1,233	1,233
Contractors	782	(479)	-	303	295	8	97.4%	31	29
Agency and support / outsourced services	-	486	-	486	485	1	99.8%	1,962	1,962
Entertainment	-	-	-	-	-	-	-	2	2
Fleet services (including government motor transport)	2,682	1,069	-	3,751	3,722	29	99.2%	3,386	3,386
Consumable supplies	767	(67)	-	700	633	67	90.4%	392	392
Consumable: Stationery, printing and office supplies	4,840	(1,003)	-	3,837	3,809	28	99.3%	2,591	2,588
Operating leases	3,854	4,205	-	8,059	8,051	8	99.9%	7,684	7,684
Property payments	4,889	(1,287)	-	3,602	3,592	10	99.7%	3,609	3,609
Travel and subsistence	13,065	11,461	-	24,526	24,305	221	99.1%	24,074	24,073
Operating payments	2,048	(531)	-	1,517	1,500	17	98.9%	580	580
Venues and facilities	1,017	1,884	-	2,901	2,889	12	99.6%	3,461	3,460
Rental and hiring	-	287	-	287	286	1	99.7%	840	840
<b>Transfers and subsidies</b>	<b>92</b>	<b>(49)</b>	<b>1,929</b>	<b>1,972</b>	<b>1,970</b>	<b>2</b>	<b>99.9%</b>	<b>1,141</b>	<b>1,141</b>
Provinces and municipalities	16	(3)	(8)	5	4	1	80.0%	4	4
Municipalities	16	(3)	(8)	5	4	1	80.0%	4	4
Municipal bank accounts	16	(3)	(8)	5	4	1	80.0%	4	4
Departmental agencies and accounts	-	3	-	3	2	1	66.7%	13	13
Departmental agencies (non-business entities)	-	3	-	3	2	1	66.7%	13	13
Households	76	(49)	1,937	1,964	1,964	-	100.0%	1,124	1,124
Social benefits	76	(49)	305	332	332	-	100.0%	1,124	1,124
Other transfers to households	-	-	1,632	1,632	1,632	-	100.0%	-	-
<b>Payments for capital assets</b>	<b>3,442</b>	<b>(374)</b>	<b>658</b>	<b>3,726</b>	<b>3,699</b>	<b>27</b>	<b>99.3%</b>	<b>3,363</b>	<b>3,363</b>
Machinery and equipment	3,442	(374)	658	3,726	3,699	27	99.3%	3,363	3,363
Other machinery and equipment	3,442	(374)	658	3,726	3,699	27	99.3%	3,363	3,363
<b>Payment for financial assets</b>				<b>-</b>	<b>213</b>	<b>(213)</b>	<b>-</b>	<b>-</b>	<b>124</b>
<b>TOTAL</b>	<b>393,451</b>	<b>11,275</b>	<b>2,587</b>	<b>407,313</b>	<b>395,286</b>	<b>12,027</b>	<b>97.0%</b>	<b>373,916</b>	<b>352,632</b>

# DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM VOTE 39

## APPROPRIATION STATEMENT AS AT 31 MARCH 2019

Sub-programme: 1.7: Office Accommodation									
	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>	<b>295,048</b>	<b>19,737</b>	<b>29,423</b>	<b>344,208</b>	<b>344,205</b>	<b>3</b>	<b>100.0%</b>	<b>578,128</b>	<b>229,687</b>
Goods and services	295,048	19,737	29,423	344,208	344,205	3	100.0%	578,128	229,687
Consultants: Business and advisory services	3,100	3,278	-	6,378	6,378	-	100.0%	348,441	-
Operating leases	252,137	11,693	29,423	293,253	293,253	-	100.0%	192,203	192,203
Property payments	39,811	4,766	-	44,577	44,574	3	100.0%	37,484	37,484
<b>Payments for capital assets</b>	<b>237,838</b>	<b>(2,470)</b>	<b>-</b>	<b>235,368</b>	<b>188,590</b>	<b>46,778</b>	<b>80.1%</b>	<b>2,042</b>	<b>2,042</b>
Buildings and other fixed structures	237,838	(2,470)	-	235,368	188,590	46,778	80.1%	2,042	2,042
Buildings	237,838	(2,470)	-	235,368	188,590	46,778	80.1%	2,042	2,042
<b>TOTAL</b>	<b>532,886</b>	<b>17,267</b>	<b>29,423</b>	<b>579,576</b>	<b>532,795</b>	<b>46,781</b>	<b>91.9%</b>	<b>580,170</b>	<b>231,729</b>

# DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM VOTE 39

## APPROPRIATION STATEMENT AS AT 31 MARCH 2019

Programme 2: National Geomatics Management Services									
	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>SUB PROGRAMME</b>									
1.National Geomatics Management Services	497,538	(4,537)	(12,394)	480,607	471,472	9,135	98.1%	489,620	467,085
2.Spatial Planning and Land Use Management	152,531	4,537	(2,964)	154,104	147,839	6,265	95.9%	155,277	143,626
3.Registration of Deeds Trading account	-	-	-	-	-	-	-	-	-
4.South African Council for Planners	3,695	-	-	3,695	3,695	-	100.0%	3,492	3,492
5.South African Geomatics Council	3,900	-	-	3,900	3,900	-	100.0%	4,000	4,000
	<b>657,664</b>	<b>-</b>	<b>(15,358)</b>	<b>642,306</b>	<b>626,906</b>	<b>15,400</b>	<b>97.6%</b>	<b>652,389</b>	<b>618,203</b>

	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Economic classification</b>									
<b>Current payments</b>	<b>613,081</b>	<b>-</b>	<b>(11,135)</b>	<b>601,946</b>	<b>586,178</b>	<b>15,768</b>	<b>97.4%</b>	<b>619,460</b>	<b>584,677</b>
Compensation of employees	473,528	-	-	473,528	459,141	14,387	97.0%	487,122	452,359
Salaries and wages	415,340	(1,343)	-	413,997	400,753	13,244	96.8%	429,358	395,905
Social contributions	58,188	1,343	-	59,531	58,388	1,143	98.1%	57,764	56,454
Goods and services	139,553	(116)	(11,153)	128,284	126,903	1,381	98.9%	132,338	132,318
Administrative fees	1,012	17	-	1,029	985	44	95.7%	854	854
Advertising	1,510	(452)	-	1,058	1,045	13	98.8%	1,745	1,745
Minor assets	821	(50)	-	771	704	67	91.3%	1,552	1,551
Catering: Departmentalactivities	499	(182)	-	317	292	25	92.1%	110	107
Communication (G&S)	3,423	468	-	3,891	3,824	67	98.3%	4,866	4,864
Computer services	32,105	(9,530)	(9,095)	13,480	13,480	-	100.0%	13,677	13,677
Consultants: Business and advisory services	56,574	(657)	(2,058)	53,859	53,852	7	100.0%	61,501	61,501
Infrastructure and planning services	1,899	(385)	-	1,514	1,514	-	100.0%	170	170
Legal services	9	-	-	9	9	-	100.0%	-	-
Contractors	11,329	1,549	-	12,878	12,852	26	99.8%	13,984	13,974
Agency and support / outsourced services	-	11	-	11	11	-	100.0%	197	197
Entertainment	-	-	-	-	-	-	-	1	1
Fleet services (including government motor transport)	1,098	215	-	1,313	1,281	32	97.6%	1,124	1,124
Consumable supplies	1,116	(583)	-	533	445	88	83.5%	749	748
Consumable: Stationery, printing and office supplies	4,944	(1,487)	-	3,457	3,180	277	92.0%	3,293	3,292
Operating leases	1,706	769	-	2,475	2,468	7	99.7%	2,348	2,348
Property payments	6,063	389	-	6,452	6,303	149	97.7%	4,861	4,861
Travel and subsistence	11,878	8,347	-	20,225	19,804	421	97.9%	16,889	16,889
Training and development	502	(115)	-	387	385	2	99.5%	1,143	1,143
Operating payments	1,701	(634)	-	1,067	919	148	86.1%	1,286	1,285
Venues and facilities	1,355	2,194	-	3,549	3,542	7	99.8%	1,988	1,987
Rental and hiring	9	-	-	9	8	1	88.9%	-	-

# DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM VOTE 39

## APPROPRIATION STATEMENT AS AT 31 MARCH 2019

Programme 2: National Geomatics Management Services (Continued)									
	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Economic classification</b>									
Interest and rent on land	-	116	18	134	134	-	100.0%	-	-
Interest (Incl. interest on unitary payments (PPP))	-	116	18	134	134	-	100.0%	-	-
<b>Transfers and subsidies</b>	<b>36,609</b>	-	<b>(2,893)</b>	<b>33,716</b>	<b>33,694</b>	<b>22</b>	<b>99.9%</b>	<b>27,312</b>	<b>27,312</b>
Provinces and municipalities	16	-	(3)	13	7	6	53.8%	8	8
Municipalities	16	-	(3)	13	7	6	53.8%	8	8
Municipal bank accounts	16	-	(3)	13	7	6	53.8%	8	8
Departmental agencies and accounts	3,901	-	(1)	3,900	3,900	-	100.0%	4,000	4,000
Departmental agencies (non-business entities)	3,901	-	(1)	3,900	3,900	-	100.0%	4,000	4,000
Foreign governments and international organisations	1,749	420	-	2,169	2,168	1	100.0%	2,385	2,385
Non-profit institutions	3,695	-	-	3,695	3,695	-	100.0%	3,492	3,492
Households	27,248	(420)	(2,889)	23,939	23,924	15	99.9%	17,427	17,427
Social benefits	424	741	-	1,165	1,155	10	99.1%	1,820	1,820
Other transfers to households	26,824	(1,161)	(2,889)	22,774	22,769	5	100.0%	15,607	15,607
<b>Payments for capital assets</b>	<b>7,974</b>	-	<b>(1,330)</b>	<b>6,644</b>	<b>6,605</b>	<b>39</b>	<b>99.4%</b>	<b>5,617</b>	<b>5,617</b>
Machinery and equipment	7,974	-	(1,330)	6,644	6,605	39	99.4%	5,617	5,617
Other machinery and equipment	7,974	-	(1,330)	6,644	6,605	39	99.4%	5,617	5,617
<b>Payment for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>429</b>	<b>(429)</b>	<b>-</b>	<b>-</b>	<b>597</b>
<b>TOTAL</b>	<b>657,664</b>	<b>-</b>	<b>(15,358)</b>	<b>642,306</b>	<b>626,906</b>	<b>15,400</b>	<b>97.6%</b>	<b>652,389</b>	<b>618,203</b>

# APPROPRIATION STATEMENT

## AS AT 31 MARCH 2019

Sub-programme: 2.1: National Geomatics Management Services									
	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>	<b>464,995</b>	<b>(2,151)</b>	<b>(9,095)</b>	<b>453,749</b>	<b>444,236</b>	<b>9,513</b>	<b>97.9%</b>	<b>465,761</b>	<b>442,692</b>
Compensation of employees	400,595	(1,426)	-	399,169	390,855	8,314	97.9%	411,099	388,045
Salaries and wages	349,580	(2,389)	-	347,191	339,713	7,478	97.8%	360,797	338,639
Social contributions	51,015	963	-	51,978	51,142	836	98.4%	50,302	49,406
Goods and services	64,400	(781)	(9,095)	54,524	53,325	1,199	97.8%	54,662	54,647
Administrative fees	370	20	-	390	353	37	90.5%	395	395
Advertising	117	(64)	-	53	46	7	86.8%	127	127
Minor assets	291	65	-	356	307	49	86.2%	1,391	1,391
Catering: Departmental activities	36	57	-	93	71	22	76.3%	57	54
Communication (G&S)	1,680	676	-	2,356	2,295	61	97.4%	3,266	3,264
Computer services	31,896	(9,345)	(9,095)	13,456	13,456	-	100.0%	13,677	13,677
Consultants: Business and advisory services	-	3	-	3	3	-	100.0%	-	-
Infrastructure and planning services	1,582	(68)	-	1,514	1,514	-	100.0%	170	170
Legal services	9	-	-	9	9	-	100.0%	-	-
Contractors	11,119	1,545	-	12,664	12,639	25	99.8%	13,960	13,950
Agency and support / outsourced services	-	11	-	11	11	-	100.0%	197	197
Entertainment	-	-	-	-	-	-	-	1	1
Fleet services (including government motor transport)	1,078	183	-	1,261	1,232	29	97.7%	1,107	1,107
Consumable supplies	525	(251)	-	274	197	77	71.9%	409	409
Consumable: Stationery, printing and office supplies	3,407	(694)	-	2,713	2,451	262	90.3%	2,270	2,270
Operating leases	1,650	507	-	2,157	2,152	5	99.8%	2,267	2,267
Property payments	4,489	775	-	5,264	5,119	145	97.2%	4,167	4,167
Travel and subsistence	5,095	5,575	-	10,670	10,332	338	96.8%	10,304	10,304
Training and development	12	-	-	12	12	-	100.0%	13	13
Operating payments	820	(5)	-	815	674	141	82.7%	625	625
Venues and facilities	224	229	-	453	452	1	99.8%	259	259
Interest and rent on land	-	56	-	56	56	-	100.0%	-	-
Interest (Incl. interest on unitary payments (PPP))	-	56	-	56	56	-	100.0%	-	-
<b>Transfers and subsidies</b>	<b>29,014</b>	<b>(2,357)</b>	<b>(2,893)</b>	<b>23,764</b>	<b>23,747</b>	<b>17</b>	<b>99.9%</b>	<b>19,667</b>	<b>19,667</b>
Provinces and municipalities	16	-	(3)	13	7	6	53.8%	8	8
Municipalities	16	-	(3)	13	7	6	53.8%	8	8
Municipal bank accounts	16	-	(3)	13	7	6	53.8%	8	8
Departmental agencies and accounts	1	-	(1)	-	-	-	-	-	-
Departmental agencies (non-business entities)	1	-	(1)	-	-	-	-	-	-
Foreign governments and international organisations	1,749	420	-	2,169	2,168	1	100.0%	2,385	2,385
Households	27,248	(2,777)	(2,889)	21,582	21,572	10	100.0%	17,274	17,274
Social benefits	424	502	-	926	917	9	99.0%	1,667	1,667
Other transfers to households	26,824	(3,279)	(2,889)	20,656	20,655	1	100.0%	15,607	15,607
<b>Payments for capital assets</b>	<b>3,529</b>	<b>(29)</b>	<b>(406)</b>	<b>3,094</b>	<b>3,077</b>	<b>17</b>	<b>99.5%</b>	<b>4,192</b>	<b>4,192</b>
Machinery and equipment	3,529	(29)	(406)	3,094	3,077	17	99.5%	4,192	4,192
Other machinery and equipment	3,529	(29)	(406)	3,094	3,077	17	99.5%	4,192	4,192
<b>Payment for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>412</b>	<b>(412)</b>	<b>-</b>	<b>-</b>	<b>534</b>
<b>Total</b>	<b>497,538</b>	<b>(4,537)</b>	<b>(12,394)</b>	<b>480,607</b>	<b>471,472</b>	<b>9,135</b>	<b>98.1%</b>	<b>489,620</b>	<b>467,085</b>

# DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM VOTE 39

## APPROPRIATION STATEMENT AS AT 31 MARCH 2019

Sub-programme: 2.2: Spatial Planning and Land Use Management									
	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>	<b>148,086</b>	<b>2,151</b>	<b>(2,040)</b>	<b>148,197</b>	<b>141,942</b>	<b>6,255</b>	<b>95.8%</b>	<b>153,699</b>	<b>141,985</b>
Compensation of employees	72,933	1,426	-	74,359	68,286	6,073	91.8%	76,023	64,314
Salaries and wages	65,760	1,046	-	66,806	61,040	5,766	91.4%	68,561	57,266
Social contributions	7,173	380	-	7,553	7,246	307	95.9%	7,462	7,048
Goods and services	75,153	665	(2,058)	73,760	73,578	182	99.8%	77,676	77,671
Administrative fees	642	(3)	-	639	632	7	98.9%	459	459
Advertising	1,393	(388)	-	1,005	999	6	99.4%	1,618	1,618
Minor assets	530	(115)	-	415	397	18	95.7%	161	160
Catering: Departmental activities	463	(239)	-	224	221	3	98.7%	53	53
Communication (G&S)	1,743	(208)	-	1,535	1,529	6	99.6%	1,600	1,600
Computer services	209	(185)	-	24	24	-	100.0%	-	-
Consultants: Business and advisory services	56,574	(660)	(2,058)	53,856	53,849	7	100.0%	61,501	61,501
Infrastructure and planning services	317	(317)	-	-	-	-	-	-	-
Contractors	210	4	-	214	213	1	99.5%	24	24
Fleet services (including government motor transport)	20	32	-	52	49	3	94.2%	17	17
Consumable supplies	591	(332)	-	259	248	11	95.8%	340	339
Consumable: Stationery, printing and office supplies	1,537	(793)	-	744	729	15	98.0%	1,023	1,022
Operating leases	56	262	-	318	316	2	99.4%	81	81
Property payments	1,574	(386)	-	1,188	1,184	4	99.7%	694	694
Travel and subsistence	6,783	2,772	-	9,555	9,472	83	99.1%	6,585	6,585
Training and development	490	(115)	-	375	373	2	99.5%	1,130	1,130
Operating payments	881	(629)	-	252	245	7	97.2%	661	660
Venues and facilities	1,131	1,965	-	3,096	3,090	6	99.8%	1,729	1,728
Rental and hiring	9	-	-	9	8	1	88.9%	-	-
Interest and rent on land	-	60	18	78	78	-	100.0%	-	-
Interest (Incl. interest on unitary payments (PPP))	-	60	18	78	78	-	100.0%	-	-
<b>Transfers and subsidies</b>	<b>-</b>	<b>2,357</b>	<b>-</b>	<b>2,357</b>	<b>2,352</b>	<b>5</b>	<b>99.8%</b>	<b>153</b>	<b>153</b>
Households	-	2,357	-	2,357	2,352	5	99.8%	153	153
Social benefits	-	239	-	239	238	1	99.6%	153	153
Other transfers to households	-	2,118	-	2,118	2,114	4	99.8%	-	-
<b>Payments for capital assets</b>	<b>4,445</b>	<b>29</b>	<b>(924)</b>	<b>3,550</b>	<b>3,528</b>	<b>22</b>	<b>99.4%</b>	<b>1,425</b>	<b>1,425</b>
Machinery and equipment	4,445	29	(924)	3,550	3,528	22	99.4%	1,425	1,425
Other machinery and equipment	4,445	29	(924)	3,550	3,528	22	99.4%	1,425	1,425
<b>Payment for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17</b>	<b>(17)</b>	<b>-</b>	<b>-</b>	<b>63</b>
<b>Total</b>	<b>152,531</b>	<b>4,537</b>	<b>(2,964)</b>	<b>154,104</b>	<b>147,839</b>	<b>6,265</b>	<b>95.9%</b>	<b>155,277</b>	<b>143,626</b>

# APPROPRIATION STATEMENT

## AS AT 31 MARCH 2019

Sub-programme: 2.3: Registration of Deeds Trading account									
	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	-	-	-	-	-	-	-	-	-
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payments for capital assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	-	-	-	-	-	-	-	-	-

Sub-programme: 2.4: South African Council for Planners									
	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	-	-	-	-	-	-	-	-	-
Transfers and subsidies	3,695	-	-	3,695	3,695	-	100.0%	3,492	3,492
Non-profit institutions	3,695	-	-	3,695	3,695	-	100.0%	3,492	3,492
Payments for capital assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>3,695</b>	-	-	<b>3,695</b>	<b>3,695</b>	-	<b>100.0%</b>	<b>3,492</b>	<b>3,492</b>

Sub-programme: 2.5: South African Geomatics Council									
	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	-	-	-	-	-	-	-	-	-
Transfers and subsidies	3,900	-	-	3,900	3,900	-	100.0%	4,000	4,000
Departmental agencies and accounts	3,900	-	-	3,900	3,900	-	100.0%	4,000	4,000
Departmental agencies (non-business entities)	3,900	-	-	3,900	3,900	-	100.0%	4,000	4,000
Payments for capital assets	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>3,900</b>	-	-	<b>3,900</b>	<b>3,900</b>	-	<b>100.0%</b>	<b>4,000</b>	<b>4,000</b>

# DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM VOTE 39

## APPROPRIATION STATEMENT AS AT 31 MARCH 2019

Programme 3: Rural Development									
	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
SUB-PROGRAMME									
1. Rural Infrastructure Development	835,006	(162,166)	51,674	724,514	717,830	6,684	99.1%	786,803	780,954
2. Rural Enterprise and Industrial Development	509,220	134,068	181,751	825,039	815,875	9,164	98.9%	762,632	757,231
3. National Rural Youth Services Corps	443,023	28,098	(21,950)	449,171	446,995	2,176	99.5%	460,072	457,472
	<b>1,787,249</b>	<b>-</b>	<b>211,475</b>	<b>1,998,724</b>	<b>1,980,700</b>	<b>18,024</b>	<b>99.1%</b>	<b>2,009,507</b>	<b>1,995,657</b>

	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Economic classification</b>									
<b>Current payments</b>	<b>418,291</b>	<b>438 805</b>	<b>160 682</b>	<b>1 017 778</b>	<b>999 800</b>	<b>17,978</b>	<b>98.2%</b>	<b>952 635</b>	<b>939 073</b>
Compensation of employees	304,424	-	-	304,424	287,027	17,397	94.3%	286,318	272,793
Salaries and wages	270,130	(790)	-	269,340	253,291	16,049	94.0%	253,170	240,381
Social contributions	34,294	790	-	35,084	33,736	1,348	96.2%	33,148	32,412
Goods and services	113,867	438 805	160 682	713 354	712 773	581	99.9%	666 317	666 279
Administrative fees	3,603	(125)	-	3,478	3,456	22	99.4%	3,962	3,955
Advertising	382	(239)	-	143	136	7	95.1%	104	104
Minor assets	2,080	(1,445)	-	635	607	28	95.6%	350	350
Catering: Departmental activities	1,053	(300)	-	753	741	12	98.4%	1,539	1,539
Communication (G&S)	3,685	(1,248)	-	2,437	2,406	31	98.7%	4,527	4,527
Computer services	801	(801)	-	-	-	-	-	18	18
Consultants: Business and advisory services	6,676	1 386	-	8 062	8 039	23	99.7%	21 376	21 347
Infrastructure and planning services	235	(235)	-	-	-	-	-	-	-
Legal services	65	(65)	-	-	-	-	-	-	-
Contractors	165	(67)	-	98	94	4	95.9%	31	31
Agency and support / outsourced services	22,110	20 183	(14,036)	28 257	28 251	6	100%	50 245	50245
Entertainment	17	(17)	-	-	-	-	-	-	-
Fleet services (including government motor transport)	2,477	(681)	-	1,796	1,773	23	98.7%	1,359	1,359
Inventory: Farmer suppliers	-	293 497	182 472	475 969	475 969	-	100.0%	185 980	185 980
Inventory: Other suppliers	-	104 850	-	104 850	104 850	-	100.0%	324 981	324 981
Consumable supplies	2,396	(1,037)	-	1,359	1,306	53	96.1%	488	488
Consumable: Stationery, printing and office supplies	6,096	(2,705)	-	3,391	3,349	42	98.8%	3,410	3,410
Operating leases	4,229	298	-	4,527	4,522	5	99.9%	2,484	2,483
Property payments	1,939	2 026	-	3 965	3 957	8	99.8%	1,744	1,744
Transport provided: Departmental activity	-	-	-	-	-	-	-	56	56
Travel and subsistence	35,104	15,501	-	50,605	50,330	275	99.5%	55,914	55,914
Training and development	13,000	(5,246)	(7,754)	-	-	-	-	124	124
Operating payments	2,806	14 431	-	17,237	17,211	26	99.8%	1,282	1,282



## DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM VOTE 39

# APPROPRIATION STATEMENT AS AT 31 MARCH 2019

Programme 3: Rural Development (continued)									
	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Economic classification</b>									
Venues and facilities	4,485	264	-	4,749	4,737	12	99.7%	6,000	5,999
Rental and hiring	463	580	-	1,043	1,039	4	99.6%	343	343
Interest and rent on land	-	-	-	-	-	-	-	-	1
Interest (Incl. interest on unitary payments (PPP))	-	-	-	-	-	-	-	-	1
<b>Transfers and subsidies</b>	<b>1,363,550</b>	<b>(935 227)</b>	<b>51 881</b>	<b>480 204</b>	<b>479 748</b>	<b>465</b>	<b>99.9%</b>	<b>480 396</b>	<b>479 791</b>
Provinces and municipalities	-	-	15	15	14	1	93.3%	-	-
Municipalities	-	-	15	15	14	1	93.3%	-	-
Municipal bank accounts	-	-	15	15	14	1	93.3%	-	-
Households	1,363,550	(935 227)	51 866	480 189	479 734	455	99.9%	480 396	479 791
Social benefits	-	565	86	651	649	2	99.7%	470	470
Other transfers to households	1,363,550	(936 196)	51 780	479 538	478 085	453	99.9%	479 926	479 321
<b>Payments for capital assets</b>	<b>5,408</b>	<b>496 422</b>	<b>(1,088)</b>	<b>500 742</b>	<b>500 707</b>	<b>35</b>	<b>100.0%</b>	<b>576,476</b>	<b>576,476</b>
Buildings and other fixed structures	-	487 954	-	487 954	487 954	-	100.0%	561,274	561,274
Buildings	-	-	-	-	-	-	-	-	-
Other fixed structures	-	487 954	-	487 954	487 954	-	100%	561,274	561,274
Machinery and equipment	5,408	8,468	(1,088)	12,788	12,753	35	99.7%	15,202	15,202
Other machinery and equipment	5,408	8,468	(1,088)	12,788	12,753	35	99.7%	15,202	15,202
<b>Payment for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>445</b>	<b>(445)</b>	<b>-</b>	<b>-</b>	<b>317</b>
<b>TOTAL</b>	<b>1,787,249</b>	<b>-</b>	<b>211,475</b>	<b>1,998,724</b>	<b>1,980,700</b>	<b>18,024</b>	<b>99.1%</b>	<b>2,009,507</b>	<b>1,995,657</b>

# DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM VOTE 39

## APPROPRIATION STATEMENT AS AT 31 MARCH 2019

Sub-programme: 3.1: Rural Infrastructure Development									
	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>	<b>109,483</b>	<b>2 070</b>	-	<b>111 553</b>	<b>104,945</b>	<b>6,608</b>	<b>94.1%</b>	<b>118,638</b>	<b>112,712</b>
Compensation of employees	93,715	(59)	-	93,656	87,231	6,425	93.1%	87,777	81,880
Salaries and wages	84,921	(137)	-	84,784	78,677	6,107	92.8%	79,189	73,477
Social contributions	8,794	78	-	8,872	8,554	318	96.4%	8,588	8,403
Goods and services	15,768	2 129	-	17,897	17 714	183	99.0%	30,861	30,831
Administrative fees	517	(43)	-	474	466	8	98.3%	714	714
Advertising	167	(139)	-	28	24	4	85.7%	30	30
Minor assets	740	(604)	-	136	125	11	91.9%	93	93
Catering: Departmental activities	39	10	-	49	46	3	93.9%	73	73
Communication (G&S)	1,070	(419)	-	651	642	9	98.6%	1,197	1,197
Computer services	801	(801)	-	-	-	-	-	-	-
Consultants: Business and advisory services	266	(232)	-	34	33	1	97.1%	10,391	10,362
Infrastructure and planning services	235	(235)	-	-	-	-	-	-	-
Legal services	65	(65)	-	-	-	-	-	-	-
Contractors	29	(5)	-	24	24	-	100.0%	29	29
Agency and support / outsourced services	147	(139)	-	8	7	1	87.5%	22	22
Entertainment	17	(17)	-	-	-	-	-	-	-
Fleet services (including government motor transport)	236	26	-	262	254	8	96.9%	189	189
Consumable supplies	730	(628)	-	102	81	21	79.4%	124	124
Consumable: Stationery, printing and office supplies	1,572	(710)	-	862	850	12	98.6%	1,322	1,322
Operating leases	577	76	-	653	652	1	99.8%	450	450
Property payments	514	1 091	-	1 605	1 603	2	99.9%	424	424
Transport provided: Departmental activity	-	-	-	-	-	-	-	56	56
Travel and subsistence	6,439	4,979	-	11,418	11,330	88	99.2%	12,837	12,837
Training and development	-	-	-	-	-	-	-	14	14
Operating payments	1,056	(403)	-	653	643	10	98.5%	597	597
Venues and facilities	333	512	-	845	842	3	99.6%	2,265	2,264
Rental and hiring	218	(125)	-	93	92	1	98.9%	34	34
Interest and rent on land	-	-	-	-	-	-	-	-	1
Interest (Incl. interest on unitary payments (PPP))	-	-	-	-	-	-	-	-	1
<b>Transfers and subsidies</b>	<b>724,700</b>	<b>(660 987)</b>	<b>51,780</b>	<b>115 493</b>	<b>115 318</b>	<b>175</b>	<b>99.8%</b>	<b>93,537</b>	<b>93,537</b>
Households	724,700	(660 987)	51,780	115 493	115 318	175	99.8%	93,537	93,537
Social benefits	-	208	-	208	207	1	99.5%	116	116
Other transfers to households	724,700	(661 195)	51,780	115 285	115 111	174	99.8%	93,421	93,421
<b>Payments for capital assets</b>	<b>823</b>	<b>496 751</b>	<b>(106)</b>	<b>497 468</b>	<b>497 459</b>	<b>9</b>	<b>100.0%</b>	<b>574,628</b>	<b>574,628</b>
Buildings and other fixed structures	-	487 954	-	487 954	487 954	-	100.0%	561,274	561,274
Other fixed structures	-	487 954	-	487 954	487 954	-	100.0%	561,274	561,274
<b>Machinery and equipment</b>	<b>823</b>	<b>8,797</b>	<b>(106)</b>	<b>9,514</b>	<b>9,505</b>	<b>9</b>	<b>99.9%</b>	<b>13,354</b>	<b>13,354</b>
Other machinery and equipment	823	8,797	(106)	9,514	9,505	9	99.9%	13,354	13,354
<b>Payment for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>108</b>	<b>(108)</b>	<b>-</b>	<b>-</b>	<b>77</b>
<b>TOTAL</b>	<b>835,006</b>	<b>(162,166)</b>	<b>51,674</b>	<b>724,514</b>	<b>717,830</b>	<b>6,684</b>	<b>99.1%</b>	<b>786,803</b>	<b>780,954</b>

# DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM VOTE 39

## APPROPRIATION STATEMENT AS AT 31 MARCH 2019

Sub-programme: 3.2: Rural Enterprise and Industrial Development									
	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>	<b>191,745</b>	<b>435 487</b>	<b>182 472</b>	<b>809 704</b>	<b>800 592</b>	<b>9,112</b>	<b>98.9%</b>	<b>748 918</b>	<b>744 013</b>
Compensation of employees	147,231	(2,082)	-	145,149	136,279	8,870	93.9%	137,584	132,679
Salaries and wages	129,557	(2,797)	-	126,760	118,679	8,081	93.6%	120,091	115,670
Social contributions	17,674	715	-	18,389	17,600	789	95.7%	17,493	17,009
Goods and services	44,514	437 569	182 472	664 555	664 313	242	100.0%	611 334	611 334
Administrative fees	1,410	(297)	-	1,113	1,106	7	99.4%	1,559	1,559
Advertising	192	(77)	-	115	112	3	97.4%	74	74
Minor assets	457	(57)	-	400	388	12	97.0%	28	28
Catering: Departmental activities	881	(186)	-	695	688	7	99.0%	1,403	1,403
Communication (G&S)	1,672	(456)	-	1,216	1,205	11	99.1%	2,453	2,453
Computer services	-	-	-	-	-	-	-	18	18
Consultants: Business and advisory services	6,142	1,886	-	8,028	8,006	22	99.7%	10,985	10,985
Contractors	55	(38)	-	17	16	1	94.1%	-	-
Agency and support / outsourced services	953	20 326	-	21 279	21 276	3	100%	49,835	49,835
Fleet services (including government motor transport)	1,628	(674)	-	954	944	10	99.0%	524	524
Inventory: Farming supplies	-	293 497	182 472	475 969	475 969	-	100.0%	185 980	185 980
Inventory: Others supplies	-	104 850	-	104 850	104 850	-	100%	324,981	324,981
Consumable supplies	1,270	(140)	-	1,130	1,112	18	98.4%	322	322
Consumable: Stationery, printing and office supplies	2,801	(1,079)	-	1,722	1,706	16	99.1%	807	807
Operating leases	3,083	(793)	-	2,290	2,288	2	99.9%	1,257	1,257
Property payments	574	729	-	1303	1302	1	99.9%	942	942
Travel and subsistence	18,111	5,311	-	23,422	23,312	110	99.5%	26,650	26,650
Operating payments	1,009	15 179	-	16 188	16,179	9	99.9%	517	517
Venues and facilities	4,031	(764)	-	3,267	3,260	7	99.8%	2,960	2,960
Rental and hiring	245	352	-	597	594	3	99.5%	39	39
<b>Transfers and subsidies</b>	<b>313,806</b>	<b>(300 771)</b>	<b>101</b>	<b>13 136</b>	<b>12 936</b>	<b>200</b>	<b>98.5%</b>	<b>12 892</b>	<b>12 287</b>
Provinces and municipalities	-	-	15	15	14	1	93.3%	-	-
Municipalities	-	-	15	15	14	1	93.3%	-	-
Municipal bank accounts	-	-	15	15	14	1	93.3%	-	-
Households	313,806	(300 771)	86	13 121	12 922	199	98.5%	12,892	12,287
Social benefits	-	140	86	226	226	-	100.0%	329	329
Other transfers to households	313,806	(300 911)	-	12 895	12 696	199	98.5%	12,563	11,958
<b>Payments for capital assets</b>	<b>3,669</b>	<b>(648)</b>	<b>(822)</b>	<b>2,199</b>	<b>2,187</b>	<b>12</b>	<b>99.5%</b>	<b>822</b>	<b>822</b>
Machinery and equipment	3,669	(648)	(822)	2,199	2,187	12	99.5%	822	822
Other machinery and equipment	3,669	(648)	(822)	2,199	2,187	12	99.5%	822	822
<b>Payment for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>160</b>	<b>(160)</b>	<b>-</b>	<b>-</b>	<b>109</b>
<b>TOTAL</b>	<b>509,220</b>	<b>134,068</b>	<b>181,751</b>	<b>825,039</b>	<b>815,875</b>	<b>9,164</b>	<b>98.9%</b>	<b>762,632</b>	<b>757,231</b>

# DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM VOTE 39

## APPROPRIATION STATEMENT AS AT 31 MARCH 2019

Sub-programme: 3.3: National Rural Youth Services Corps									
	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>	<b>117,063</b>	<b>1,248</b>	<b>(21,790)</b>	<b>96,521</b>	<b>94,263</b>	<b>2,258</b>	<b>97.7%</b>	<b>85,079</b>	<b>82,348</b>
Compensation of employees	63,478	2,141	-	65,619	63,517	2,102	96.8%	60,957	58,234
Salaries and wages	55,652	2,144	-	57,796	55,935	1,861	96.8%	53,890	51,234
Social contributions	7,826	(3)	-	7,823	7,582	241	96.9%	7,067	7,000
Goods and services	53,585	(893)	(21,790)	30,902	30,746	156	99.5%	24,122	24,114
Administrative fees	1,676	215	-	1,891	1,884	7	99.6%	1,689	1,682
Advertising	23	(23)	-	-	-	-	-	-	-
Minor assets	883	(784)	-	99	94	5	94.9%	229	229
Catering: Departmental activities	133	(124)	-	9	7	2	77.8%	63	63
Communication (G&S)	943	(373)	-	570	559	11	98.1%	877	877
Consultants: Business and advisory services	268	(268)	-	-	-	-	-	-	-
Contractors	81	(24)	-	57	54	3	94.7%	2	2
Agency and support / outsourced services	21,010	(4)	(14,036)	6,970	6,968	2	100.0%	388	388
Fleet services (including government motor transport)	613	(33)	-	580	575	5	99.1%	646	646
Consumable supplies	396	(269)	-	127	113	14	89.0%	42	42
Consumable: Stationery, printing and office supplies	1,723	(916)	-	807	793	14	98.3%	1,281	1,281
Operating leases	569	1,015	-	1,584	1,582	2	99.9%	777	776
Property payments	851	206	-	1,057	1,052	5	99.5%	378	378
Travel and subsistence	10,554	5,211	-	15,765	15,688	77	99.5%	16,427	16,427
Training and development	13,000	(5,246)	(7,754)	-	-	-	-	110	110
Operating payments	741	(345)	-	396	389	7	98.2%	168	168
Venues and facilities	121	516	-	637	635	2	99.7%	775	775
Rental and hiring	-	353	-	353	353	-	100.0%	270	270
<b>Transfers and subsidies</b>	<b>325,044</b>	<b>26,531</b>	<b>-</b>	<b>351,575</b>	<b>351,494</b>	<b>81</b>	<b>100.0%</b>	<b>373,967</b>	<b>373,967</b>
Households	325,044	26,531	-	351,575	351,494	81	100.0%	373,967	373,967
Social benefits	-	217	-	217	216	1	99.5%	25	25
Other transfers to households	325,044	26,314	-	351,358	351,278	80	100.0%	373,942	373,942
<b>Payments for capital assets</b>	<b>916</b>	<b>319</b>	<b>(160)</b>	<b>1,075</b>	<b>1,061</b>	<b>14</b>	<b>98.7%</b>	<b>1,026</b>	<b>1,026</b>
Machinery and equipment	916	319	(160)	1,075	1,061	14	98.7%	1,026	1,026
Other machinery and equipment	916	319	(160)	1,075	1,061	14	98.7%	1,026	1,026
<b>Payment for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>177</b>	<b>(177)</b>	<b>-</b>	<b>-</b>	<b>131</b>
<b>TOTAL</b>	<b>443,023</b>	<b>28,098</b>	<b>(21,950)</b>	<b>449,171</b>	<b>446,995</b>	<b>2,176</b>	<b>99.5%</b>	<b>460,072</b>	<b>457,472</b>

# APPROPRIATION STATEMENT

## AS AT 31 MARCH 2019

Programme 4: Restitution									
	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>SUB-PROGRAMME</b>									
1. Restitution National Office	653,723	(526,109)	(29,758)	97,856	95,745	2,111	97.8%	116,607	116,454
2. Restitution Regional Offices	479,324	32,408	(10,522)	501,210	495,389	5,821	98.8%	570,406	568,867
3. Restitution Grants	2,226,283	493,701	(54,786)	2,665,198	2,664,908	290	100.0%	2,410,506	2,408,669
	<b>3,359,330</b>	<b>-</b>	<b>(95,066)</b>	<b>3,264,264</b>	<b>3,256,042</b>	<b>8,222</b>	<b>99.7%</b>	<b>3,097,519</b>	<b>3,093,990</b>

	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Economic classification</b>									
<b>Current payments</b>	<b>598,727</b>	<b>-</b>	<b>(38,692)</b>	<b>560,035</b>	<b>551,561</b>	<b>8,474</b>	<b>98.5%</b>	<b>551,354</b>	<b>549,228</b>
Compensation of employees	371,582	-	-	371,582	364,274	7,308	98.0%	346,884	341,857
Salaries and wages	320,020	57	-	320,077	314,281	5,796	98.2%	299,470	295,304
Social contributions	51,562	(57)	-	51,505	49,993	1,512	97.1%	47,414	46,553
Goods and services	227,145	(756)	(38,692)	187,697	186,532	1,165	99.4%	204,470	204,446
Administrative fees	7,715	7,517	-	15,232	15,221	11	99.9%	11,762	11,760
Advertising	7,829	(1,546)	(690)	5,593	5,586	7	99.9%	4,111	4,110
Minor assets	9,782	(7,977)	(1,080)	725	721	4	99.4%	985	985
Audit costs: External	500	(153)	-	347	347	-	100.0%	1,686	1,686
Catering: Departmental activities	1,734	70	-	1,804	1,799	5	99.7%	772	772
Communication (G&S)	10,970	(2,585)	-	8,385	8,368	17	99.8%	9,662	9,660
Computer services	225	(224)	-	1	-	1	-	1,597	1,597
Consultants: Business and advisory services	53,580	(17,454)	(23,712)	12,414	12,411	3	100.0%	36,895	36,882
Infrastructure and planning services	1,841	399	(1,121)	1,119	1,117	2	99.8%	714	714
Legal services	17,931	4,748	(1,513)	21,166	21,161	5	100.0%	30,386	30,386
Contractors	3,040	(2,791)	-	249	248	1	99.6%	469	468
Agency and support / outsourced services	23,407	(10,688)	(3,978)	8,741	8,738	3	100.0%	7,102	7,102
Fleet services (including government motor transport)	10,860	(2,651)	(902)	7,307	7,269	38	99.5%	6,913	6,912
Consumable supplies	2,572	(1,502)	-	1,070	1,015	55	94.9%	660	660
Consumable: Stationery, printing and office supplies	12,075	(1,968)	(1,638)	8,469	8,455	14	99.8%	7,652	7,652
Operating leases	6,151	2,367	(213)	8,305	7,444	861	89.6%	6,541	6,541
Property payments	9,938	(2,804)	(1,052)	6,082	6,068	14	99.8%	5,542	5,542
Transport provided: Departmental activity	1,102	3,111	(1,680)	2,533	2,531	2	99.9%	1,010	1,010
Travel and subsistence	31,181	27,342	-	58,523	58,426	97	99.8%	52,646	52,644
Training and development	1,990	(790)	(1,113)	87	87	-	100.0%	48	48
Operating payments	5,421	(3,674)	-	1,747	1,732	15	99.1%	1,396	1,396
Venues and facilities	6,332	10,622	-	16,954	16,948	6	100.0%	14,933	14,932
Rental and hiring	969	(125)	-	844	840	4	99.5%	988	987
Interest and rent on land	-	756	-	756	755	1	99.9%	-	2,925
Interest (Incl. interest on unitary payments (PPP))	-	756	-	756	755	1	99.9%	-	2,925

# DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM VOTE 39

## APPROPRIATION STATEMENT AS AT 31 MARCH 2019

Programme 4: Restitution (continued)									
	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Economic classification</b>									
<b>Transfers and subsidies</b>	<b>2,734,600</b>	<b>(13,734)</b>	<b>(57,735)</b>	<b>2,663,131</b>	<b>2,662,825</b>	<b>306</b>	<b>100.0%</b>	<b>2,428,447</b>	<b>2,426,610</b>
Provinces and municipalities	7,906	-	(2,949)	4,957	4,945	12	99.8%	17,732	17,732
Municipalities	7,906	-	(2,949)	4,957	4,945	12	99.8%	17,732	17,732
Municipal bank accounts	7,906	-	(2,949)	4,957	4,945	12	99.8%	17,732	17,732
Departmental agencies and accounts	-	-	-	-	-	-	-	1	1
Departmental agencies (non-business entities)	-	-	-	-	-	-	-	1	1
Public corporations and private enterprises	500,000	(500,000)	-	-	-	-	-	-	-
Public corporations	500,000	(500,000)	-	-	-	-	-	-	-
Other transfers to public corporations	500,000	(500,000)	-	-	-	-	-	-	-
Households	2,226,694	486 266	(54,786)	2,658 174	2,657 880	294	100.0%	2,410,714	2,408,877
Social benefits	411	121	-	532	528	4	99.2%	208	208
Other transfers to households	2,226,283	486 145	(54,786)	2,657 642	2,657 352	290	100.0%	2,410,506	2,408,669
<b>Payments for capital assets</b>	<b>26,003</b>	<b>13 734</b>	<b>1,361</b>	<b>41 098</b>	<b>41 016</b>	<b>82</b>	<b>99.8%</b>	<b>117,718</b>	<b>117,718</b>
Building and other fixed structures	-	7 556	-	7 556	7 556	-	100.0%	-	-
Buildings	-	7 556	-	7 556	7 556	-	100.0%	-	-
Machinery and equipment	6,922	-	1,361	8,283	8,202	81	99.0%	6,594	6,594
Other machinery and equipment	6,922	-	1,361	8,283	8,202	81	99.0%	6,594	6,594
Land and sub-soil assets	19,081	6,178	-	25,259	25,258	1	100.0%	111,124	111,124
<b>Payment for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>640</b>	<b>(640)</b>	<b>-</b>	<b>-</b>	<b>434</b>
	<b>3,359,330</b>	<b>-</b>	<b>(95,066)</b>	<b>3,264,264</b>	<b>3,256,042</b>	<b>8,222</b>	<b>99.7%</b>	<b>3,097,519</b>	<b>3,093,990</b>

# DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM VOTE 39

## APPROPRIATION STATEMENT AS AT 31 MARCH 2019

Sub-programme: 4.1: Restitution National Office									
	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>	<b>152,995</b>	<b>(26,206)</b>	<b>(30,218)</b>	<b>96,571</b>	<b>94,419</b>	<b>2,152</b>	<b>97.8%</b>	<b>116,072</b>	<b>115,893</b>
Compensation of employees	47,391	(615)	-	46,776	44,690	2,086	95.5%	43,426	43,259
Salaries and wages	42,124	(668)	-	41,456	39,495	1,961	95.3%	38,502	38,373
Social contributions	5,267	53	-	5,320	5,195	125	97.7%	4,924	4,886
Goods and services	105,604	(25,591)	(30,218)	49,795	49,729	66	99.9%	72,646	72,634
Administrative fees	5,714	5,629	-	11,343	11,340	3	100.0%	8,390	8,389
Advertising	5,027	(1,652)	-	3,375	3,374	1	100.0%	2,549	2,548
Minor assets	4,762	(4,679)	-	83	79	4	95.2%	35	35
Catering: Departmental activities	414	(215)	-	199	198	1	99.5%	176	176
Communication (G&S)	428	(186)	-	242	240	2	99.2%	460	459
Computer services	225	(225)	-	-	-	-	-	1,593	1,593
Consultants: Business and advisory services	47,899	(13,222)	(23,104)	11,573	11,571	2	100.0%	35,102	35,095
Infrastructure and planning services	88	(88)	-	-	-	-	-	-	-
Legal services	263	508	-	771	771	-	100.0%	182	182
Contractors	454	(437)	-	17	16	1	94.1%	14	14
Agency and support / outsourced services	19,104	(10,461)	(3,461)	5,182	5,180	2	100.0%	3,899	3,899
Fleet services (including government motor transport)	6,594	(1,389)	(902)	4,303	4,298	5	99.9%	4,032	4,031
Consumable supplies	1,067	(872)	-	195	183	12	93.8%	131	131
Consumable: Stationery, printing and office supplies	5,194	615	(1,638)	4,171	4,168	3	99.9%	1,776	1,776
Operating leases	404	(302)	-	102	101	1	99.0%	72	72
Property payments	37	(26)	-	11	11	-	100.0%	-	-
Travel and subsistence	4,486	2,442	-	6,928	6,902	26	99.6%	5,888	5,887
Training and development	1,890	(690)	(1,113)	87	87	-	100.0%	35	35
Operating payments	1,018	(762)	-	256	255	1	99.6%	312	312
Venues and facilities	481	476	-	957	955	2	99.8%	8,000	8,000
Rental and hiring	55	(55)	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>500,163</b>	<b>(499,908)</b>	<b>-</b>	<b>255</b>	<b>253</b>	<b>2</b>	<b>99.2%</b>	<b>106</b>	<b>106</b>
Provinces and municipalities	117	6	-	123	123	-	100.0%	98	98
Municipalities	117	6	-	123	123	-	100.0%	98	98
Municipal bank accounts	117	6	-	123	123	-	100.0%	98	98
Public corporations and private enterprises	500,000	(500,000)	-	-	-	-	-	-	-
Public corporations	500,000	(500,000)	-	-	-	-	-	-	-
Other transfers to public corporations	500,000	(500,000)	-	-	-	-	-	-	-
Households	46	86	-	132	130	2	98.5%	8	8
Social benefits	46	86	-	132	130	2	98.5%	8	8
<b>Payments for capital assets</b>	<b>565</b>	<b>5</b>	<b>460</b>	<b>1,030</b>	<b>1,024</b>	<b>6</b>	<b>99.4%</b>	<b>429</b>	<b>429</b>
Machinery and equipment	565	5	460	1,030	1,024	6	99.4%	429	429
Other machinery and equipment	565	5	460	1,030	1,024	6	99.4%	429	429
<b>Payment for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>49</b>	<b>(49)</b>	<b>-</b>	<b>-</b>	<b>26</b>
<b>TOTAL</b>	<b>653,723</b>	<b>(526,109)</b>	<b>(29,758)</b>	<b>97,856</b>	<b>95,745</b>	<b>2,111</b>	<b>97.8%</b>	<b>116,607</b>	<b>116,454</b>

# DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM VOTE 39

## APPROPRIATION STATEMENT AS AT 31 MARCH 2019

Sub-programme: 4.2: Restitution Regional Offices									
	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>	<b>445,732</b>	<b>26,206</b>	<b>(8,474)</b>	<b>463,464</b>	<b>457,142</b>	<b>6,322</b>	<b>98.6%</b>	<b>435,282</b>	<b>433,335</b>
Compensation of employees	324,191	615	-	324,806	319,584	5,222	98.4%	303,458	298,598
Salaries and wages	277,896	725	-	278,621	274,786	3,835	98.6%	260,968	256,931
Social contributions	46,295	(110)	-	46,185	44,798	1,387	97.0%	42,490	41,667
Goods and services	121,541	24,835	(8,474)	137,902	136,803	1,099	99.2%	131,824	131,812
Administrative fees	2,001	1,888	-	3,889	3,881	8	99.8%	3,372	3,371
Advertising	2,802	106	(690)	2,218	2,212	6	99.7%	1,562	1,562
Minor assets	5,020	(3,298)	(1,080)	642	642	-	100.0%	950	950
Audit costs: External	500	(153)	-	347	347	-	100.0%	1,686	1,686
Catering: Departmental activities	1,320	285	-	1,605	1,601	4	99.8%	596	596
Communication (G&S)	10,542	(2,399)	-	8,143	8,128	15	99.8%	9,202	9,201
Computer services	-	1	-	1	-	1	-	4	4
Consultants: Business and advisory services	5,681	(4,232)	(608)	841	840	1	99.9%	1,793	1,787
Infrastructure and planning services	1,753	487	(1,121)	1,119	1,117	2	99.8%	714	714
Legal services	17,668	4,240	(1,513)	20,395	20,390	5	100.0%	30,204	30,204
Contractors	2,586	(2,354)	-	232	232	-	100.0%	455	454
Agency and support / outsourced services	4,303	(227)	(517)	3,559	3,558	1	100.0%	3,203	3,203
Fleet services (including government motor transport)	4,266	(1,262)	-	3,004	2,971	33	98.9%	2,881	2,881
Consumable supplies	1,505	(630)	-	875	832	43	95.1%	529	529
Consumable: Stationery, printing and office supplies	6,881	(2,583)	-	4,298	4,287	11	99.7%	5,876	5,876
Operating leases	5,747	2,669	(213)	8,203	7,343	860	89.5%	6,469	6,469
Property payments	9,901	(2,778)	(1,052)	6,071	6,057	14	99.8%	5,542	5,542
Transport provided: Departmental activity	1,102	3,111	(1,680)	2,533	2,531	2	99.9%	1,010	1,010
Travel and subsistence	26,695	24,900	-	51,595	51,524	71	99.9%	46,758	46,757
Training and development	100	(100)	-	-	-	-	-	13	13
Operating payments	4,403	(2,912)	-	1,491	1,477	14	99.1%	1,084	1,084
Venues and facilities	5,851	10,146	-	15,997	15,993	4	100.0%	6,933	6,932
Rental and hiring	914	(70)	-	844	840	4	99.5%	988	987
Interest and rent on land	-	756	-	756	755	1	99.9%	-	2,925
Interest (Incl. interest on unitary payments (PPP))	-	756	-	756	755	1	99.9%	-	2,925
<b>Transfers and subsidies</b>	<b>8,154</b>	<b>29</b>	<b>(2,949)</b>	<b>5,234</b>	<b>5,220</b>	<b>14</b>	<b>99.7%</b>	<b>17,835</b>	<b>17,835</b>
Provinces and municipalities	7,789	(6)	(2,949)	4,834	4,822	12	99.8%	17,634	17,634
Municipalities	7,789	(6)	(2,949)	4,834	4,822	12	99.8%	17,634	17,634
Municipal bank accounts	7,789	(6)	(2,949)	4,834	4,822	12	99.8%	17,634	17,634
Departmental agencies and accounts	-	-	-	-	-	-	-	1	1
Departmental agencies (non-business entities)	-	-	-	-	-	-	-	1	1
Households	365	35	-	400	398	2	99.5%	200	200
Social benefits	365	35	-	400	398	2	99.5%	200	200



# DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM VOTE 39

## APPROPRIATION STATEMENT AS AT 31 MARCH 2019

Sub-programme: 4.2: Restitution Regional Offices (continued)									
	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Payments for capital assets</b>	<b>25,438</b>	<b>6,173</b>	<b>901</b>	<b>32,512</b>	<b>32,436</b>	<b>76</b>	<b>99.8%</b>	<b>117,289</b>	<b>117,289</b>
Machinery and equipment	6,357	(5)	901	7,253	7,178	75	99.0%	6,165	6,165
Other machinery and equipment	6,357	(5)	901	7,253	7,178	75	99.0%	6,165	6,165
Land and sub-soil assets	19,081	6,178	-	25,259	25,258	1	100.0%	111,124	111,124
<b>Payment for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>591</b>	<b>(591)</b>	<b>-</b>	<b>-</b>	<b>408</b>
<b>TOTAL</b>	<b>479,324</b>	<b>32,408</b>	<b>(10,522)</b>	<b>501,210</b>	<b>495,389</b>	<b>5,821</b>	<b>98.8%</b>	<b>570,406</b>	<b>568,867</b>

Sub-programme: 4.3: Restitution Grants									
	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Transfers and subsidies</b>	<b>2,226,283</b>	<b>486,145</b>	<b>(54,786)</b>	<b>2,657,642</b>	<b>2,657,352</b>	<b>290</b>	<b>100.0%</b>	<b>2,410,506</b>	<b>2,408,669</b>
Households	2,226,283	486,145	(54,786)	2,657,642	2,657,352	290	100.0%	2,410,506	2,408,669
Other transfers to households	2,226,283	486,145	(54,786)	2,657,642	2,657,352	290	100.0%	2,410,506	2,408,669
<b>Payments for capital assets</b>	<b>-</b>	<b>7 556</b>	<b>-</b>	<b>7 556</b>	<b>7 556</b>	<b>-</b>	<b>100.0%</b>	<b>-</b>	<b>-</b>
Buildings and other fixed structures	-	7 556	-	7 556	7 556	-	100.0%	-	-
Buildings	-	7 556	-	7 556	7 556	-	100.0%	-	-
<b>Payment for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>	<b>2,226,283</b>	<b>493,701</b>	<b>(54,786)</b>	<b>2,665,198</b>	<b>2,664,908</b>	<b>290</b>	<b>100.0%</b>	<b>2,410,506</b>	<b>2,408,669</b>

# DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM VOTE 39

## APPROPRIATION STATEMENT AS AT 31 MARCH 2019

Programme 5: Land Reform									
	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>SUB-PROGRAMME</b>									
1.Land Redistribution and Development	422,286	(166,169)	849	256,966	243,584	13,382	94.8%	239,790	230,460
2.Land Tenure and Administration	446,514	147,946	44,701	639,161	626,034	13,127	97.9%	585,035	581,100
3.Land Reform Grants	386,323	18,224	(180,084)	224,463	217,316	7,147	96.8%	404,858	404,804
4.KwaZulu-Natal Ingonyama Trust Board	20,349	-	-	20,349	20,349	-	100.0%	19,727	19,727
5.Agricultural Land Holding Account	1,326,457	-	-	1,326,457	1,326,457	-	100.0%	1,348,397	1,348,397
6.Office of Valuer-General	141,126	(1)	(1)	141,124	141,123	1	100.0%	64,806	64,806
	<b>2,743,055</b>	<b>-</b>	<b>(134,535)</b>	<b>2,608,520</b>	<b>2,574,863</b>	<b>33,657</b>	<b>98.7%</b>	<b>2,662,613</b>	<b>2,649,294</b>

	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Economic classification</b>									
<b>Current payments</b>	<b>621,852</b>	<b>-</b>	<b>97,271</b>	<b>719,123</b>	<b>692,192</b>	<b>26,931</b>	<b>96.3%</b>	<b>641,119</b>	<b>627,475</b>
Compensation of employees	382,540	-	-	382,540	356,473	26,067	93.2%	334,982	321,291
Salaries and wages	334,554	(3,566)	-	330,988	310,063	20,925	93.7%	289,940	278,286
Social contributions	47,986	3,566	-	51,552	46,410	5,142	90.0%	45,042	43,005
Goods and services	239,262	-	97,295	336,555	335,691	864	99.7%	306,137	306,130
Administrative fees	3,882	(549)	-	3,333	3,302	31	99.1%	5,421	5,421
Advertising	1,236	(135)	-	1,101	1,090	11	99.0%	582	581
Minor assets	6,491	(5,157)	-	1,334	1,280	54	96.0%	1,254	1,251
Audit costs: External	847	1	-	848	847	1	99.9%	-	-
Catering: Departmental activities	2,793	(1,444)	-	1,349	1,333	16	98.8%	1,826	1,826
Communication (G&S)	11,265	1,669	36	12,970	12,926	44	99.7%	14,528	14,528
Computer services	2,735	(1,133)	-	1,602	1,601	1	99.9%	811	811
Consultants: Business and advisory services	21,710	(15,678)	1,986	8,018	8,000	18	99.7%	266	266
Infrastructure and planning services	172	(140)	-	32	31	1	100.0%	3	3
Legal services	79,307	25,981	41,742	147,030	147,024	6	100.0%	156,592	156,592
Contractors	744	(221)	-	523	513	10	98.1%	577	577
Agency and support / outsourced services	10,490	(9,526)	192	1,156	1,147	9	99.2%	1,266	1,266
Entertainment	13	(12)	-	1	-	1	-	-	-
Fleet services (including government motor transport)	4,960	(548)	-	4,412	4,370	42	99.0%	4,096	4,096
Inventory Farming supplier			51,280	51,280	51,280		100.0%	24,595	24,595
Consumable supplier	10,913	(2,399)	-	2,663	2,563	100	96.2%	1,724	1,724
Consumable: Stationery, printing and office supplies	10,913	(5,301)	-	5,612	5,543	69	98.8%	5,366	5,365
Operating leases	8,419	1,975	-	10,394	10,371	23	99.8%	8,562	8,561
Property payments	9,570	(80)	-	9,490	9,471	19	99.8%	8,903	8,903
Transport provided: Departmental activity	518	172	-	690	687	3	99.6%	1,279	1,279

# DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM VOTE 39

## APPROPRIATION STATEMENT AS AT 31 MARCH 2019

Programme 5: Land Reform (continued)									
	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Economic classification</b>									
Travel and subsistence	43,340	14,087	-	57,427	57,093	334	99.4%	52,517	52,516
Training and development	-	-	-	-	-	-	-	254	254
Operating payments	5,240	(1,426)	1,802	5,616	5,572	44	99.2%	1,713	1,713
Venues and facilities	9,017	(133)	225	9,139	9,120	19	99.8%	13,100	13,100
Rental and hiring	538	(3)	-	535	527	8	98.5%	902	902
Interest and rent on land	50	-	(22)	28	28	-	100.0%	-	54
Interest (Incl. interest on unitary payments (PPP))	50	-	(22)	28	28	-	100.0%	-	54
<b>Transfers and subsidies</b>	<b>2,112,783</b>	<b>-</b>	<b>(232,675)</b>	<b>1,880,108</b>	<b>1,872,935</b>	<b>7,173</b>	<b>99.6%</b>	<b>2,014,424</b>	<b>2,014,368</b>
Provinces and municipalities	88,431	128,992	2,960	220,383	220,369	14	100.0%	199,988	199,987
Municipalities	88,431	128,992	2,960	220,383	220,369	14	100.0%	199,988	199,987
Municipal bank accounts	88,431	128,992	2,960	220,383	220,369	14	100.0%	199,988	199,987
Departmental agencies and accounts	1,487,932	-	1	1,487,933	1,487,931	2	100.0%	1,432,931	1,432,931
Departmental agencies (non-business entities)	1,487,932	-	1	1,487,933	1,487,931	2	100.0%	1,432,931	1,432,931
Public corporations and private enterprises	150,001	(150,000)	(1)	-	-	-	-	1	-
Public corporations	150,000	(150,000)	-	-	-	-	-	1	-
Subsidies on products and production (pc)	150,000	(150,000)	-	-	-	-	-	-	-
Other transfers to public corporations	-	-	-	-	-	-	-	1	-
Private enterprises	1	-	(1)	-	-	-	-	-	-
Other transfers to private enterprises	1	-	(1)	-	-	-	-	-	-
Households	386,419	21,008	(235,635)	171,792	164,635	7,157	95.8%	381,504	381,450
Social benefits	96	408	-	504	497	7	98.6%	1,284	1,284
Other transfers to households	386,323	20,600	(235,635)	171,288	164,138	7,150	95.8%	380,220	380,166
<b>Payments for capital assets</b>	<b>8,420</b>	<b>-</b>	<b>869</b>	<b>9,289</b>	<b>9,217</b>	<b>72</b>	<b>99.2%</b>	<b>7,070</b>	<b>7,067</b>
Machinery and equipment	8,420	-	869	9,289	9,217	72	99.2%	7,070	7,067
Transport equipment	-	-	-	-	-	-	-	44	44
Other machinery and equipment	8,420	-	869	9,289	9,217	72	99.2%	7,026	7,023
<b>Payment for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>519</b>	<b>(519)</b>	<b>-</b>	<b>-</b>	<b>384</b>
	<b>2,743,055</b>	<b>-</b>	<b>(134,535)</b>	<b>2,608,520</b>	<b>2,574,863</b>	<b>33,657</b>	<b>98.7%</b>	<b>2,662,613</b>	<b>2,649,294</b>

# DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM VOTE 39

## APPROPRIATION STATEMENT AS AT 31 MARCH 2019

Sub-programme: 5.1: Land Redistribution and Development									
	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>	<b>267,509</b>	<b>(16,347)</b>	<b>(22)</b>	<b>251,140</b>	<b>237,478</b>	<b>13,662</b>	<b>94.6%</b>	<b>235,047</b>	<b>225,456</b>
Compensation of employees	175,170	4,917	-	180,087	166,886	13,201	92.7%	168,427	158,837
Salaries and wages	152,810	2,742	-	155,552	144,846	10,706	93.1%	146,338	137,844
Social contributions	22,360	2,175	-	24,535	22,040	2,495	89.8%	22,089	20,993
Goods and services	92,289	(21,236)	-	71,053	70,592	461	99.4%	66,620	66,618
Administrative fees	1,308	(52)	-	1,256	1,240	16	98.7%	1,489	1,489
Advertising	817	195	-	1,012	1,005	7	99.3%	308	308
Minor assets	3,661	(2,854)	-	807	780	27	96.7%	604	604
Catering: Departmental activities	1,398	(547)	-	851	842	9	98.9%	983	983
Communication (G&S)	8,311	2,746	-	11,057	11,035	22	99.8%	11,549	11,549
Computer services	225	(224)	-	1	1	-	100.0%	-	-
Consultants: Business and advisory services	16,887	(15,219)	-	1,668	1,654	14	99.2%	260	260
Infrastructure and planning services	109	(77)	-	32	31	1	96.9%	-	-
Legal services	1,050	956	-	2,006	2,004	2	99.9%	1,786	1,786
Contractors	564	(503)	-	61	55	6	90.2%	80	80
Agency and support / outsourced services	9,642	(9,552)	-	90	87	3	96.7%	97	97
Entertainment	1	-	-	1	-	1	-	-	-
Fleet services (including government motor transport)	3,526	617	-	4,143	4,107	36	99.1%	3,682	3,682
Consumable supplies	1,552	(771)	-	781	721	60	92.3%	1,002	1,002
Consumable: Stationery, printing and office supplies	5,547	(2,500)	-	3,047	3,009	38	98.8%	2,357	2,356
Operating leases	7,123	2,403	-	9,526	9,512	14	99.9%	8,033	8,032
Property payments	5,440	(387)	-	5,053	5,042	11	99.8%	4,927	4,927
Transport provided: Departmental activity	148	82	-	230	229	1	99.6%	483	483
Travel and subsistence	18,097	5,233	-	23,330	23,176	154	99.3%	23,249	23,249
Training and development	-	-	-	-	-	-	-	254	254
Operating payments	3,233	(830)	-	2,403	2,377	26	98.9%	1,167	1,167
Venues and facilities	3,462	34	-	3,496	3,487	9	99.7%	3,854	3,854
Rental and hiring	188	14	-	202	198	4	98.0%	456	456
Interest and rent on land	50	(28)	(22)	-	-	-	-	-	1
Interest (Incl. interest on unitary payments (PPP))	50	(28)	(22)	-	-	-	-	-	1
<b>Transfers and subsidies</b>	<b>150,013</b>	<b>(149,762)</b>	<b>2</b>	<b>253</b>	<b>248</b>	<b>5</b>	<b>98.0%</b>	<b>1,182</b>	<b>1,181</b>
Provinces and municipalities	13	(10)	-	3	2	1	66.7%	2	1
Municipalities	13	(10)	-	3	2	1	66.7%	2	1
Municipal bank accounts	13	(10)	-	3	2	1	66.7%	2	1
Departmental agencies and accounts	-	1	2	3	2	1	66.7%	1	1
Departmental agencies (non-business entities)	-	1	2	3	2	1	66.7%	1	1
Public corporations and private enterprises	150,000	(150,000)	-	-	-	-	-	-	-
Public corporations	150,000	(150,000)	-	-	-	-	-	-	-
Subsidies on products and production (pc)	150,000	(150,000)	-	-	-	-	-	-	-

# DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM VOTE 39

## APPROPRIATION STATEMENT AS AT 31 MARCH 2019

Sub-programme: 5.1: Land Redistribution and Development (continued)									
	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Households	-	247	-	247	244	3	98.8%	1,179	1,179
Social benefits	-	247	-	247	244	3	98.8%	1,179	1,179
<b>Payments for capital assets</b>	<b>4,764</b>	<b>(60)</b>	<b>869</b>	<b>5,573</b>	<b>5,536</b>	<b>37</b>	<b>99.3%</b>	<b>3,561</b>	<b>3,559</b>
Machinery and equipment	4,764	(60)	869	5,573	5,536	37	99.3%	3,561	3,559
Other machinery and equipment	4,764	(60)	869	5,573	5,536	37	99.3%	3,561	3,559
<b>Payment for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>322</b>	<b>(322)</b>	<b>-</b>	<b>-</b>	<b>264</b>
<b>TOTAL</b>	<b>422,286</b>	<b>(166,169)</b>	<b>849</b>	<b>256,966</b>	<b>243,584</b>	<b>13,382</b>	<b>94.8%</b>	<b>239,790</b>	<b>230,460</b>

# DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM VOTE 39

## APPROPRIATION STATEMENT AS AT 31 MARCH 2019

Sub-programme: 5.2: Land Tenure and Administration									
	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>	<b>354,343</b>	<b>16,347</b>	<b>41,742</b>	<b>412,432</b>	<b>399,163</b>	<b>13,269</b>	<b>96.8%</b>	<b>380,945</b>	<b>376,892</b>
Compensation of employees	207,370	(4,917)	-	202,453	189,587	12,866	93.6%	166,555	162,454
Salaries and wages	181,744	(6,308)	-	175,436	165,217	10,219	94.2%	143,602	140,442
Social contributions	25,626	1,391	-	27,017	24,370	2,647	90.2%	22,953	22,012
Goods and services	146,973	21,236	41,742	209,951	209,548	403	99.8%	214,390	214,385
Administrative fees	2,574	(497)	-	2,077	2,062	15	99.3%	3,932	3,932
Advertising	419	(330)	-	89	85	4	95.5%	274	273
Minor assets	2,830	(2,303)	-	527	500	27	94.9%	650	647
Audit costs: External	847	1	-	848	847	1	99.9%	-	-
Catering: Departmental activities	1,395	(897)	-	498	491	7	98.6%	843	843
Communication (G&S)	2,954	(1,077)	-	1,877	1,855	22	98.8%	2,979	2,979
Computer services	2,510	(909)	-	1,601	1,600	1	99.9%	811	811
Consultants: Business and advisory services	4,823	(459)	-	4,364	4,360	4	99.9%	1	1
Infrastructure and planning services	63	(63)	-	-	-	-	-	3	3
Legal services	78,257	25,025	41,742	145,024	145,020	4	100.0%	154,806	154,806
Contractors	180	282	-	462	458	4	99.1%	26	26
Agency and support / outsourced services	848	26	-	874	868	6	99.3%	1,169	1,169
Entertainment	12	(12)	-	-	-	-	-	-	-
Fleet services (including government motor transport)	1,434	(1,165)	-	269	263	6	97.8%	414	414
Consumable supplies	3,510	(1,628)	-	1,882	1,842	40	97.9%	722	722
Consumable: Stationery, printing and office supplies	5,366	(2,801)	-	2,565	2,534	31	98.8%	3,009	3,009
Operating leases	1,296	(428)	-	868	859	9	99.0%	529	529
Property payments	4,130	307	-	4,437	4,429	8	99.8%	3,976	3,976
Transport provided: Departmental activity	370	90	-	460	458	2	99.6%	796	796
Travel and subsistence	25,243	8,854	-	34,097	33,917	180	99.5%	29,268	29,267
Operating payments	2,007	(596)	-	1,411	1,393	18	98.7%	544	544
Venues and facilities	5,555	(167)	-	5,388	5,378	10	99.8%	9,192	9,192
Rental and hiring	350	(17)	-	333	329	4	98.8%	446	446
Interest and rent on land	-	28	-	28	28	-	100.0%	-	53
Interest (Incl. interest on unitary payments (PPP))	-	28	-	28	28	-	100.0%	-	53
<b>Transfers and subsidies</b>	<b>88,515</b>	<b>131,539</b>	<b>2,959</b>	<b>223,013</b>	<b>222,993</b>	<b>20</b>	<b>100.0%</b>	<b>200,581</b>	<b>200,580</b>
Provinces and municipalities	88,418	129,002	2,960	220,380	220,367	13	100.0%	199,986	199,986
Municipalities	88,418	129,002	2,960	220,380	220,367	13	100.0%	199,986	199,986
Municipal bank accounts	88,418	129,002	2,960	220,380	220,367	13	100.0%	199,986	199,986
Public corporations and private enterprises	1	-	(1)	-	-	-	-	1	-
Public corporations	-	-	-	-	-	-	-	1	-
Other transfers to public corporations	-	-	-	-	-	-	-	-	-
Private enterprises	1	-	(1)	-	-	-	-	-	-
Other transfers to private enterprises	1	-	(1)	-	-	-	-	-	-

# DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM VOTE 39

## APPROPRIATION STATEMENT AS AT 31 MARCH 2019

Sub-programme: 5.2: Land Tenure and Administration (continued)									
	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Households	96	2,537	-	2,633	2,626	7	99.7%	594	594
Social benefits	96	161	-	257	253	4	98.4%	105	105
Other transfers to households	-	2,376	-	2,376	2,373	3	99.9%	489	489
<b>Payments for capital assets</b>	<b>3,656</b>	<b>60</b>	<b>-</b>	<b>3,716</b>	<b>3,681</b>	<b>35</b>	<b>99.1%</b>	<b>3,509</b>	<b>3,508</b>
Machinery and equipment	3,656	60	-	3,716	3,681	35	99.1%	3,509	3,508
Transport equipment	-	-	-	-	-	-	-	44	44
Other machinery and equipment	3,656	60	-	3,716	3,681	35	99.1%	3,465	3,464
<b>Payment for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>197</b>	<b>(197)</b>	<b>-</b>	<b>-</b>	<b>120</b>
<b>TOTAL</b>	<b>446,514</b>	<b>147,946</b>	<b>44,701</b>	<b>639,161</b>	<b>626,034</b>	<b>13,127</b>	<b>97.9%</b>	<b>585,035</b>	<b>581,100</b>

Sub-programme: 5.3: Land Reform Grants									
	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>	<b>-</b>	<b>-</b>	<b>55,551</b>	<b>55,551</b>	<b>55,551</b>	<b>-</b>	<b>100.0%</b>	<b>25,127</b>	<b>25,127</b>
Goods and services	-	-	55,551	55,551	55,551	-	100.0%	25,127	25,127
Communication (G&S)	-	-	36	36	36	-	100.0%	-	-
Consultants: Business and advisory services	-	-	1,986	1,986	1,986	-	100.0%	5	5
Contractors	-	-	-	-	-	-	-	471	471
Agency and support / outsourced services	-	-	192	192	192	-	100.0%	-	-
Inventory: Farming supplies	-	-	51,280	51,280	51,280	-	100.0%	24,595	24,595
Operating payments	-	-	1,802	1,802	1,802	-	100.0%	2	2
Venues and facilities	-	-	255	255	255	-	100.0%	54	54
<b>Transfers and subsidies</b>	<b>386,323</b>	<b>18,224</b>	<b>(235,635)</b>	<b>168,912</b>	<b>161,765</b>	<b>7,147</b>	<b>95.8%</b>	<b>379,731</b>	<b>379,677</b>
Households	386,323	18,224	(235,635)	168,912	161,765	7,147	95.8%	379,731	379,677
Other transfers to households	386,323	18,224	(235,635)	168,912	161,765	7,147	95.8%	379,731	379,677
<b>Payments for capital assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Payment for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>386,323</b>	<b>18,224</b>	<b>(180,084)</b>	<b>224,463</b>	<b>21,316</b>	<b>7,147</b>	<b>96.8%</b>	<b>404,858</b>	<b>404,804</b>

# DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM VOTE 39

## APPROPRIATION STATEMENT AS AT 31 MARCH 2019

Sub-programme: 5.4: KwaZulu-Natal Ingonyama Trust Board									
	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	-	-	-	-	-	-	-	-	-
Transfers and subsidies	20,349	-	-	20,349	20,349	-	100.0%	19,727	19,727
Departmental agencies and accounts	20,349	-	-	20,349	20,349	-	100.0%	19,727	19,727
Departmental agencies (non-business entities)	20,349	-	-	20,349	20,349	-	100.0%	19,727	19,727
Payments for capital assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>20,349</b>	<b>-</b>	<b>-</b>	<b>20,349</b>	<b>20,349</b>	<b>-</b>	<b>100.0%</b>	<b>19,727</b>	<b>19,727</b>

Sub-programme: 5.5: Agricultural Land Holding Account									
	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	-	-	-	-	-	-	-	-	-
Transfers and subsidies	1,326,457	-	-	1,326,457	1,326,457	-	100.0%	1,348,397	1,348,397
Departmental agencies and accounts	1,326,457	-	-	1,326,457	1,326,457	-	100.0%	1,348,397	1,348,397
Departmental agencies (non-business entities)	1,326,457	-	-	1,326,457	1,326,457	-	100.0%	1,348,397	1,348,397
Payments for capital assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>1,326,457</b>	<b>-</b>	<b>-</b>	<b>1,326,457</b>	<b>1,326,457</b>	<b>-</b>	<b>100.0%</b>	<b>1,348,397</b>	<b>1,348,397</b>

Sub-programme: 5.6: Office of Valuer-General									
	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	-	-	-	-	-	-	-	-	-
Transfers and subsidies	141,126	(1)	(1)	141,124	141,123	1	100.0%	64,806	64,806
Departmental agencies and accounts	141,126	(1)	(1)	141,124	141,123	1	100.0%	64,806	64,806
Departmental agencies (non-business entities)	141,126	(1)	(1)	141,124	141,123	1	100.0%	64,806	64,806
Payments for capital assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>141,126</b>	<b>(1)</b>	<b>(1)</b>	<b>141,124</b>	<b>141,123</b>	<b>1</b>	<b>100.0%</b>	<b>64,806</b>	<b>64,806</b>



## NOTES TO THE APPROPRIATION STATEMENT AS AT 31 MARCH 2019

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

Detail of those 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:

Per programme:	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation.
	R'000	R'000	R'000	%
<b>Programme 1:</b>				
<b>Administration</b>	<b>1,911,429</b>	<b>1,842,589</b>	<b>68,840</b>	<b>96%</b>
Ministry	53,891	53,069	822	1.5%
Management	221,901	216,638	5,263	2.4%
Internal Audit	38,595	38,402	193	0.5%
Corporate Services	410,203	409,871	332	0.1%
Financial Services	199,950	196,528	3,422	1.7%
Provincial Coordination	407,313	395,286	12,027	3.0%
Office Accommodation	579,576	532,795	46,781	8.1%

#### EXPLANATION OF VARIANCE:

The variance is as a result of the delay in the filling of vacant posts and the construction of the new office accommodation (Public-Private Partnership project) due to a delay in obtaining the Minister of Finance's concurrence to issue indemnities for the PPP project.

# NOTES TO THE APPROPRIATION STATEMENT

## AS AT 31 MARCH 2019

	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Approp.
	R'000	R'000	R'000	%
<b>Programme 2: National Geomatics Management Services</b>	<b>642,306</b>	<b>626,906</b>	<b>15,400</b>	<b>98%</b>
National Geomatics Management Services	480,607	471,472	9,135	1.9%
Spatial Planning and Land Use Management	154,104	147,839	6,265	4.1%
Registration of Deeds Trading Account	-	-	-	-
South African Council for Planners	3,695	3,695	-	0.0%
South African Geomatics Council	3,900	3,900	-	0.0%

**EXPLANATION OF VARIANCE:**

Variance is as a result of delay in filling of vacant posts.

	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Approp.
	R'000	R'000	R'000	%
<b>Programme 3: Rural Development</b>	<b>1,998,724</b>	<b>1,980,700</b>	<b>18,024</b>	<b>99%</b>
Rural Infrastructure Development	724,514	717,830	6,684	0.9%
Rural Enterprise and Industrial Development	825,039	815,875	9,164	1.1%
National Rural Youth Services Corps	449,171	446,995	2,176	0.5%

**EXPLANATION OF VARIANCE:**

Variance is as a result of delay in filling of vacant posts.

	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Approp.
	R'000	R'000	R'000	%
<b>Programme 4: Restitution</b>	<b>3,264,264</b>	<b>3,256,042</b>	<b>8,222</b>	<b>100%</b>
Restitution National Office	97,856	95,745	2,111	2.2%
Restitution Regional Offices	501,210	495,389	5,821	1.2%
Restitution Grants	2,665,198	2,664,908	290	0.0%

**EXPLANATION OF VARIANCE:**

Variance is as a result of delay in filling of vacant posts.

# NOTES TO THE APPROPRIATION STATEMENT

## AS AT 31 MARCH 2019

	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Approp.
	R'000	R'000	R'000	%
<b>Programme 5: Land Reform</b>	<b>2,608,520</b>	<b>2,574,863</b>	<b>33,657</b>	<b>99%</b>
Land Redistribution and Development	256,966	243,584	13,382	5.2%
Land Tenure and Administration	639,161	626,034	13,127	2.1%
Land Reform Grants	224,463	217,316	7,147	3.2%
KwaZulu-Natal Ingonyama Trust Board	20,349	20,349	-	0.0%
Agricultural Land Holding Account	1,326,457	1,326,457	-	0.0%
Office of Valuer-General	141,124	141,123	1	0.0%

### EXPLANATION OF VARIANCE:

Variance is as a result of delay in filling of vacant posts

### 4.2 PER ECONOMIC CLASSIFICATION:

	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Approp.
Per economic classification:	R'000	R'000	R'000	%
<b>Current expenditure</b>	<b>4,548,870</b>	<b>4,457,129</b>	<b>91,741</b>	<b>2%</b>
Compensation of employees	2,325,590	2,239,196	86,394	3.7%
Goods and services	2,222,358	2,217,012	5,346	0.2%
Interest and rent on land	922	921	1	0.1%
<b>Transfers and subsidies</b>	<b>5,061,370</b>	<b>5,053,403</b>	<b>7,967</b>	<b>0%</b>
Provinces and municipalities	225,386	225,351	35	0.0%
Departmental agencies and accounts	1,491,836	1,491,833	3	0.0%
Higher education institutions	-	-	-	0.0%
Public corporations and private enterprises	15	14	1	6.7%
Foreign governments and international organisations	2,169	2,168	1	0.0%
Non-profit institutions	3,695	3,695	-	0.0%
Households	3 338 269	3 330 342	7,927	0.2%
<b>Payments for capital assets</b>	<b>815 003</b>	<b>767 908</b>	<b>47,095</b>	<b>6%</b>
Buildings and other fixed structures	733 348	686 570	46,778	6.4%
Machinery and equipment	56,396	56,080	316	0.6%
Land and subsoil assets	25,259	25,258	1	0.0%
<b>Payments for financial assets</b>	<b>-</b>	<b>2,660</b>	<b>(2,660)</b>	<b>0.0%</b>

### Explanation of variance:

Variance is as a result of delay in filling of vacant posts.

STATEMENT OF FINANCIAL PERFORMANCE  
AS AT 31 MARCH 2019

	Note	2018/19 R'000	2017/18 R'000
<b>REVENUE</b>			
Annual appropriation	1	10,425,243	10,184,240
Departmental revenue	2	114,509	81,609
Aid assistance	3	-	8,922
<b>TOTAL REVENUE</b>		<b>10,539,752</b>	<b>10,274,771</b>
<b>EXPENDITURE</b>			
<b>Current expenditure</b>			
Compensation of employees	4	2,239,196	2,085,585
Goods and services	5	2,217,012	1,969,206
Interest and rent on land	6	921	3,731
Aid assistance	3	-	8,800
<b>Total current expenditure</b>		<b>4,457,129</b>	<b>4,067,322</b>
<b>Transfers and subsidies</b>			
Transfers and subsidies	8	5,053,403	4,950,172
<b>Total transfers and subsidies</b>		<b>5,053,403</b>	<b>4,950,172</b>
<b>Expenditure for capital assets</b>			
Tangible assets	9	767,908	718,035
<b>Total expenditure for capital assets</b>		<b>767,908</b>	<b>718,035</b>
<b>Payments for financial assets</b>	7	<b>2,660</b>	<b>3,452</b>
<b>TOTAL EXPENDITURE</b>		<b>10,281,100</b>	<b>9,738,981</b>
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>258,652</b>	<b>535,790</b>
<b>Reconciliation of Net Surplus/(Deficit) for the year</b>			
Voted Funds		144,143	454,059
Annual appropriation		144,143	454,059
Departmental revenue and NRF Receipts	14	114,509	81,609
Aid assistance	3	-	122
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>258,652</b>	<b>535,790</b>

STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2019

	Note	2018/19 R'000	2017/18 R'000
<b>ASSETS</b>			
<b>Current Assets</b>		<b>425,759</b>	<b>748,968</b>
Cash and cash equivalents	10	332,919	301,949
Prepayments and advances	11	55,683	7,167
Receivables	12	37,157	439,852
<b>Non-Current Assets</b>		<b>2,520</b>	<b>22,680</b>
Receivables	12	2,520	22,680
<b>TOTAL ASSETS</b>		<b>428,279</b>	<b>771,648</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>		<b>411,399</b>	<b>757,502</b>
Voted funds to be surrendered to the Revenue Fund	13	144,142	542,260
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	14	43,115	4,108
Payables	15	224,142	211,012
Aid assistance repayable	3	-	122
<b>TOTAL LIABILITIES</b>		<b>411,399</b>	<b>757,502</b>
<b>NET ASSETS</b>		<b>16,880</b>	<b>14,146</b>
<b>Represented by:</b>			
Recoverable revenue		16,880	14,146
<b>TOTAL</b>		<b>16,880</b>	<b>14,146</b>

STATEMENT OF CHANGES IN THE NET ASSETS  
AS AT 31 MARCH 2019

NET ASSETS	Note	2018/19 R'000	2017/18 R'000
<b>Recoverable revenue</b>			
Opening balance		14,146	13,495
Transfers		<b>2,734</b>	<b>651</b>
Debts recovered (included in departmental receipts)		-2,274	-3,646
Debts raised		5,008	4,297
Closing balance		<b>16,880</b>	<b>14,146</b>
<b>TOTAL</b>		<b>16,880</b>	<b>14,146</b>

# CASH FLOW STATEMENT

## AS AT 31 MARCH 2019

	Note	2018/19 R'000	2017/18 R'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts		<b>10,539,481</b>	<b>10,274,176</b>
Annual appropriated funds received	1.1	10,425,243	10,184,240
Departmental revenue received	2	76,606	63,432
Interest received	2.2	37,632	17,582
Aid assistance received	3	-	8,922
Net (increase)/ decrease in working capital		387,469	(219,143)
Surrendered to Revenue Fund		(617,763)	(160,033)
Surrendered to RDP Fund/Donor		(122)	(3,101)
Current payments		(4,456,208)	(3,471,630)
Interest paid	6	(921)	(3,731)
Payments for financial assets		(2,660)	(3,452)
Transfers and subsidies paid		(5,053,403)	(5,542,133)
<b>Net cash flow available from operating activities</b>	16	<b>795,873</b>	<b>870,953</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for capital assets	9	(767,908)	(718,035)
Proceeds from sale of capital assets	2.2	271	595
<b>Net cash flows from investing activities</b>		<b>(767,637)</b>	<b>(717,440)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase/ (decrease) in net assets		2,734	651
<b>Net cash flows from financing activities</b>		<b>2,734</b>	<b>651</b>
Net increase/ (decrease) in cash and cash equivalents		30,970	154,164
Cash and cash equivalents at beginning of period		301,949	147,785
<b>Cash and cash equivalents at end of period</b>	10	<b>332,919</b>	<b>301,949</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31 MARCH 2019

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the financial statements and to comply with the statutory requirements of the Public Finance Management Act (PFMA), Act No. 1 of 1999 (as amended by Act No. 29 of 1999), and the Treasury Regulations issued in terms of the PFMA and the annual Division of Revenue Act.

#### 1. BASIS OF PREPARATION

The financial statements have been prepared in accordance with the Modified Cash Standard.

#### 2. GOING CONCERN

The financial statements have been prepared on a going concern basis.

#### 3. PRESENTATION CURRENCY

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

#### 4. ROUNDING

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

#### 5. FOREIGN CURRENCY TRANSLATION

Cash flows arising from foreign currency transactions are translated into South African Rands using the spot exchange rates prevailing at the date of payment / receipt.

#### 6. COMPARATIVE INFORMATION

##### 6.1. 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.



## NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31 MARCH 2019

### 6.2. 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.

## 7. REVENUE

### 7.1 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.

### 7.2 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.

### 7.3 ACCRUED DEPARTMENTAL REVENUE

Accruals in respect of departmental revenue (excluding tax revenue) are recorded in the notes to the financial statements when:

- 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.

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.

## 8. EXPENDITURE

### 8.1 COMPENSATION OF EMPLOYEES

#### 8.1.1 SALARIES AND WAGES

Salaries and wages are recognised in the statement of financial performance on the date of payment.

#### 8.1.2 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.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31 MARCH 2019

### 8.2 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.

### 8.3 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.

### 8.4 LEASES

#### 8.4.1 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.

#### 8.4.2 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:

- 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.

## 9. AID ASSISTANCE

### 9.1 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.

### 9.2 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.

## 10. 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. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held, other short-term highly liquid investments and bank overdrafts.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31 MARCH 2019

### 11. 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. Prepayment is expensed when valid invoice is received by the department.

### 12. LOANS AND RECEIVABLES

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.

### 13. INVESTMENTS

Investments are recognised in the statement of financial position at cost.

### 14. FINANCIAL ASSETS

#### 14.1 FINANCIAL ASSETS (NOT COVERED ELSEWHERE)

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. 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.

#### 14.2 IMPAIRMENT OF FINANCIAL ASSETS

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.

### 15. PAYABLES

Payables recognised in the statement of financial position are recognised at cost.

### 16. CAPITAL ASSETS

#### 16.1 IMMOVABLE CAPITAL ASSETS

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. Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use. Additional information on immovable assets not reflected in the assets register is provided in the notes to financial statements.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31 MARCH 2019

### 16.2 MOVABLE CAPITAL ASSETS

Movable capital assets are initially recorded in the notes to the financial statements at cost. Movable capital assets acquired through a non-exchange transaction is measured at fair value as at the date of acquisition. Where the cost of movable capital assets cannot be determined reliably, the movable capital assets are measured at fair value and where fair value cannot be determined; the movable assets are measured at R1. All assets acquired prior to 1 April 2002 (or a later date as approved by the Office of the Auditor-General (OAG) may be recorded at R1. Movable capital assets are subsequently carried at cost and are not subject to depreciation or impairment. Subsequent expenditure that is of a capital nature forms part of the cost of the existing asset when ready for use.

### 16.3 INTANGIBLE ASSETS

Intangible assets are initially recorded in the notes to the financial statements at cost. Intangible assets acquired through a non-exchange transaction are measured at fair value as at the date of acquisition. Internally generated intangible assets are recorded in the notes to the financial statements when the department commences the development phase of the project. Where the cost of intangible assets cannot be determined reliably, the intangible capital assets are measured at fair value and where fair value cannot be determined; the intangible assets are measured at R1.

All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1. Intangible assets are subsequently carried at cost and are not subject to depreciation or impairment. Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use.

### 16.4 PROJECT COSTS: WORK-IN-PROGRESS

Expenditure of a capital nature is initially recognised in the statement of financial performance at cost when paid. 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. Where the department is not the custodian of the completed project asset, the asset is transferred to the custodian subsequent to completion.

## 17. PROVISIONS AND CONTINGENTS

### 17.1 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.

### 17.2 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.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31 MARCH 2019

### 17.3 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.

### 17.4 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.

## 18. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is recognised in the statement of financial position until such time as the expenditure is either:

- 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.

Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure.

## 19. 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. Fruitless and wasteful expenditure is removed from the notes to the financial statements when it is resolved or transferred to receivables for recovery. 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.

## 20. 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. 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. 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.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31 MARCH 2019

### 21. CHANGES IN ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND ERRORS

Changes in accounting policies that are effected by management have been applied retrospectively in accordance with MCS requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such instances the department shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable. Changes in accounting estimates are applied prospectively in accordance with MCS requirements.

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.

### 22. EVENTS AFTER THE REPORTING DATE

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.

### 23. PRINCIPAL-AGENT ARRANGEMENTS

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.

### 24. DEPARTURES FROM THE MCS REQUIREMENTS

There were no departures from MCS requirements.

### 25. CAPITALISATION RESERVE

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

### 26. RECOVERABLE REVENUE

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

### 27. RELATED PARTY TRANSACTIONS

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 compensation is recorded in the notes to the financial statements.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31 MARCH 2019

### 28. INVENTORIES

At the date of acquisition, inventories are recognised at cost in the statement of financial performance. Where inventories are acquired as part of a non-exchange transaction, the inventories are measured at fair value as at the date of acquisition. Inventories are subsequently measured at the lower of cost and net realisable value or where intended for distribution (or consumed in the production of goods for distribution) at no or a nominal charge, the lower of cost and current replacement value. The cost of inventories is assigned by using the weighted average cost basis.

### 29. PUBLIC-PRIVATE PARTNERSHIPS

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. 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.

### 30. EMPLOYEE BENEFITS

The value of each major class of employee benefit obligation (accruals, payables not recognised and provisions) is disclosed in the Employee benefits note.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## AS AT 31 MARCH 2019

### 1. ANNUAL APPROPRIATION

	2018/19			2017/18	
	Final Appropriation	Actual Funds Received	Funds not requested/not received	Final Appropriation	Appropriation Received
Programmes	R'000	R'000	R'000	R'000	R'000
Administration	1,911,429	1,911,429	-	1,762,212	1,762,212
National Geomatics					
Management Services	642,306	642,306	-	652,389	652,389
Rural Development	1,998,724	1,998,724	-	2,009,507	2,009,507
Restitution	3,264,264	3,264,264	-	3,097,519	3,097,519
Land Reform	2,608,520	2,608,520	-	2,662,613	2,662,613
<b>TOTAL</b>	<b>10,425,243</b>	<b>10,425,243</b>	<b>-</b>	<b>10,184,240</b>	<b>10,184,240</b>

### 2. DEPARTMENTAL REVENUE

	Note	2018/19 R'000	2017/18 R'000
Sales of goods and services other than capital assets	2.1	25,598	22,866
Interest, dividends and rent on land	2.2	40,454	30,940
Sales of capital assets	2.3	271	595
Transactions in financial assets and liabilities	2.4	48,186	27,208
Total revenue collected		<b>114,509</b>	<b>81,609</b>
Less: Own revenue included in appropriation		-	-
<b>Departmental revenue collected</b>		<b>114,509</b>	<b>81,609</b>

#### 2.1. SALES OF GOODS AND SERVICES OTHER THAN CAPITAL ASSETS

	Note	2018/19 R'000	2017/18 R'000
Sales of goods and services produced by the department	2	<b>25,595</b>	<b>22,862</b>
Sales by market establishment		623	833
Administrative fees		21,248	17,209
Other sales		3,724	4,820
Sales of scrap, waste and other used current goods		3	4
<b>TOTAL</b>		<b>25,598</b>	<b>22,866</b>



# NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31 MARCH 2019

## 2.2. INTEREST, DIVIDENDS AND RENT ON LAND

	Note	2018/19 R'000	2017/18 R'000
	2		
Interest		37,632	17,582
Dividends		-	-
Rent on land		2,822	13,358
<b>TOTAL</b>		<b>40,454</b>	<b>30,940</b>

## 2.3. SALES OF CAPITAL ASSETS

	Note	2018/19 R'000	2017/18 R'000
	2		
Tangible assets		271	595
Machinery and equipment	30	11	595
Land and subsoil assets	31	260	-
<b>TOTAL</b>		<b>271</b>	<b>595</b>

## 2.4. TRANSACTIONS IN FINANCIAL ASSETS AND LIABILITIES

	Note	2018/19 R'000	2017/18 R'000
	2		
Receivables		1,381	2,670
Other Receipts including Recoverable Revenue		46,805	24,538
<b>TOTAL</b>		<b>48,186</b>	<b>27,208</b>

## 3. AID ASSISTANCE

	Note	2018/19 R'000	2017/18 R'000
Opening Balance		122	3,101
Prior period error			
As restated		122	3,101
Transferred from statement of financial performance		-	122
Paid during the year		(122)	(3,101)
<b>Closing Balance</b>		<b>-</b>	<b>122</b>

NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
AS AT 31 MARCH 2019

3.1. ANALYSIS OF BALANCE BY SOURCE

	Note	2018/19 R'000	2017/18 R'000
Aid assistance from RDP	3	-	122
<b>Closing Balance</b>		<b>-</b>	<b>122</b>

3.2. ANALYSIS OF BALANCE

	Note	2018/19 R'000	2017/18 R'000
Aid assistance repayable	3	-	122
<b>Closing balance</b>		<b>-</b>	<b>122</b>

3.3. AID ASSISTANCE EXPENDITURE PER ECONOMIC CLASSIFICATION

	Note	2018/19 R'000	2017/18 R'000
Current		-	8,800
<b>TOTAL AID ASSISTANCE EXPENDITURE</b>		<b>-</b>	<b>8,800</b>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## AS AT 31 MARCH 2019

### 4. COMPENSATION OF EMPLOYEES

#### 4.1 SALARIES AND WAGES

	Note	2018/19 R'000	2017/18 R'000
Basic salary		1,572,311	1,454,831
Performance award		37,189	33,818
Service Based		1,897	1,895
Compensative/circumstantial		34,450	38,469
Periodic payments		-	208
Other non-pensionable allowances		308,312	288,495
<b>TOTAL</b>		<b>1,954,159</b>	<b>1,817,716</b>

#### 4.2 SOCIAL CONTRIBUTIONS

	Note	2018/19 R'000	2017/18 R'000
Employer contributions			
Pension		197,625	186,022
Medical		87,031	81,504
Bargaining council		381	343
<b>TOTAL</b>		<b>285,037</b>	<b>267,869</b>
<b>TOTAL COMPENSATION OF EMPLOYEES</b>		<b>2,239,196</b>	<b>2,085,585</b>
<b>AVERAGE NUMBER OF EMPLOYEES</b>		<b>4,205</b>	<b>4,299</b>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## AS AT 31 MARCH 2019

### 5. GOODS AND SERVICES

		2018/19	2017/18
	Note	R'000	R'000
Administrative fees		28,131	27,807
Advertising		13,151	10,362
Minor assets	5.1	5,206	6,421
Bursaries (employees)		5,967	5,546
Catering		4,771	4,836
Communication		40,317	54,110
Computer services	5.2	180,945	138,183
Consultants: Business and advisory services		101,893	146,974
Infrastructure and planning services		2,662	887
Legal services		202,492	211,250
Contractors		23,554	17,421
Agency and support / outsourced services		42,797	16,080
Entertainment		-	3
Audit cost – external	5.3	18,235	20,069
Fleet services		21,253	19,131
Inventory	5.4	632,099	535,556
Consumables	5.4	38,309	32,675
Operating leases		332,709	225,093
Property payments	5.6	162,320	130,545
Rental and hiring		2,702	3,072
Transport provided as part of the departmental activities		3,218	2,345
Travel and subsistence	5.7	257,257	246,786
Venues and facilities		51,068	47,021
Training and development		17,377	7,173
Other operating expenditure	5.8	28,579	8,860
<b>TOTAL</b>		<b>2,217,012</b>	<b>1,969,206</b>

#### 5.1 MINOR ASSETS

		2018/19	2017/18
	Note	R'000	R'000
Tangible assets	5	5,206	6,421
Machinery and equipment		5,206	6,421
<b>TOTAL</b>		<b>5,206</b>	<b>6,421</b>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## AS AT 31 MARCH 2019

### 5.2 MINOR ASSETS

	Note	2018/19 R'000	2017/18 R'000
SITA computer services	5	48,073	17,960
External computer service providers		132,872	120,223
<b>TOTAL</b>		<b>180,945</b>	<b>138,183</b>

### 5.3 AUDIT COST – EXTERNAL

	Note	2018/19 R'000	2017/18 R'000
Regularity audits	5	17,041	18,383
Investigations		1,194	1,686
<b>TOTAL</b>		<b>18,235</b>	<b>20,069</b>

### 5.4 INVENTORY

	Note	2018/19 R'000	2017/18 R'000
Farming supplies	5	527,249	210,575
Other supplies		104,850	324,981
<b>TOTAL</b>		<b>632 099</b>	<b>535 556</b>

### 5.5 CONSUMABLES

	Note	2018/19 R'000	2017/18 R'000
Consumable supplies	5	8,539	5,837
Uniform and clothing		2,208	1,695
Household supplies		3,500	2,443
Building material and supplies		1,108	506
Communication accessories		6	4
IT consumables		346	703
Other consumables		1,371	486
Stationery, printing and office supplies		29,770	26,838
<b>TOTAL</b>		<b>38,309</b>	<b>32,675</b>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## AS AT 31 MARCH 2019

### 5.6 PROPERTY PAYMENTS

	Note	2018/19 R'000	2017/18 R'000
Municipal services	5	50,831	40,346
Other		111,489	90,199
<b>TOTAL</b>		<b>162,320</b>	<b>130,545</b>

### 5.7 TRAVEL AND SUBSISTENCE

	Note	2018/19 R'000	2017/18 R'000
Local	5	252,775	245,596
Foreign		4,482	1,190
<b>TOTAL</b>		<b>257,257</b>	<b>246,786</b>

### 5.8 OTHER OPERATING EXPENDITURE

	Note	2018/19 R'000	2017/18 R'000
Professional bodies, membership and subscription fees	5	123	111
Resettlement costs		4,015	1,064
Other		24,441	7,685
<b>Total</b>		<b>28,579</b>	<b>8,860</b>

## 6. INTEREST AND RENT ON LAND

	Note	2018/19 R'000	2017/18 R'000
Interest paid		921	3,731
<b>TOTAL</b>		<b>921</b>	<b>3,731</b>

## 7. PAYMENTS FOR FINANCIAL ASSETS

### 7.10 OTHER MATERIAL LOSSES WRITTEN OFF

	Note	2018/19 R'000	2017/18 R'000
<b>Nature of losses</b>	7		
Damaged rental vehicles - officials did not forfeit state cover		2,627	1,551
No show accommodation - officials did not forfeit state cover		-	46
Other		-	1
<b>TOTAL</b>		<b>2,627</b>	<b>1,598</b>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## AS AT 31 MARCH 2019

### 7.2 DEBTS WRITTEN OFF

	Note	2018/19 R'000	2017/18 R'000
	8		
<b>Nature of debts written off</b>			
Salary Debt		-	301
Telephone Debts		-	5
Breach of contract		-	1,399
Tax Debts		24	94
Employee		-	34
Subsidized Transport		-	21
Leave without pay		9	-
<b>TOTAL</b>		<b>33</b>	<b>1,854</b>
<b>TOTAL DEBT WRITTEN OFF</b>		<b>33</b>	<b>1,854</b>

## 8. TRANSFERS AND SUBSIDIES

	Note	2018/19 R'000	2017/18 R'000
Provinces and municipalities	ANNEXURE 1A	225,351	217,740
Departmental agencies and accounts	ANNEXURE 1B	1,491,833	1,436,945
Foreign governments and international organizations	ANNEXURE 1E	2,168	2,385
Public corporations and private enterprises	ANNEXURE 1D	14	-
Non-profit institutions	ANNEXURE 1F	3,695	3,492
Households	ANNEXURE 1G	3,330,342	3,289,610
<b>TOTAL</b>		<b>5,053,403</b>	<b>4,950,172</b>

## 9. EXPENDITURE FOR CAPITAL ASSETS

	Note	2018/19 R'000	2017/18 R'000
Tangible assets		767,908	718,035
Buildings and other fixed structures	31	686,570	563,316
Machinery and equipment	30	56,080	43,595
Land and subsoil assets	31	25,258	111,124
<b>TOTAL</b>		<b>767,908</b>	<b>718,035</b>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## AS AT 31 MARCH 2019

### 9.1 ANALYSIS OF FUNDS UTILISED TO ACQUIRE CAPITAL ASSETS - 2018/19

	Voted Funds Note	Aid assistance R'000	TOTAL R'000
Tangible assets	767,908	-	767,908
Buildings and other fixed structures	686,570	-	686,570
Machinery and equipment	56,080	-	56,080
Land and subsoil assets	25,258	-	25,258
<b>TOTAL</b>	<b>767,908</b>	<b>-</b>	<b>767,908</b>

### 9.2 ANALYSIS OF FUNDS UTILISED TO ACQUIRE CAPITAL ASSETS - 2017/18

	Voted Funds Note	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
<b>TOTAL</b>	<b>718,035</b>	<b>-</b>	<b>718,035</b>

### 9.3 FINANCE LEASE EXPENDITURE INCLUDED IN EXPENDITURE FOR CAPITAL ASSETS

	Note	2018/19 R'000	2017/18 R'000
Tangible assets			
Machinery and equipment		10,451	9,148
<b>TOTAL</b>		<b>10,451</b>	<b>9,148</b>

## 10. CASH AND CASH EQUIVALENTS

	Note	2018/19 R'000	2017/18 R'000
Consolidated Paymaster General Account		332,795	301,825
Cash on hand		124	124
<b>TOTAL</b>		<b>332,919</b>	<b>301,949</b>

## 11. PREPAYMENTS AND ADVANCES

	Note	2018/19 R'000	2017/18 R'000
Travel and subsistence		41	14
Prepayments (Not expensed)	11.1	41,415	373
Advances paid (Not expensed)	11.2	14,227	6,780
<b>TOTAL</b>		<b>55,683</b>	<b>7,167</b>



# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## AS AT 31 MARCH 2019

### 11.1 ADVANCES PAID (NOT EXPENSED)

	Note	Balance as at 1 April 2018	Less: Amount expensed in current year	Add/Less: Other	Add: Current Year advances	Balance as at 31 March 2019
		R'000	R'000	R'000	R'000	R'000
National departments	11	6,780	(3,217)		10,664	14,227
<b>TOTAL</b>		<b>6,780</b>	<b>(3,217)</b>	<b>-</b>	<b>10,664</b>	<b>14,227</b>

	Note	Balance as at 1 April 2017	Less: Amount expensed in current year	Add/Less: Other	Add: Current Year advances	Balance as at 31 March 2018
		R'000	R'000	R'000	R'000	R'000
National departments	11	8,349	(1,569)	-	-	6,780
<b>TOTAL</b>		<b>8,349</b>	<b>(1,569)</b>	<b>-</b>	<b>-</b>	<b>6,780</b>

### 11.2 PREPAYMENTS (NOT EXPENSED)

	Note	Balance as at 1 April 2018	Less: Amount expensed in current year	Add/Less: Other	Add: Current Year advanc- es	Balance as at 31 March 2019
		R'000	R'000	R'000	R'000	R'000
Listed by economic classi- fication	11					
Goods and services		373	(147,461)		188,503	41,415
<b>TOTAL</b>		<b>373</b>	<b>(147,461)</b>	<b>-</b>	<b>188,503</b>	<b>41,415</b>

	Note	Balance as at 1 April 2017	Less: Amount expensed in current year	Add/Less: Other	Add: Current Year advanc- es	Balance as at 31 March 2018
		R'000	R'000	R'000	R'000	R'000
Listed by economic classi- fication	11					
<b>GOODS AND SERVICES</b>		<b>20,565</b>	<b>(152,684)</b>	<b>-</b>	<b>132,492</b>	<b>373</b>
<b>TOTAL</b>		<b>20,565</b>	<b>(152,684)</b>	<b>-</b>	<b>132,492</b>	<b>373</b>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## AS AT 31 MARCH 2019

### 12. RECEIVABLES

		2018/19			2017/18		
	Note	Current R'000	Non-current R'000	Total R'000	Current R'000	Non-current R'000	Total R'000
Claims recoverable	12.1	1,664	-	1,664	438,900	47	438,947
Recoverable expenditure	12.2	6,828	-	6,828	-	6,646	6,646
Staff debt	12.3	26,730	2,520	29,250	951	15,330	16,281
Fruitless and wasteful expenditure	12.5	1,536	-	1,536	1	-	1
Other receivables	12.4	399	-	399	-	657	657
<b>TOTAL</b>		<b>37,157</b>	<b>2,520</b>	<b>39,677</b>	<b>439,852</b>	<b>22,680</b>	<b>462,532</b>

#### 12.1 CLAIMS RECOVERABLE

	Note	2018/19 R'000	2017/18 R'000
National departments	12	887	-
Provincial departments		24	47
Public entities		753	438,900
<b>TOTAL</b>		<b>1,664</b>	<b>438,947</b>

#### 12.2 RECOVERABLE EXPENDITURE (DISALLOWANCE ACCOUNTS)

	Note	2018/19 R'000	2017/18 R'000
(Group major categories, but list material items)	12		
Sal: Deduction Disallowance Account		9	23
Damaged vehicles		6,751	6,276
Sal: Tax Debt		3	79
Sal: Reversal Control Account		65	268
<b>TOTAL</b>		<b>6,828</b>	<b>6,646</b>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## AS AT 31 MARCH 2019

### 12.3 STAFF DEBT

	Note	2018/19 R'000	2017/18 R'000
(Group major categories, but list material items)	12		
Salary Debt		2,415	1,653
Bursary Debt		12,879	12,258
Subsidised Motor Scheme		77	7
Tax Debt		217	29
Telephone Debt		-	6
Suppliers		11,295	1
Misconduct		1,484	1,419
GG Accident		627	593
Other Debts		256	292
SG debtors		-	23
<b>TOTAL</b>		<b>29,250</b>	<b>16,281</b>

### 12.4 OTHER RECEIVABLES

	Note	2018/19 R'000	2017/18 R'000
(Group major categories, but list material items)	12		
Transport Payment Suspense		399	657
<b>TOTAL</b>		<b>399</b>	<b>657</b>

### 12.5 FRUITLESS AND WASTEFUL EXPENDITURE

	Note	2018/19 R'000	2017/18 R'000
Opening balance	12	1	-
Transfers from note 32 Fruitless and Wasteful expenditure		1,535	1
<b>TOTAL</b>		<b>1,536</b>	<b>1</b>

### 12.6 IMPAIRMENT OF RECEIVABLES

	Note	2018/19 R'000	2017/18 R'000
Estimate of impairment of receivables		15,892	13,787
<b>TOTAL</b>		<b>15,892</b>	<b>13,787</b>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## AS AT 31 MARCH 2019

### 13. VOTED FUNDS TO BE SURRENDERED TO THE REVENUE FUND

	Note	2018/19 R'000	2017/18 R'000
Opening balance		542,260	145,547
As restated		542,260	145,547
Transfer from statement of financial performance (as restated)		144,143	454,059
Paid during the year		(542,261)	(57,346)
<b>CLOSING BALANCE</b>		<b>144,142</b>	<b>542,260</b>

### 14. DEPARTMENTAL REVENUE AND NRF RECEIPTS TO BE SURRENDERED TO THE REVENUE FUND

	Note	2018/19 R'000	2017/18 R'000
Opening balance		4,108	25,186
As restated	14.1	4,108	25,186
Transfer from Statement of Financial Performance (as restated)		114,509	81,609
Paid during the year		(75,502)	(102,687)
<b>CLOSING BALANCE</b>		<b>43,115</b>	<b>4,108</b>

### 15. PAYABLES - CURRENT

	Note	2018/19 R'000	2017/18 R'000
<b>Advances received</b>	15.1	2,001	22,951
Clearing accounts	15.2	71,788	52,523
Other payables	15.3	150,353	135,538
<b>TOTAL</b>		<b>224,142</b>	<b>211,012</b>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## AS AT 31 MARCH 2019

### 15.1 ADVANCES RECEIVED

	Note	2018/19 R'000	2017/18 R'000
National departments	15 Annex 8B	2,001	22,951
<b>TOTAL</b>		<b>2,001</b>	<b>22,951</b>

### 15.2 CLEARING ACCOUNTS

	Note	2018/19 R'000	2017/18 R'000
(Identify major categories, but list material amounts)	15		
<b>Payable: Advance National Departments</b>		<b>71,740</b>	<b>52,489</b>
<b>Salary ACB Recall</b>		<b>48</b>	<b>34</b>
<b>TOTAL</b>		<b>71,788</b>	<b>52,523</b>

### 15.3 OTHER PAYABLES

	Note	2018/19 R'000	2017/18 R'000
(Identify major categories, but list material amounts)	15		
Salary Pension Fund		46	18
Salary tax debts		2	-
Salary Income Tax		1,735	881
Transport Suspense Account		-	23
Salary Reversal Control		-	85
Restitution Project Account - ABSA		148,569	134,433
Salary Bargaining Council		1	1
Salary GEHS		-	73
Salary Housing		-	4
Recoverable: Public Entities Claim Recoverable		-	20
<b>TOTAL</b>		<b>150,353</b>	<b>135,538</b>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## AS AT 31 MARCH 2019

### 16. NET CASH FLOW AVAILABLE FROM OPERATING ACTIVITIES

	Note	2018/19 R'000	2017/18 R'000
<b>Net surplus/(deficit) as per Statement of Financial Performance</b>		258652	535790
Add back non cash/cash movements not deemed operating activities		537221	335163
(Increase)/decrease in receivables		422855	(210723)
(Increase)/decrease in prepayments and advances		(48516)	21800
Increase/(decrease) in payables – current		13130	(30220)
Proceeds from sale of capital assets		(271)	(595)
Expenditure on capital assets		767908	718035
Surrenders to Revenue Fund		(617763)	(160033)
Surrenders to RDP Fund/Donor		(122)	(3101)
<b>NET CASH FLOW GENERATED BY OPERATING ACTIVITIES</b>		<b>795873</b>	<b>870953</b>

### 17. RECONCILIATION OF CASH AND CASH EQUIVALENTS FOR CASH FLOW PURPOSES

	Note	2018/19 R'000	2017/18 R'000
Consolidated Paymaster General account		332 795	301 825
Cash on hand		124	124
<b>TOTAL</b>		<b>332 919</b>	<b>301949</b>

### 18. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

	Note	2018/19 R'000	2017/18 R'000
<b>Contingent liabilities</b>			
Liable to	Nature		
Housing loan guarantees	Employees		
Claims against the department	Annex 3A	257	257
Intergovernmental payables (unconfirmed balances)	Annex 3B	2,199,801	2,108,433
Other	Annex 5		
		150,316	64,936
	Annex 3B	6,803	308,413
<b>TOTAL</b>		<b>2,357,177</b>	<b>2,482,039</b>

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, an award may be made by the Minister in accordance with S42D of the Restitution of Land Rights Act. The award may constitute restoration of land, financial compensation or a combination of both options. The submissions which have been vetted for substantial compliance and which are ready for Minister's consideration are valued at R6,803 million as at 31 March 2019. Upon approval, this will result in a commitment to the department.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

### AS AT 31 MARCH 2019

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.

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.

<b>Contingent assets</b>		<b>2018/19</b>	<b>2017/18</b>
<b>Nature of contingent asset</b>	<b>Note</b>	<b>R'000</b>	<b>R'000</b>
Assets seized during forfeiture order by the Assets Forfeiture Unit (AFU)		45,211	45,211
<b>TOTAL</b>		<b>45,211</b>	<b>45,211</b>

## 19. COMMITMENTS

	<b>Note</b>	<b>2018/19</b>	<b>2017/18</b>
		<b>R'000</b>	<b>R'000</b>
<b>Current expenditure</b>			
Approved and contracted		373,219	445,667
Approved but not yet contracted		-	1,181,339
		373,219	1,626,006
<b>Capital Expenditure</b>			
Approved and contracted		7,756,320	888,390
Approved but not yet contracted		19,657	5,548,657
		7,775,977	6,437,047
<b>TOTAL COMMITMENTS</b>		<b>8,149,196</b>	<b>8,064,053</b>

Included in commitments are projects that are between 1 and 3 years (R161 180 988) and that are older than 3 years (R3 018 071 554). This is due to changes of Restitution settlement options, community, tribal land, family disputes and untraceable 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.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## AS AT 31 MARCH 2019

### 20. ACCRUALS AND PAYABLES NOT RECOGNIZED

Accruals and payables not recognised			2018/19	2017/18
			R'000	R'000
20.1 Accruals				
Listed by economic classification	30 days	30+ days	Total	Total
Goods and services	17,653	73,129	90,782	393,140
Transfers and subsidies	12,925	-	12,925	-
Capital assets	531	-	531	-
TOTAL	31,109	73,129	104,238	393,140
Listed by programme level	Note	2018/19	2017/18	
		R'000	R'000	
Programme 1		29,899	55,521	
Programme 2		4,738	5,078	
Programme 3		7,744	26,001	
Programme 4		53,601	302,564	
Programme 5		8,256	3,976	
TOTAL		104,238	393,140	
		2018/19	2017/18	
		R'000	R'000	
20.2 Payables not recognised				
Listed by economic classification	30 days	30+ days	Total	Total
Goods and services	17,899	21,758	39,657	46,248
Transfers and subsidies	34,341	13,874	48,215	-
Capital assets	3,080	-	3,080	-
TOTAL	55,320	35,632	90,952	46,248
Listed by programme level	Note	2018/19	2017/18	
		R'000	R'000	
Programme 1		22,456	9,173	
Programme 2		4,738	7,781	
Programme 3		29,131	20,051	
Programme 4		25,372	2,145	
Programme 5		9,255	7,098	
TOTAL		90,952	46,248	
		2018/19	2017/18	
		R'000	R'000	
Included in the above totals are the following:	Note			
Confirmed balances with departments	Annex 5	84	9,558	
Confirmed balances with other government entities	Annex 5	-	225,816	
TOTAL		84	235,374	



# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## AS AT 31 MARCH 2019

### 21. EMPLOYEE BENEFITS

	Note	2018/19 R'000	2017/18 R'000
Leave entitlement		132457	79 020
Service bonus		64 310	58 659
Performance awards		37 516	34 884
Capped leave commitments		31 584	31 502
Other		83	144
<b>TOTAL</b>		<b>265 950</b>	<b>204 209</b>

Included in the leave entitlement balance are negative balances of R2 638 902 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 exceeded hence the negative balances

### 22. LEASE COMMITMENTS

#### 22.1 OPERATING LEASES

2018/19	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			43,262	19,268	62,530
Later than 1 year and not later than 5 years			69,034	11,745	80,779
Later than five years				-	-
<b>TOTAL LEASE COMMITMENTS</b>	<b>-</b>	<b>-</b>	<b>112,296</b>	<b>31,013</b>	<b>143,309</b>

The above Lease Commitments does not include 12 months Lease Commitment of R12,033 million for State Owned build (Department of Public Works) that are on month-to-month basis

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	-	-	106,807	12,294	119,101
Later than 1 year and not later than 5 years	-	-	32,611	10,338	42,949
Later than five years	-	-	-	-	-
<b>TOTAL LEASE COMMITMENTS</b>	<b>-</b>	<b>-</b>	<b>139,418</b>	<b>22,632</b>	<b>162,050</b>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## AS AT 31 MARCH 2019

### 22.2 FINANCE LEASES

2018/19	Special- ised mili- tary assets	Land	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000	R'000
Not later than 1 year	-	-	-	6,604	6,604
Later than 1 year and not later than 5 years	-	-	-	2,571	2,571
Later than five years	-	-	-	-	-
<b>TOTAL LEASE COMMITMENTS</b>	-	-	-	<b>9,175</b>	<b>9,175</b>

2017/18	Specialised military assets	Land	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000	R'000
Not later than 1 year	-	-	-	7,333	7,333
Later than 1 year and not later than 5 years	-	-	-	6,213	6,213
Later than five years	-	-	-	-	-
<b>TOTAL LEASE COMMITMENTS</b>	-	-	-	<b>13,546</b>	<b>13,546</b>

### 22.3 OPERATING LEASE FUTURE REVENUE

2018/19	Specialised military assets	Land	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000	R'000
Not later than 1 year	-	7,368	-	-	7,368
Later than 1 year and not later than 5 years	-	<b>16,219</b>	-	-	16,219
Later than five years	-	1,523,133	-	-	1,523,133
<b>TOTAL LEASE COMMITMENTS</b>	-	<b>1,546,720</b>	-	-	<b>1,546,720</b>

Included in the above Operating Lease Future Revenue is credit balance of R1,646,994

2017/18	Specialised military assets	Land	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000	R'000
Not later than 1 year	-	7,389	-	-	7,389
Later than 1 year and not later than 5 years	-	<b>22,588</b>	-	-	22,588
Later than five years	-	1,524,160	-	-	1,524,160
<b>TOTAL LEASE COMMITMENTS</b>	-	<b>1,554,137</b>	-	-	<b>1,554,137</b>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## AS AT 31 MARCH 2019

### 23. ACCRUED DEPARTMENTAL REVENUE

	<b>Note</b>	<b>2018/19 R'000</b>	<b>2017/18 R'000</b>
Interest, dividends and rent on land		143,584	141,806
Sale of capital assets		-	11
<b>TOTAL</b>		<b>143,584</b>	<b>141,817</b>

	<b>Note</b>	<b>2018/19 R'000</b>	<b>2017/18 R'000</b>
<b>23.1 Analysis of accrued departmental revenue</b>			
Opening balance		141,817	148,133
Less: Amounts received		20,856	26,733
Add: Amounts recognised		22,624	29,898
Less: Amounts written-off/reversed as irrecoverable		1	9,481
<b>CLOSING BALANCE</b>		<b>143,584</b>	<b>141,817</b>

	<b>Note</b>	<b>2018/19 R'000</b>	<b>2017/18 R'000</b>
<b>23.2 Accrued department revenue written off</b>			
<b>Nature of losses</b>			
Lease Debtors not recoverable		1	9,481
<b>TOTAL</b>		<b>1</b>	<b>9,481</b>

	<b>Note</b>	<b>2018/19 R'000</b>	<b>2017/18 R'000</b>
<b>23.3 Impairment of accrued departmental revenue</b>			
Estimate of impairment of accrued departmental revenue		73,262	80,252
<b>TOTAL</b>		<b>73,262</b>	<b>80,252</b>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## AS AT 31 MARCH 2019

### 24. IRREGULAR EXPENDITURE

	Note	2018/19 R'000	2017/18 R'000
<b>24.1 Reconciliation of irregular expenditure</b>			
Opening balance		46,859	47,117
Prior period error		-	-
As restated		46,859	47,117
Add: Irregular expenditure - relating to prior year		61,252	-
Add: Irregular expenditure - relating to current year		44,689	6,187
Less: Prior year amounts condoned		(46,860)	(6,445)
Less: Current year amounts condoned		(2,139)	-
<b>Irregular expenditure awaiting condonation</b>		<b>103,802</b>	<b>46,859</b>

#### Analysis of awaiting condonation per age classification

Current year	42,549	6,187
<b>Prior years</b>	<b>61,252</b>	<b>40,672</b>

	Note	2018/19 R'000	2017/18 R'000
<b>24.2 Reconciliation of irregular expenditure</b>			
<b>Total</b>		<b>103,801</b>	<b>46,859</b>

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

Incident	Disciplinary steps taken/criminal proceedings	2018/19 R'000
Non - Compliance with SCM	No disciplinary steps or criminal proceeding has been taken as these matters are not yet finalised.	104,502
Restitution Overspending	No disciplinary steps or criminal proceeding has been taken as these matters are not yet finalised.	1
Overpayment on Recap project	No disciplinary steps or criminal proceeding has been taken as these matters are not yet finalised.	1,438
<b>TOTAL</b>		<b>105,941</b>

#### 24.3 Details of irregular expenditure condoned

Incident	Condoned by (condoning authority)	2018/19 R'000
Ex Post Facto Payments	Accounting Officer	43,121
Sourcing of Quotations	Accounting Officer	4,098
Non Compliance with Travel policy	Accounting Officer	1
Restitution Overspending	Accounting Officer	1,417
Overpayment on Recap Development Project	Accounting Officer	120
Variation of Scope	Accounting Officer	242
<b>TOTAL</b>		<b>48,999</b>

The above matter has been condoned by the Accounting Officer after going through investigations and recommendations by the FCC

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## AS AT 31 MARCH 2019

### 24. IRREGULAR EXPENDITURE (CONTINUED)

	Note	2017/18 R'000
<b>24.4 Prior period error</b>		
Relating to 2017/18		3,241
Irregular transaction omitted from the prior year disclosure		3,241
<b>TOTAL</b>		<b>3,241</b>

### 24.5 DETAILS OF IRREGULAR EXPENDITURE UNDER DETERMINATION OR INVESTIGATION (NOT INCLUDED IN THE MAIN NOTE)

	2017/18 R'000
<b>Incident</b>	
Non-compliance with SCM processes	56,098
<b>TOTAL</b>	<b>56,098</b>

The above amount of R56,098 million is still to be determined whether it meet the definition of irregular expenditure

### 25. FRUITLESS AND WASTEFUL EXPENDITURE

#### 25.1 RECONCILIATION OF FRUITLESS AND WASTEFUL EXPENDITURE

	Note	2018/19 R'000	2017/18 R'000
<b>Opening balance</b>		8,709	1,907
Prior period error		-	-
As restated		<b>8,709</b>	<b>1,907</b>
Fruitless and wasteful expenditure – relating to current year		2,184	11,545
Less: Amounts resolved		(2,506)	(4,742)
Less: Amounts transferred to receivables for recovery	12.5	(1,535)	(1)
<b>CLOSING BALANCE</b>		<b>6,852</b>	<b>8,709</b>

#### 25.2 ANALYSIS OF AWAITING RESOLUTION PER ECONOMIC CLASSIFICATION

	Note	2018/19 R'000	2017/18 R'000
Current		6,852	8,709
<b>TOTAL</b>		<b>6,852</b>	<b>8,709</b>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## AS AT 31 MARCH 2019

### 24.5 DETAILS OF IRREGULAR EXPENDITURE UNDER DETERMINATION OR INVESTIGATION (NOT INCLUDED IN THE MAIN NOTE)

Incident	Disiplinary steps taken / criminal proceedings	R'000
Interest on land purchase	No disciplinary steps or criminal proceeding has been taken as these matters are not yet finalised.	751
Interest paid on late payment	No disciplinary steps or criminal proceeding has been taken as these matters are not yet finalised.	7
Interest on late payments and arbitration orders	No disciplinary steps or criminal proceeding has been taken as these matters are not yet finalised.	163
Penalty on cancellation of contracts	No disciplinary steps or criminal proceeding has been taken as these matters are not yet finalised.	583
Duplicate payments	No disciplinary steps or criminal proceeding has been taken as these matters are not yet finalised.	680
<b>TOTAL</b>		<b>2,184</b>

## 26. RELATED PARTY TRANSACTIONS

	Note	2018/19 R'000	2017/18 R'000
<b>Year end balances arising from revenue/payments</b>			
Receivables from related parties		-	24
Payables to related parties		-	-
<b>TOTAL</b>		<b>-</b>	<b>24</b>

In kind goods and services provided/received	
The department paid for the office space for the Deeds	(71,631)
Deeds Registration Trading account has rendered services (it was the bulk information searches for properties)to SG	142,986
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. Furthermore, the department provides the services of internal audit function, IT and staff training	(15,324)
Compensation of employees paid for the CLCC, DLCC and RLCC, including Goods and Services expenditure incurred on behalf of the Commission	(15,364)
The department paid for the office space for the OVG	(920)
<b>TOTAL</b>	<b>39,747</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

### AS AT 31 MARCH 2019

## 27. KEY MANAGEMENT PERSONNEL

	No. of Individuals	2018/19 R'000	2017/18 R'000
Political office bearers (provide detail below)	3	6,157	6,357
Officials:			-
Level 15 - 16 (excluding Political Officer Bearers)	19	20,478	14,736
Level 14 (Including CFO if at lower level)	78	79,944	82,854
Family members of key management personnel	7	5,073	5,613
<b>TOTAL</b>		<b>111,652</b>	<b>109,560</b>

## 28. PUBLIC PRIVATE PARTNERSHIP

	Notes	2018/19 R'000	2017/18 R'000
Capital/(Liabilities)		190,475	-
<b>Property</b>		<b>190,475</b>	<b>-</b>

PPP is defined as a contract between a public sector institution/ municipality and a private party, in which the private party assumes substantial financial, technical and operational risk in the design, financing, building and operation of a project

### Summary of Public Private Partnership

PPP is between DRDLR and Tshala Bese Uyavuna Consortium

### The Status of PPP

The DRDLR has registered a PPP project with National Treasury and prepared the feasibility study comprising of needs analysis, option analysis, project due diligence, value assessment, economic valuation and procurement plan which were also submitted to National Treasury.

In line with the PPP manual, the department further obtained the following approvals:

Treasury Approval I: Design Procurement Processes

Treasury Approval IIA: Pre-qualification of parties, Issuing of RFP, receive bids, compare bids with feasibility study, select preferred bidder and prepare value for money report.

Treasury Approval IIB: Negotiations with the preferred bidder

Treasury Approval III: Approval to sign the PPP agreement (approval granted by National Treasury in May 2017)

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

### AS AT 31 MARCH 2019

#### PROPOSED PPP PROJECT PLAN

- a) The PPP building will accommodate all Pretoria based offices including the Gauteng: PSSC, National Office, Deeds and Restitution.
- b) The building will have 82434 square meters, 1124 parking bays and will accommodate 2149 staff members
- c) The building will be fully serviced which will include the provision of the following services by Private Party:
  - Printing services
  - Cleaning services
  - Catering services
  - Maintenance services
  - Furniture
- d) The building is estimated to cost :R2.1 Billion
  - Private Party Contribution :R1.43 Billion
  - Government Contribution :R0,67 Billion
- e) Note: The private party will operate the building for a period of 25 years and thereafter the building becomes state property.

## 29. PROVISIONS

### 29.1 RECONCILIATION OF MOVEMENT IN PROVISIONS - 2018/19

	Provision 1 R'000	Provision 2 R'000	Provision 3 R'000	Provision 4 R'000	Total provisions R'000
Opening balance	-	-	-	-	-
Increase in provision	-	-	-	-	-
Settlement of provision	-	-	-	-	-
Unused amount reversed	-	-	-	-	-
Reimbursement expected from third party	-	-	-	-	-
<b>CLOSING BALANCE</b>	-	-	-	-	-

#### Reconciliation of movement in provisions - 2017/18

	Provision 1 R'000	Provision 2 R'000	Provision 3 R'000	Provision 4 R'000	Total provisions R'000
Opening balance	1,160	-	53,437	-	54,597
Unused amount reversed	(1,160)	-	(53,437)	-	(54,597)
<b>CLOSING BALANCE</b>	-	-	-	-	-



# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## AS AT 31 MARCH 2019

### 30. MOVABLE TANGIBLE CAPITAL ASSETS

#### MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019

	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing balance R'000
<b>MACHINERY AND EQUIPMENT</b>	629,848	-	47,039	25,675	651,212
Transport assets	42,103	-	3,755	-	45,858
Computer equipment	404,141	-	24,030	5,077	423,094
Furniture and office equipment	90,745	-	8,658	433	98,970
Other machinery and equipment	92,859	-	10,596	20,165	83,290
<b>TOTAL MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>629,848</b>	<b>-</b>	<b>47,039</b>	<b>25,675</b>	<b>651,212</b>

#### 30.1 ADDITIONS

	Cash R'000	Non-cash R'000	(Capital work-in- progress current costs and fi- nance lease payments) R'000	Received current, not paid (Paid current year, received prior year) R'000	Total R'000
<b>MACHINERY AND EQUIPMENT</b>	56,080	-	(10,408)	1,367	47,039
Transport assets	3,509	-	-	246	3,755
Computer equipment	22,992	-	43	995	24,030
Furniture and office equipment	8,678	-	-	(20)	8,658
Other machinery and equipment	20,901	-	(10,451)	146	10,596
<b>TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>56,080</b>	<b>-</b>	<b>(10,408)</b>	<b>1,367</b>	<b>47,039</b>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## AS AT 31 MARCH 2019

### 30.2 DISPOSALS

#### DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019

	Sold for cash R'000	Non-cash disposal R'000	Total dis- posals R'000	Cash received Actual R'000
<b>MACHINERY AND EQUIPMENT</b>	835	24,840	25,675	1
Transport assets	-	-	-	-
Computer equipment	777	4,300	5,077	1
Furniture and office equipment	36	397	433	-
Other machinery and equipment	22	20,143	20,165	-
<b>TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>835</b>	<b>24,840</b>	<b>25,675</b>	<b>1</b>

### 30.3 MOVEMENT FOR 2017/18

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

	Opening balance R'000	Prior period error R'000	Additions R'000	Disposals R'000	Closing bal- ance R'000
<b>MACHINERY AND EQUIPMENT</b>	605,184	-	39,409	14,745	629,848
Transport assets	41,098	-	2,784	1,779	42,103
Computer equipment	401,954	-	13,150	10,963	404,141
Furniture and office equipment	83,370	-	9,064	1,689	90,745
Other machinery and equipment	78,762	-	14,411	314	92,859
<b>TOTAL MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>605,184</b>	<b>-</b>	<b>39,409</b>	<b>14,745</b>	<b>629,848</b>

#### 30.3.1 PRIOR PERIOD ERROR

Notes	2017/18 R'000
Nature of prior period error	
Relating to 2017/18	(136)
Computer equipment	(165)
Other machinery and equipment; furniture and office equipment	29
<b>TOTAL</b>	<b>(136)</b>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## AS AT 31 MARCH 2019

### 30.4 MINOR ASSETS

#### MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019

	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	-	-	-	94,418	-	94,418
Value adjustments						-
Additions				5,320		5,320
Disposals				1,080		1,080
<b>TOTAL MINOR ASSETS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>98,658</b>	<b>-</b>	<b>98,658</b>

	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				23		23
Number of minor assets at cost				48		48
<b>TOTAL NUMBER OF MINOR ASSETS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>71</b>	<b>-</b>	<b>71</b>

#### 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
Prior period error	-	-	-	-	-	-
Additions	-	-	-	6,043	-	6,043
Disposals	-	-	-	2,587	-	2,587
<b>TOTAL MINOR ASSETS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>94,418</b>	<b>-</b>	<b>94,418</b>

	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	-	-	-	-	-	-
Number of minor assets at cost	-	-	-	407	-	407
<b>TOTAL NUMBER OF MINOR ASSETS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>407</b>	<b>-</b>	<b>407</b>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## AS AT 31 MARCH 2019

### 30.4.1 PRIOR PERIOD ERROR

	Notes	2017/18 R'000
Nature of prior period error		
<b>Relating to 2017/18</b>		<b>(435)</b>
Disclosure was misstated		(435)
<b>Total</b>		<b>(435)</b>

### Movable assets written off

#### MOVABLE ASSETS WRITTEN OFF FOR THE YEAR ENDED 31 MARCH 2019

	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
Assets written off	-	-	-	596	-	596
<b>TOTAL MOVABLE ASSETS WRITTEN OFF</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>596</b>	<b>-</b>	<b>596</b>

#### MOVABLE ASSETS WRITTEN OFF 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
Assets written off	-	-	-	195	-	195
<b>TOTAL MOVABLE ASSETS WRITTEN OFF</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>195</b>	<b>-</b>	<b>195</b>

## 31. IMMOVABLE TANGIBLE CAPITAL ASSETS

### MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019

	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing bal- ance R'000
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>	541,971	-	355,966	596,386	301,551
Other fixed structures	541,971		355,966	596,386	301,551
<b>LAND AND SUBSOIL ASSETS</b>	1,323,639	-	32,894	367,307	989,226
Land	1,323,639		32,894	367,307	989,226
<b>TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>1,865,610</b>	<b>-</b>	<b>388,860</b>	<b>963,693</b>	<b>1,290,777</b>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## AS AT 31 MARCH 2019

### 31.1 ADDITIONS

ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019

	Cash	Non-cash	(Capital work-in-progress current costs and finance lease payments)	Received current, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>	686,507	355,966	(686,570)	-	355,966
Dwellings	7,556	-	(7,556)	-	-
Non-residential buildings	191,060	-	(191,060)	-	-
Other fixed structures	487,954	355,966	(487,954)	-	355,966
<b>LAND AND SUBSOIL ASSETS</b>	25,258	372	(6,998)	14,262	32,894
Land	25,258	372	(6,998)	14,262	32,894
<b>TOTAL ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>711,828</b>	<b>356,338</b>	<b>(693,568)</b>	<b>14,262</b>	<b>388,860</b>

### 31.2 DISPOSALS

DISPOSALS OF IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019

	Sold for cash	Non-cash disposal	Total disposals	Cash received Actual
	R'000	R'000	R'000	R'000
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>	-	596,386	596,386	-
Other fixed structures	-	596,386	596,386	-
<b>LAND AND SUBSOIL ASSETS</b>	-	367,307	367,307	-
Land	-	367,307	367,307	-
<b>TOTAL DISPOSAL OF IMMOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>-</b>	<b>963,693</b>	<b>963,693</b>	<b>-</b>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## AS AT 31 MARCH 2019

### 31.3 MOVEMENT FOR 2017/18

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

	Opening balance R'000	Prior period error R'000	Additions R'000	Disposals R'000	Closing balance R'000
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>					
Other fixed structures	662,592	(73,309)	443,872	491,184	541,971
LAND AND SUBSOIL ASSETS	1,326,168	-	181,815	184,344	1,323,639
Land	1,326,168	-	181,815	184,344	1,323,639
<b>TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>1,988,760</b>	<b>(73,309)</b>	<b>625,687</b>	<b>675,528</b>	<b>1,865,610</b>

#### 31.3.1 PRIOR PERIOD ERROR

	Notes	2017/18 R'000
Nature of prior period error		
Relating to 2016/17 (affecting the opening balance)		(73,309)
RID disposals misstated in the prior years		(73,309)
Relating to 2017/18		329,570
RID disposals misstated in the prior year		(111,483)
RID completed assets additions misstated in the prior year		243,878
WIP (RID and District Six)		197,175
<b>TOTAL</b>		<b>256,261</b>

### 31.4 CAPITAL WORK-IN-PROGRESS

#### CAPITAL WORK-IN-PROGRESS AS AT 31 MARCH 2019

Note	Opening Balance 1 April 2018 R'000	Current Year WIP R'000	Ready for use (Assets to the AR) / Contracts terminated R'000	Closing Balance 31 March 2019 R'000
Annexure 7				
Buildings and other fixed structures	673,429	528,609	224,033	978,055
Machinery and equipment	9,197	10,408	9,197	10,408
<b>TOTAL</b>	<b>682,626</b>	<b>539,017</b>	<b>233,230</b>	<b>988,413</b>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## AS AT 31 MARCH 2019

**Age analysis on on-going projects**

	Number of projects		2018/19
	Planned, construction not started	Planned, construction started	Total R'000
0 to 1 year	1	97	469,316
1 to 3 year(s)		43	307,700
3 to 5 years		19	125,808
Longer than 5 years		17	75,180
<b>TOTAL</b>	<b>1</b>	<b>176</b>	<b>978,005</b>

**PROJECT LONGER THAN 5 YEARS**

Suppliers Name	Project Name	Status
Aurecon South Africa Pty Ltd	Professional service in the built environment consisting of civil engineering at Zuurberg R335	Phase 1 of 5 completed, the contract period is 9 years and expires in 2022.
Element consulting	Designing of construction monitoring of 8 stock water dams at Gumbu & Tsolo	The department has completed five stock water dams instead of the eight that were initially planned. The plan was to finalise the remaining three dams in the 2019/20 FY but they were eliminated during reprioritisation process. The services of the PSP were required and submissions for extension of time were made.
Nebavest	Construction of a high throughput cattle and sheep abattoir in Butterworth	Contractor on site
LDM quantity surveyors	Construction of a high throughput cattle and sheep abattoir in Butterworth	There has been slow progress on site due to work stoppages, delays as a result of redesigning, regulatory and compliance issues, community unrest.
Element consulting	Design of irrigation system for agricultural land and other infrastructure in Mvezo and Ludondolo	DSW was to assist with reserve determination but ran out of funds. Project to be abandoned following the reprioritisation process. It was at planning and design stage.
Montseng/Mapitsi JV	Construction of a river crossing bridge and 10km access road at Qunu	Terminated
Aecom SA (Pty) Ltd	Construction of a river crossing bridge and 10km access road at Qunu.	Project to be handed over to the Department of Roads. The project has been terminated due to non-performance of contractor on site.
Nanga Trading	Construction of paved road, storm water culverts, erection of carports at Mbodla-heritage	The project has been terminated due to non-performance of contractor on site.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## AS AT 31 MARCH 2019

Suppliers Name	Project Name	Status
Ranti and associates	Gon'on'o paving	There were community unrests that delayed the project. There was also late allocation of site for brick facility, delayed appointment of a client liaison officer and rainfall.
Ranti and associates	Dingamanzi paving	There were changes on the borrow pit and rainfall that delayed the project.
Tychofield	Madzhivhandila paving	The contract for tychofield (contractor) was terminated due to poor performance. The process of appointing a new contractor delayed the project.

### TERMINATED PROJECTS

SUPPLIERS NAME	CONTRACT NAME	ASSET	PROJECT VALUE	REASONS FOR TERMINATION OF CONTRACT
Montseng/Mapitsi JV	Construction of a river crossing bridge and 10km access road at Qunu	Bridge Road	72,616,629,06	Mapitsi was terminated due to non-performance of contractor on site.
Nanga Trading	Construction of paved road, storm water culverts, erection of carports at Mbodla heritage	Road, storm water culverts, carports	4,165,138,43	Nanga was terminated owing to non-performance of contractor on site.
Gridon T/A Sinethem-ba Construction	Drought emergency: Tangeni feedlot	Dams	14,677,537,68	Project was put on hold due to social issues (potential to course tribal/village fights)
MBB Consulting	Tangeni feedlot	Feedlot	580,602,00	Project was put on hold due to social issues (potential to course tribal/village fights)

### 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

### TOTAL

Notes	2018/19 R'000	2017/18 R'000
	116,518	3,124
	<b>116,518</b>	<b>3,124</b>



# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## AS AT 31 MARCH 2019

### CAPITAL WORK-IN-PROGRESS AS AT 31 MARCH 2018

	Note	Opening Balance	Prior period error	Current Year WIP	Ready for use (Assets to the AR) / Contracts terminated	Closing Balance 31 March 2018
	Annexure 7	R'000	R'000	R'000	R'000	R'000
Buildings and other fixed structures		572,319	60,912	446,723	(153,565)	673,429
Machinery and equipment		8,760	-	9,197	8,760	9,197
<b>TOTAL</b>		<b>581,079</b>	<b>60,912</b>	<b>455,920</b>	<b>(144,805)</b>	<b>682,626</b>

### 31.5 IMMOVABLE ASSETS ADDITIONAL INFORMATION

		Notes	2018/19	2017/18
<b>Unsurveyed land</b>	<b>Estimated completion date</b>	Annexure 9	<b>Area</b>	<b>Area</b>
<b>Properties deemed vested</b>		Annexure 9	<b>Number</b>	<b>Number</b>
Land parcels			3,854	4,446
Facilities				
<b>Facilities on unsurveyed land</b>	<b>Duration of use</b>	Annexure 9	<b>Number</b>	<b>Number</b>
Schools				4,472
Clinics				446
Hospitals				25
Office buildings				175
Dwellings				296
Storage facilities				-
Other				318

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## AS AT 31 MARCH 2019

### 32. PRINCIPAL-AGENT ARRANGEMENTS

#### 32.1 DEPARTMENT ACTING AS THE PRINCIPAL

		2018/19	2017/18
		Fee paid	
	Notes	R'000	R'000
Maenetja Attorneys		147,089	132,492
Nkosi Sabelo Incorporates		41,414	-
National Wool Growers Association of South Africa		10,304	5,400
National School of Government		7,582	-
CSIR		13,536	25,889
National Research Foundation		232	-
Heifer Projects		6,897	28,235
UNDP		5,500	-
Others		38,280	184,848
South African Farmers Development Association		133,081	-
<b>TOTAL</b>		<b>403,915</b>	<b>376,864</b>

Name of the Public Entity	Description	Achievements of the public entity
CSIR	Provision of agro-biotechnology research. Procurement and installation of ICT equipment at 24 rural schools, development of training manuals and training to educators. iSchool Africa Rural Development Programme and ICT for education project. Operational support and maintenance of infrastructure installed under the digital doorways and schools connectivity and ICT educational projects	Provision of agro-biotechnology research. Procurement and installation of ICT equipment at 24 rural schools, development of training manuals and training to educators. iSchool Africa Rural Development Programme and ICT for education project. Operational support and maintenance of infrastructure installed under the digital doorways and schools connectivity and ICT educational projects.
Maenetja Attorney	Refer cases and matters to members of legal and mediation panels, and other experts on behalf of the Department and the Commission on Restitution of Land Rights. Also perform all necessary administration duties and training programmes to panel members and departmental officials.	All cases and matters during the year under review were referred to members of legal and mediation panels.
Nkosi Seabelo	Refer cases and matters to members of legal and mediation panels, and other experts on behalf of the Department and the Commission on Restitution of Land Rights. Also perform all necessary administration duties and training programmes to panel members and departmental officials.	All cases and matters during the year under review were referred to members of legal and mediation panels

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## AS AT 31 MARCH 2019

Name of the Public Entity	Description	Achievements of the public entity
National Research Foundation	Implementation of the SAEON (South African Environmental Observation Network) system.	A functional SAEON system is in place. The system is used by data custodians to capture and publish metadata in line with section 12 of the Spatial Data Infrastructure Act, 2003.
National Wool Growers Association	Provision of animal and veld infrastructure to rural communities to participate in the livestock (rams) improvement programme	Genetic improvement programme (2 927 quality rams bred)
National School of Government	Leadership and management development programmes	Training and development was provided
Department of Defence	Training of youth (National Youth Leadership Development Programme) including provision of accommodation, meals and basic health care for the duration of training.	Training, accommodation, meals and basic health care services were provided.
UNDP	To secure international and local expertise to execute policy research and development tasks in support of acceleration of land reforms and broader land governance in South Africa.	To secure international and local expertise to execute policy research and development tasks in support of acceleration of land reforms and broader land governance in South Africa.
Heifer Project	Umdukathshane rural development project - implementation of KZN goat agribusiness in five prioritised districts of KwaZulu-Natal.	CAHWs pilot training and facilitation has taken place.
South African Farmers Development Association	Provide training, advice, strategy leadership and capacity building to farmers and the sugar industry to ensure success of the sector and maintain profitability.	Training, advice, and strategy leadership were provided.

## 32.2 DEPARTMENT ACTING AS THE AGENT

### 32.2.1 REVENUE RECEIVED FOR AGENCY ACTIVITIES

	Notes	2018/19 R'000	2017/18 R'000
Department of Higher Educations and Training: NSF		22,951	52,965
<b>TOTAL</b>		<b>22,951</b>	<b>52,965</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31 MARCH 2019

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

- (i) DRDLR will in writing notify NSF within 21 day of any changes in the project which might affect the planned project deliverables.
- (ii) All draw down request should be accompanied by the current bank reconciliation statement, supported by evidence of specific commitment and performance and all other documentation and information as may be requested by NSF.
- (iii) The department undertakes to honour its obligation for vat payment and other transaction in compliance with South African laws and good practices.
- (iv) DRDLR undertakes to submit to NSF quarterly report within 15 days after the end of the quarter. This would have a positive impact in implementing the 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.

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 upload learner information into SETA systems.

NSF obligations to the DRDLR:

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

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.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## AS AT 31 MARCH 2019

### Payables

	Opening balance	Expenses incurred on behalf of principal	Cash paid on behalf of principal	Closing balance
	R'000	R'000	R'000	R'000
<b>Name of entity</b>				
Dept of Higher Education NSF	22,951	(20,950)	-	2,001
<b>TOTAL</b>	<b>22,951</b>	<b>(20,950)</b>	<b>-</b>	<b>2,001</b>

## 33. PRIOR PERIOD ERRORS

### 33.1 CORRECTION OF PRIOR PERIOD ERRORS

		2017/18		
	Note	Amount bef error correction	Prior period error	Restated amount
		R'000	R'000	R'000
<b>Revenue:</b>				
Operating Lease Revenue	22	43,800	1,510,337	1,554,137
Accrued departmental revenue misstated in the prior year	23	150,026	(8,209)	141,817
<b>NET EFFECT</b>		<b>193,826</b>	<b>1,502,128</b>	<b>1,695,954</b>
<b>Expenditure:</b>				-
Key Management Personnel	27	99,884	(2,295)	97,589
Agent Principal	32	244,372	132,492	376,864
Goods and Services	5	1,377,245	591,961	1,969,206
Transfers and Subsidies	8	3,881,571	(591,961)	3,289,610
Inventories - Additions	34	-	535,556	535,556
Inventories - Disposals	34	-	(535,556)	(535,556)
<b>NET EFFECT</b>		<b>5,603,072</b>	<b>130,197</b>	<b>5,733,269</b>
<b>Assets:</b>				-
Contingent Assets	18	178,513	(133,302)	45,211
<b>NET EFFECT</b>		<b>178,513</b>	<b>(133,302)</b>	<b>45,211</b>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## AS AT 31 MARCH 2019

		2017/18		
	Note	Amount bef error correction	Prior period error	Restated amount
		R'000	R'000	R'000
<b>Liabilities:</b>				-
Commitment	19	8,082,484	(18,431)	8,064,053
Contingent Liabilities	18	2,516,832	(34,793)	2,482,039
Employee Benefits	21	135	9	144
Finance lease commitment	22	7,088	6,458	13,546
Operating lease commitment - building and other fixed restructure	22	137,446	1,972	139 418
<b>NET EFFECT</b>		<b>10,743,985</b>	<b>(45,785)</b>	<b>10,699,200</b>
<b>Other:</b>				-
Irregular expenditure	24	2,946	3,241	6,187
<b>NET EFFECT</b>		<b>2,946</b>	<b>3,241</b>	<b>6,187</b>

## 34. INVENTORIES

### 34.1 INVENTORIES FOR THE YEAR ENDED 31 MARCH 2019

	Note	Farming Supplies R'000	Other Supplies R'000	Other R'000	Other R'000	Total R'000
	Annexure 6					
Opening balance		-	-	-	-	-
Add: Additions/Purchases - Cash		527,249	104,850			632,099
(Less): Disposals		(557,249)	(104,850)			(632,099)
<b>CLOSING BALANCE</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

#### Inventories for the year ended 31 March 2018

	Note	Farming Supplies R'000	Other Supplies R'000	Other R'000	Other R'000	Total R'000
	Annexure 6					
Opening balance		-	-	-	-	-
Add: Additions/Purchases - Cash		210,575	324,981	-	-	535,556
(Less): Disposals		(210,575)	(324,981)	-	-	(535,556)
<b>CLOSING BALANCE</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

## AS AT 31 MARCH 2019

### ANNEXURE 1A

#### STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER			SPENT				2017/18	
	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	Actual Transfer
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Mun B/ Acc: Fine and Penalties			4	4	4							4	
Mun B/ Acc: Mun Rates and Taxes	96,394		128,988	225,382	225,159							217,368	
Mun B/ Acc: Vehicle Licences Mun	188			188	188							368	
<b>TOTAL</b>	<b>96,582</b>	<b>-</b>	<b>128,992</b>	<b>225,574</b>	<b>225,351</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>217,740</b>	

### ANNEXURE 1B

#### STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

DEPARTMENT/ AGENCY/ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2017/18
	Adjusted appropriation	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds transferred	Final Appropriation
	R'000	R'000	R'000	R'000	R'000	%	R'000
Ingonyama Trust Board	20,349			20,349	20,349	100%	19,727
Registration of Deeds Trade Account	1		(1)	-	-		
Agricultural Land holding Account	1,326,457		-	1,326,457	1,326,457	100%	1,348,397
Com: Licences (Radio & TV)	-		6	6	4	67%	15
Office of the Valuer General	141,126		(2)	141,124	141,123	100%	64,806
SA Geomatics Council	3,900			3,900	3,900	100%	4,000
<b>TOTAL</b>	<b>1,491,833</b>	<b>-</b>	<b>3</b>	<b>1,491,836</b>	<b>1,491,833</b>		<b>1,436,945</b>

# ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

## AS AT 31 MARCH 2019

### ANNEXURE 1D

#### STATEMENT OF TRANSFERS/SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES

NAME OF PUBLIC CORPORATION/PRIVATE ENTERPRISE	TRANSFER ALLOCATION				EXPENDITURE				2017/18
	Adjusted appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds transferred	Capital	Current	Final Appropriation
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
Public corporations	-	-	-	-	-	-	-	-	-
<b>Transfers</b>	-	-	14	14	14	100.0%	-	-	-
Fines & penalties Priv Ent	-	-	14	14	14	100.0%	-	-	-
<b>TOTAL</b>	-	-	14	14	14	100.0%	-	-	-

### ANNEXURE 1E

#### STATEMENT OF TRANSFERS TO FOREIGN GOVERNMENT AND INTERNATIONAL ORGANISATIONS

FOREIGN GOVERNMENT / INTERNATIONAL ORGANISATION	TRANSFER ALLOCATION				EXPENDITURE		2017/18
	Adjusted appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds transferred	Final Appropriation
	R'000	R'000	R'000	R'000	R'000	%	R'000
<b>Transfers</b>							
Sub Fees: Regnl Cntr for MAP-Res for Dev	1,749		420	2,169	2,168	100%	2,385
<b>TOTAL</b>	1,749	-	420	2,169	2,168		2,385

### ANNEXURE 1F

#### STATEMENT OF TRANSFERS TO NON-PROFIT INSTITUTIONS

NON-PROFIT INSTITUTIONS	TRANSFER ALLOCATION				EXPENDITURE		2017/18
	Adjusted appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds transferred	Final Appropriation
	R'000	R'000	R'000	R'000	R'000	%	R'000
<b>Transfers</b>							
South African Council for Planners	3,695		-	3,695	3,695	100%	3,492
<b>TOTAL</b>	3,695	-	-	3,695	3,695		3,492



# DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM VOTE 39

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31 MARCH 2019

### ANNEXURE 1G

#### STATEMENT OF TRANSFERS TO HOUSEHOLDS

	TRANSFER ALLOCATION				EXPENDITURE		2017/18
HOUSEHOLDS	Adjusted appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds transferred	Final Appropriation
	R'000	R'000	R'000	R'000	R'000	%	R'000
<b>Transfers</b>							
Social benefits (Leave Gratuity)	1,702		2,915	4,617	4,587	99%	5,847
Social benefits (Claims against state)	256		8,175	8,431	7,922	94%	489
Bursaries cash (Non employees)	26,824		(7,138)	19,686	19,686	100%	18,069
RID Infrastructure	724,700		(609,207)	115,493	115,111	100%	93,537
REID Agriculture & non Agriculture	313,806		(300,685)	13,121	12,696	98%	12,892
NARYSEC Student	325,044		26,314	351,358	351,278	100%	373,942
Restitution Grants (Beneficiaries)	2,226,283		437,515	2,663,798	2,657,297	100%	2,407,599
Land Reform Grants (Beneficiaries)	386,323		(224,558)	161,765	161,765	96%	379,731
<b>TOTAL</b>	<b>4,004,938</b>	<b>-</b>	<b>(666,669)</b>	<b>3,338,269</b>	<b>3,330,342</b>		<b>3,292,106</b>

### ANNEXURE 1I

#### STATEMENT OF AID ASSISTANCE RECEIVED

NAME OF DONOR	PURPOSE	OPENING BALANCE	REVENUE	EXPENDITURE	PAID BACK ON/ BY 31 MAR	CLOSING BALANCE
		R'000	R'000	R'000	R'000	R'000
Received in cash						
PSDS	Support Land reform beneficiaries and rural citizens	122	-	-	122	-
<b>TOTAL</b>		<b>122</b>	<b>-</b>	<b>-</b>	<b>122</b>	<b>-</b>

### ANNEXURE 3A

#### STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2019 - LOCAL

GUARANTOR INSTITUTION	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2018	Guarantees drawdowns during the year	Guaranteed repayments/ cancelled/ reduced during the year	Revaluation due to foreign currency movements	Closing balance 31 March 2019	Revaluations due to inflation rate movements	Accrued guaranteed interest for year ended 31 March 2019
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
	Housing								
ABSA		-	110	-	-	-	110	-	-
Standard Bank		-	147	-	-	-	147	-	-
NP Develop Corp. LTD		-	-	-	-	-	-	-	-
<b>Subtotal</b>		<b>-</b>	<b>257</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>257</b>	<b>-</b>	<b>-</b>

# ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

## AS AT 31 MARCH 2019

### ANNEXURE 3B

#### STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2019

NATURE OF LIABILITY	Opening balance 1 April 2018	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 2019
	R'000		R'000	R'000	R'000	R'000
<b>Claims against the department</b>						
Breach of agreement and sued for interest	744	-	-	(744)	-	-
Breach of contract and compelling specific performance	1,696	-	170	-	-	1,866
Claim for valuations performed	-	-	-	-	-	-
Claim on demolished dwellings	1,600	-	-	-	-	1,600
Claim on interest 15.5%	7,971	-	-	-	-	7,971
Claim on property	49,141	-	4,460	(22,500)	-	31,101
Claimant dispute claim of just and equitable compensation	28,470	-	-	-	-	28,470
Commission disputes feasibility and claim for specific performance.	15,678	-	-	-	-	15,678
Commission is disputing validity of the contract with applicant	-	-	-	-	-	-
Current owner want to be paid more than the valuation amount on an approved S42D matter	4,500	-	-	-	-	4,500
Department dispute Alexcor claim of just and equitable compensation	164,896	-	-	-	-	164,896
Interest failure to pay 2nd 50%, as contained in the agreement.	-	-	-	-	-	-
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
Matter in court due to breach of contract	-	-	-	-	-	-
Mr Vermaas, 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	170,127	-	-	-	-	170,127
Claim damages due to failure to comply with contractual obligations in the form of more interest on the amount of R15 750 000.00	6,522	-	-	-	-	6,522
Claim for compensation	175,132	49,149	5,177	-	-	229,458
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	8,221	-	-	-	-	8,221
Commission is disputing validity of the contract with applicant	3,491	-	-	-	-	3,491
Contractual claim	83,550	(262)	140,023	(166,541)	-	57,770
Damage motor vehicle	172	-	61	-	-	233
Damages for misrepresentation	1,000	-	-	-	-	1,000
Damages from leaking storage dam	3,420	-	-	-	-	3,420
Fire losses claim	64,874	-	-	-	-	64,874
Grants claim	1,000	-	-	-	-	1,000
Indemnification of estate agent fees	875	-	-	(875)	-	-
Indemnification of fire losses claim	634	-	-	-	-	634
Labour dispute	653	-	-	-	-	653
Malicious prosecution and defamation	85,590	(85,000)	-	-	-	590
Monetary claim	-	-	-	-	-	-

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS  
AS AT 31 MARCH 2019

## ANNEXURE 3B (CONTINUED)

## STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2019

NATURE OF LIABILITY	Opening balance 1 April 2018	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 2019
	R'000		R'000	R'000	R'000	R'000
Negligence	100	-	477	-	-	577
Offer to purchase	5,583	-	-	-	-	5,583
OSD	70,390	-	39,473	(109,863)	-	-
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
Land claim	-	-	200,550	-	-	200,550
Financial compensation	-	-	1,500	-	-	1,500
Subtotal	2,144,775	(36,342)	391,891	(300,523)	-	2,199,801
Other	-	-	-	-	-	-
QCC S42D claims	306,864	1,549	2,292,094	(2,593,705)	-	6,803
Subtotal	306,864	1,549	2,292,094	(2,593,705)	-	6,803
<b>TOTAL</b>	<b>2,451,639</b>	<b>(34,793)</b>	<b>2,683,985</b>	<b>(2,894,228)</b>	<b>-</b>	<b>2,206,604</b>

ANNEXURE 4  
CLAIMS RECOVERABLE

	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
GOVERNMENT ENTITY	31/03/2019	31/03/2018	31/03/2019	31/03/2018	31/03/2019	31/03/2018
	R'000	R'000	R'000	R'000	R'000	R'000
<b>DEPARTMENTS</b>						
Department of Defence	-	-	-	17	-	17
SASSA	-	-	-	29	-	29
Water and Sanitation	-	-	879	-	879	-
GP: Agricultural and Rural Development	-	-	22	-	22	-
KZN: Arts and Culture	-	-	2	-	2	-
Justice	-	-	8	-	8	-
Dept. of International Relations and Cooperation	63	-	-	-	63	-
	63	-	911	46	974	46
<b>OTHER GOVERNMENT ENTITIES</b>						
Agricultural Land Holdings Account	-	24	-	-	-	24
Deeds Registration Trading Account	753	-	-	2,558	753	2,558
GTAC	-	348,441	-	-	-	348,441
	753	348,465	-	2,558	753	351,023
<b>TOTAL</b>	<b>816</b>	<b>348,465</b>	<b>911</b>	<b>2,604</b>	<b>1,727</b>	<b>351,069</b>

# ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

## AS AT 31 MARCH 2019

### ANNEXURE 5

#### INTER-GOVERNMENT PAYABLES

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2019	31/03/2018	31/03/2019	31/03/2018	31/03/2019	31/03/2018
	R'000	R'000	R'000	R'000	R'000	R'000
<b>DEPARTMENTS</b>						
Current						
Dept. of Justice and Constitutional Development	-	9,499	4,084	-	4,084	9,499
Dept. of Higher Education and Training	-	21	-	-	-	21
Dept. of Women	-	10	-	-	-	10
Office of the Premier	-	28	-	-	-	28
Co-operative Government	-	-	44	-	44	-
SASSA	-	-	23	-	23	-
Environment Affairs	84				84	-
<b>Subtotal</b>	84	9,558	4,151	-	4,235	9,558
<b>Total departments</b>	84	9,558	4,151	-	4,235	9,558
<b>OTHER GOVERNMENT ENTITY</b>						
Current						
DPW Rates and Taxes Project	-	225,816	60,326	64,936	60,326	290,752
National Agricultural Marketing Council	-	-	85,839	-	85,839	-
<b>Subtotal</b>	-	225,816	146,165	64,936	146,165	290,752
<b>Total Other Government Entities</b>	-	225,816	146,165	64,936	146,165	290,752
<b>TOTAL INTERGOVERNMENTAL</b>	84	235,374	150,316	64,936	150,400	300,310

### ANNEXURE 6

#### INVENTORIES

		2018/19			2017/18	
	Note	Quantity	R'000		Quantity	R'000
INVENTORIES						
Opening balance		-	-		-	-
Add: Additions/Purchases - Cash		-	632,099		-	535,556
(Less): Disposals		-	(632,099)		-	(535,556)
CLOSING BALANCE		-	-		-	-

Additions and disposals could not be qualified due to nature of inventories purchased

# ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

## AS AT 31 MARCH 2019

### ANNEXURE 7

#### MOVEMENT IN CAPITAL WORK-IN-PROGRESS

#### MOVEMENT IN CAPITAL WORK-IN-PROGRESS FOR THE YEAR ENDED 31 MARCH 2019

	Opening balance	Current Year Capital WIP	Ready for use (Asset register) / Contract termi- nated	Closing balance
	R'000	R'000	R'000	R'000
<b>MACHINERY AND EQUIPMENT</b>	9,197	10,408	(9,197)	10,408
Other machinery and equipment	9,197	10,408	(9,197)	10,408
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>	663,192	521,611	(213,796)	971,077
Dwellings	104,678	7,556	-	112,234
Non-residential buildings	-	191,060	-	191,060
Other fixed structures	558,514	322,995	(213,796)	667,713
<b>LAND AND SUBSOIL ASSETS</b>	10,237	6,998	(10,237)	6,998
Land	10,237	6,998	(10,237)	6,998
<b>TOTAL</b>	<b>682,626</b>	<b>539,017</b>	<b>(233,230)</b>	<b>988,413</b>

#### MOVEMENT IN CAPITAL WORK-IN-PROGRESS FOR THE YEAR ENDED 31 MARCH 2018

	Opening balance	Prior period errors	Current Year Capital WIP	Ready for use (Asset register) / Contract terminated	Closing balance
	R'000	R'000	R'000	R'000	R'000
<b>MACHINERY AND EQUIPMENT</b>	8,760	-	9,197	(8,760)	9,197
Other machinery and equipment	8,760	-	9,197	(8,760)	9,197
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>	499,087	60,912	139,050	(35,857)	663,192
Dwellings	-	60,762	43,916	-	104,678
Other fixed structures	499,087	150	95,134	(35,857)	558,514
<b>LAND AND SUBSOIL ASSETS</b>	73,232	-	5,670	(68,665)	10,237
Land	73,232	-	5,670	(68,665)	10,237
<b>TOTAL</b>	<b>581,079</b>	<b>60,912</b>	<b>153,917</b>	<b>(113,282)</b>	<b>682,626</b>

# ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

## AS AT 31 MARCH 2019

### ANNEXURE 8A

#### INTER-ENTITY ADVANCES PAID (NOTE 14)

ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2019	31/03/2018	31/03/2019	31/03/2018	31/03/2019	31/03/2018
	R'000	R'000	R'000	R'000	R'000	R'000
<b>NATIONAL DEPARTMENTS</b>						
Government Communication and Information System			14,227	6,780	14,227	6,780
Subtotal	-	-	14,227	6,780	14,227	6,780
<b>OTHER INSTITUTIONS</b>						
Maenetja		-			-	-
Nkosi Sabelo	-				-	-
Subtotal	-	-	-	-	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>14,227</b>	<b>6,780</b>	<b>14,227</b>	<b>6,780</b>

### ANNEXURE 8B

#### INTER-ENTITY ADVANCES RECEIVED (NOTE 21 AND NOTE 22)

ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2019	31/03/2018	31/03/2019	31/03/2018	31/03/2019	31/03/2018
	R'000	R'000	R'000	R'000	R'000	R'000
<b>NATIONAL DEPARTMENTS</b>						
Current						
National Higher Education & Training	2,001	22,951			2,001	22,951
Subtotal	2,001	22,951	-	-	2,001	22,951
<b>TOTAL</b>		<b>22,951</b>	<b>-</b>	<b>-</b>	<b>2,001</b>	<b>22,951</b>
Current	2,001	22,951	-	-	2,001	22,951
Non-current	-	-	-	-	-	-

### ANNEXURE 9

#### IMMOVABLE ASSETS ADDITIONAL DISCLOSURE

##### 1. Surveyed unregistered land parcels

There are 1594 land parcels that are surveyed but not yet registered at the Deeds Office.

##### 2. State Land held in Trust

There are 802 land parcels that are held in Trust for communities.

##### 3. Deemed Vested Properties

There are 3854 parcels that must still be vested.

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

## 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 228 to 269, which comprise the statement of financial position as at 31 March 2019, the statement of financial performance, the statement of changes in net assets and the cash flow statement and the statement of comparison of budget and actual amounts 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 2019 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 account in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code), parts 1 and 3 of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) 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.  
Impairment of trade receivables from exchange

As disclosed in note 7 to the financial statements, the trading account has receivables from exchange transactions totalling R375 475 000, with an impairment provision for doubtful debts of R352 101 000 as at 31 March 2019. The receivables relate to operating leases on farms that are leased out to beneficiaries.

## AGRICULTURAL LAND HOLDINGS ACCOUNT

### IMPAIRMENT OF RECEIVABLES FROM NON-EXCHANGE TRANSACTION

As disclosed in note 8 to the financial statements, the trading account has receivables from non-exchange transactions totalling R565 897 000, with an impairment provision for doubtful debts of R500 717 000 as at 31 March 2019.

### RESTATEMENT OF CORRESPONDING FIGURES

As disclosed in note 29 to the financial statements, the corresponding figures for 31 March 2018 were restated as a result of errors in the financial statements of the trading account at, and for the year ended 31 March 2019.

### 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 Agricultural Land Holdings 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 appropriate governance structure 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

In terms of section 40(3)(a) of the PFMA, the trading account is required to prepare an annual performance report. The performance information of the trading account was reported in the annual performance report of the Department of Rural Development and Land Reform. The usefulness and reliability of the reported performance information were tested as part of the audit of the Department of Rural Development and Land Reform and any audit findings are included in the audit and management reports of the Department of Rural Development and Land Reform.



# AGRICULTURAL LAND HOLDINGS ACCOUNT

## REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

### INTRODUCTION AND SCOPE

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

The material finding on compliance with specific matters in key legislations is as follows:

### ANNUAL FINANCIAL STATEMENTS

Financial statements were not submitted for auditing within two months after the end of financial year, as required by section 40(1)(c)(i) of the PFMA. The financial statements were submitted for audit on 1 June 2019.

The 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 of commitments identified by the auditors in the submitted financial statements were corrected, resulting in the financial statements receiving an unqualified opinion.

### EXPENDITURE MANAGEMENT

Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R39 868 000, as disclosed in note 27 to the annual financial statements, as required by section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1. Irregular expenditure amounting to R39 868 000 was incurred on SRR projects.

### OTHER INFORMATION

The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements and the auditor's report.

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.

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.

The other information I obtained prior to the date of this auditor's report is the accounting officer's report and the other information to be included in the annual report is expected to be made available to us after 31 July 2019.

If, based on the work I have performed on the other information that I 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.

## AGRICULTURAL LAND HOLDINGS ACCOUNT

When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected, this will not be necessary.

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

There was no proper and regular review and monitoring of compliance with legislation, resulting in financial statements not submitted within two months after the legislated deadlines and they were not prepared in accordance with the prescribed framework as required by section 40(1)(b) of the PFMA.

*Auditor-General*

Pretoria

31 July 2019



### 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 on the trading entity'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 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 Holdings 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; and
  - 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.

GENERAL *Information*

Country of incorporationand domicile	South Africa
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

## INDEX

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 228 to 252 , which have been prepared on the going concern basis, were approved by the accounting authority on 31 May 2019 and were signed on its behalf by:



V Matshidza  
(Acting) Chief Financial Officer



R Sadiki  
(Acting) Director-General

### AUDIT COMMITTEE MEMBERS

Dr NZ Qunta (Chairperson)

Mr HG Hlomane

Mr AN Mhlongo

### AUDIT COMMITTEE RESPONSIBILITY

The audit committee reports that it has complied with its responsibilities arising from section 38(10)(1) of the PFMA and Treasury Regulation 3.1.

The audit committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

# AGRICULTURAL LAND HOLDINGS ACCOUNT

## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2019

		2019	2018
			Restated*
	Notes	R'000	R'000
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	6	1,269,758	779,643
Trade and other receivables from exchange transactions	7	43,658	15,896
Trade and other receivables from non-exchange transactions	8	129,836	128,601
Prepayments	11	14,421	151,513
		<b>1,457,673</b>	<b>1,075,653</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	3	13,081,530	12,460,007
Intangible assets	4	1	197
Other financial assets	5	324,399	307,268
		<b>13,405,930</b>	<b>12,767,472</b>
<b>Total Assets</b>		<b>14,863,603</b>	<b>13,843,125</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables from exchange transactions	9	78,457	93,945
Trade and other payables from non-exchange transactions	10	-	24
Other Provisions	12	-	-
		<b>78,457</b>	<b>93,969</b>
<b>Total Liabilities</b>		<b>78,457</b>	<b>93,696</b>
<b>Net Assets</b>		<b>14,785,146</b>	<b>13,749,156</b>
Accumulated surplus		14,785,146	13,749,156

\* see Note 29



# AGRICULTURAL LAND HOLDINGS ACCOUNT

## STATEMENT OF FINANCIAL PERFORMANCE AS AT 31 MARCH 2019

		2019	2018
		R'000	Restated* R'000
Notes			
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
		33,586	3,446
		-	73
		23,172	24,091
		1	12
		56	161
14	Interest received	87,831	75,099
	<b>Total revenue from exchange transactions</b>	<b>144,646</b>	<b>102,882</b>
<b>Revenue from non-exchange transactions</b>			
<b>Transfer revenue</b>			
	Grant income - non exchange	1,326,457	1,348,397
	Donation received	4,962	14,380
	<b>Total revenue from non-exchange transactions</b>	<b>1,331,419</b>	<b>1,362,777</b>
13	<b>Total revenue</b>	<b>1,476,065</b>	<b>1,465,659</b>
<b>Expenditure</b>			
	Depreciation and amortisation	(46,335)	(47,991)
18	Impairment	(81,857)	(231,239)
	Interest expense	989	(2,611)
	Bad debts written off	(4,430)	(12,646)
17	Grant expense farmers	(152,780)	(281,978)
16	General Expenses	(152,569)	(111,991)
	<b>Total expenditure</b>	<b>(436,982)</b>	<b>(688,456)</b>
	<b>Operating surplus</b>	<b>1,039,083</b>	<b>777,203</b>
	Loss on disposal of assets	(3,090)	(1,204)
	<b>Surplus for the period</b>	<b>1,035,993</b>	<b>775,999</b>

\* see Note 29

## AGRICULTURAL LAND HOLDINGS ACCOUNT

### STATEMENT OF FINANCIAL PERFORMANCE AS AT 31 MARCH 2019

	Accumulated surplus R'000	Total net assets R'000
Opening balance as previously reported	12,921,399	12,921,399
Adjustments	-	-
Prior year adjustments - Note 29	51,759	51,759
<b>Balance at 01 April 2017 as restated*</b>	<b>12,973,158</b>	<b>12,973,158</b>
Changes in net assets Surplus for the year	775,999	775,999
Total changes	775,999	775,999
<b>Restated* Balance at 01 April 2018</b>	<b>13,749,157</b>	<b>13,749,157</b>
Changes in net assets Surplus for the period	1,035,993	1,035,993
Total changes	1,035,993	1,035,993
<b>Balance at 31 March 2019</b>	<b>14,785,150</b>	<b>14,785,150</b>

\* see Note 29

# AGRICULTURAL LAND HOLDINGS ACCOUNT

## CASH FLOW STATEMENT AS AT 31 MARCH 2019

		2019	2018
			Restated*
	Notes	R'000	R'000
<b>Cash flows from operating activities</b>			
<b>Cash receipts</b>			
Sale of goods and services		4,557	9,133
Grant income		1,326,457	1,348,397
Interest income		59,971	55,314
Other operating revenue		330	148
		<u>1,391,315</u>	<u>1,412,992</u>
<b>Cash paid to suppliers and employees</b>			
Suppliers and other payables		(201,661)	(313,743)
<b>Net cash flows from operating activities</b>	19	<u>1,189,654</u>	<u>1,099,249</u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	3	(699,539)	(577,223)
<b>Net cash flows from investing activities</b>		<u>(699,539)</u>	<u>(577,223)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		490,115	522,026
Cash and cash equivalents at the beginning of the year		779,643	257,617
<b>Cash and cash equivalents at the end of the year</b>	6	<u>1,269,758</u>	<u>779,643</u>

\* see Note 29

# AGRICULTURAL LAND HOLDINGS ACCOUNT

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

		Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Approved budget	R'000	R'000	R'000	R'000	R'000	R'000
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
Rental income on lease receivable	11,082	(6,143)	<b>4,939</b>	33,586	<b>28,647</b>	580% - 1
Interest (outstanding debtors)	24,864	(2,342)	<b>22,522</b>	23,172	<b>650</b>	3%
Interest on servitude	-	-	-	1	<b>1</b>	0%
Other income	48	53	<b>101</b>	56	<b>(45)</b>	(45%) - 2
Interest received	51,452	21,940	<b>73,392</b>	87,831	<b>14,439</b>	20% - 3
<b>Total revenue from exchange transactions</b>	<b>87,446</b>	<b>13,508</b>	<b>100,954</b>	<b>144,646</b>	<b>43,692</b>	
<b>Revenue from non-exchange transactions</b>						
<b>Transfer revenue</b>						
Government grants & subsidies	1,326,457	-	<b>1,326,457</b>	1,326,457	-	0%
Donation received	157,705	(144,705)	<b>13,000</b>	4,962	<b>(8,038)</b>	(62%) - 4
<b>Total revenue from non-exchange transactions</b>	<b>1,484,162</b>	<b>(144,705)</b>	<b>1,339,457</b>	<b>1,331,419</b>	<b>(8,038)</b>	
<b>Total revenue</b>	<b>1,571,608</b>	<b>(131,197)</b>	<b>1,440,411</b>	<b>1,476,065</b>	<b>35,654</b>	
<b>Expenditure</b>						
Depreciation and amortisation	(52,729)	6,034	<b>(46,695)</b>	(46,335)	<b>360</b>	1%
Impairment	(52,474)	(41,209)	<b>(93,683)</b>	(81,857)	<b>11,826</b>	13%
Interest expense	-	-	-	989	<b>989</b>	100% - 5
Bad debts written off	(19,465)	8,197	<b>(11,268)</b>	(4,430)	<b>6,838</b>	(61%) - 6
Grant expense farmers	(136,293)	(465,313)	<b>(601,606)</b>	(152,780)	<b>448,826</b>	75% - 7
Loss on disposal of assets	(48,001)	15,741	<b>(32,260)</b>	-	<b>32,260</b>	0%
General expense	(209,693)	48,426	<b>(161,267)</b>	(152,569)	<b>8,698</b>	5%
<b>Total expenditure</b>	<b>(518,655)</b>	<b>(428,124)</b>	<b>(946,779)</b>	<b>(436,982)</b>	<b>509,797</b>	
<b>Operating surplus</b>	<b>1,052,953</b>	<b>(559,321)</b>	<b>493,632</b>	<b>1,039,083</b>	<b>545,451</b>	
Loss on disposal of assets	-	-	-	(3,090)	<b>(3,090)</b>	100% - 8
<b>Surplus before taxation</b>	<b>1,052,953</b>	<b>(559,321)</b>	<b>493,632</b>	<b>1,035,993</b>	<b>542,361</b>	
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>						
	<b>1,052,953</b>	<b>(559,321)</b>	<b>493,632</b>	<b>1,035,993</b>	<b>542,361</b>	

## AGRICULTURAL LAND HOLDINGS ACCOUNT

### STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

1. **Rental income on lease receivable - 580%.** The variance is as a result of the less billable lease contracts that were received during the year.
2. **Other Income - (45%).** The variance is due to unallocated deposits that exceed 365 days as well as bad debts recovered that were not budgeted for.
3. **Interest Received - (20%).** The over achievement on interest received is as a result of low spending and high balance of cash on hand mainly on the current account.
4. **Donation - (62%).** The variance relates to assets that were donated on acquisition of property as they were not initially listed on the valuation and were subsequently verified.
5. **Interest Expense - 100%.** The variance is due to unexpected interest rate write off by municipalities against the interest paid on acquisition of property and rates and taxes that was not budgeted for.
6. **Bad Debts written off - 61%.** The variance is as a result of bad debts written off which was not anticipated for.
7. **Grant expense farmers - 75%.** The variance is due to low invoices received from farmers to account for previous disbursement that would be accounted for in the next financial period.
8. **Loss on disposal of assets - 100%.-** The variance is due to unverified assets that were written off during the current financial year that was not budgeted for.

# AGRICULTURAL LAND HOLDINGS ACCOUNT

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

		Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Approved budget	R'000	R'000	R'000	R'000	R'000	R'000
<b>Statement of Financial Position</b>						
<b>Assets</b>						
<b>Current Assets</b>						
Trade and other receivables from exchange transactions	34,218	(6,501)	27,717	43,658	15,941	58% - 9
Trade and other receivables from non-exchange transactions	802,714	(594,605)	208,109	129,836	(78,273)	(38%) - 10
Prepayments	-	5,500	5,500	14,421	8,921	162% - 11
Cash and cash equivalents	73,716	(49,635)	24,081	1,269,758	1,245,677	5173% - 12
	910,648	(645,241)	265,407	1,457,673	1,192,266	
<b>Non-Current Assets</b>						
Property, plant and equipment	13,945,534	(423,036)	13,522,498	13,081,530	(440,968)	3%
Intangible assets	-	-	-	1	1	0%
Other financial assets	352,447	(26,783)	325,664	324,399	(1,265)	(100%)
	14,297,981	(449,819)	13,848,162	13,405,930	(442,232)	
<b>Total Assets</b>	<b>15,208,629</b>	<b>(1,095,060)</b>	<b>14,113,569</b>	<b>14,863,603</b>	<b>750,034</b>	
<b>Liabilities</b>						
<b>Current Liabilities</b>						
Trade and other payables from exchange transactions	24,651	(2,990)	21,661	78,457	56 796	262% - 13
Trade and other payables non- exchange	-	10	10	-	(10)	(100%)
Other provisions	-	127,674	127,674	0	(127,674)	(-100) - 14
	24,651	124,694	149,345	78,457	(70,888)	
<b>Total Liabilities</b>	<b>24,651</b>	<b>124,694</b>	<b>149,345</b>	<b>78,457</b>	<b>(70,888)</b>	
<b>Net Assets</b>	<b>15,183,978</b>	<b>(1,219,754)</b>	<b>13,964,224</b>	<b>14,785,146</b>	<b>820,922</b>	
<b>Net Assets</b>						
<b>Net Assets Attributable to Owners of Controlling Entity</b>						
<b>Reserves</b>						
Accumulated surplus	15,183,978	(1,219,754)	13,964,224	14,785,146	820,922	

## AGRICULTURAL LAND HOLDINGS ACCOUNT

### STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

9. **Trade and other receivables from exchange transactions - 58%.** The variance is as a result of less collection and high interest on the outstanding debt.
10. **Trade and other receivables from non-exchange transactions - 38%.** The variance is due to the increase in receipt of RADP invoices, for the reduction of unspent grant farmers, than anticipated.
11. **Prepayments - 162%.** The variance is as a result of rates & taxes payments made and acquisition of property.
12. **Cash and cash equivalent - 5173%.** The cash and cash equivalent balance for 2018/19 is as a result of high commitments on a new program called Land Development Support and also land negotiations that were concluded late. The commitment balance as per note 26 is funded.
13. **Trade and other payables from exchange transactions - 262%.** The variance is as a result of the reduction in the payment period.
14. **Other Provision - (-100%).** The variance is due to the de-recognition farmers invoice provision, other provision balance has been adjusted as prior period error.

## 1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act, (Act No. 1 of 1999).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise.

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

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

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

### 1.1 PRESENTATION CURRENCY

These 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 (R'000).

### 1.3 PRIOR YEAR COMPARATIVES

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

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

Presentation and classification of items in the current year are consistent with prior periods.



## AGRICULTURAL LAND HOLDINGS ACCOUNT

### STATEMENT OF FINANCIAL PERFORMANCE AS AT 31 MARCH 2019

#### 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 elected to make their approved budget publicly available.

ALHA budget does not meet the scope of GRAP 24 because its budget is not approved by parliament. The Trading Entity has elected to make their approved budget available. ALHA has presented separate statement of comparison of budget annual interim financial statements are 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 circumstances which warrant a specific sub-grouping to be justifiable. Those debtors are classified according to those underlying circumstances for the purpose of compilation of an allowance for doubtful debts.

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

## AGRICULTURAL LAND HOLDINGS ACCOUNT

### ACCOUNTING POLICIES

#### ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

##### 1.5 SIGNIFICANT JUDGEMENTS AND ESTIMATES (CONTINUED)

Category	% Impairment
Debt acknowledged / Valid ID / Limited Operation	74%
Debt acknowledged / Valid ID / Recapitalisation	74%
Debt acknowledged / Business Reg / No Operation / Not Categorised	88%
Debt acknowledged / Business Reg / Recapitalisation	91%
Debt acknowledged / Business Reg / Limited Operation	92%
Debt acknowledged / Valid ID / No Operation / Not Categorised	93%
Debt acknowledged / Valid ID / Commercial	93%
Refusal to pay / Valid ID / Recapitalisation	98%
Debt acknowledged / Trust Reg / No operation / Not categorised	99%
Debt acknowledged / Trust Reg / No operation / Not catergorised	99%
Debt acknowledged / Business Reg / Commercial	99%
Debt acknowledged / Trust Reg / Recapitalisation	100%
Debt acknowledged / Trust Reg / Limited Operation	100%
Refusal to pay	
Debt acknowledge / Not assessed	100%
Debt not acknowledged	100%

##### IMPAIRMENT OF NON-FINANCIAL ASSETS

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the entity for similar financial instruments.

##### VALUE IN USE OF NON-CASH GENERATING ASSETS

The Trading Entity reviews and tests the carrying value of the 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 depreciated 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.

##### 1.5 SIGNIFICANT JUDGEMENTS AND ESTIMATES (CONTINUED)

###### 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 assets condition at the end of the period of use, its current use and expected future use.

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 the calculation of impairments for deferred expenses as the difference between the deferred asset (Receivable non exchange transaction) and invoice receipt 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 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.

###### BUDGET INFORMATION

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

###### OPERATING LEASE COMMITMENTS - ALHA AS LESSOR

Leases where risk and rewards of ownership are not transferred to the lessee are classified as operating lease. Payments received under operating lease are recognised understatement 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.

Lessees who had existing 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 existing lease agreements into new lease agreements aligned to the new policy for implementation within a period of 5 years from the date of policy approval has been granted by National Treasury.

##### IMPAIRMENT OF OTHER FINANCIAL ASSET

The impairment loss on financial asset 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 asset 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.

## 1.6 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, 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 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. The cost also includes the estimated cost of dismantling the asset and restoring the site on which it's operated.

Where an asset is acquired through a non-exchange 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 a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, 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 costs incurred initially to acquire or construct an item of property, plant and equipment and costs 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.

## AGRICULTURAL LAND HOLDINGS ACCOUNT

### ACCOUNTING POLICIES

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

#### 1.6 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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.

Where the Trading Entity replaces parts of an asset, it derecognizes the part of the asset being replaced and capitalizes 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. Components 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 the 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 cost less accumulated depreciation and any impairment losses.

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

#### 1.6 PROPERTY, PLANT AND EQUIPMENT

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
Buildings -Farm dwellings / buildings	Straight line	5 - 10
Agricultural Equipment - No Moving parts e.g Ploughs	Straight line	20 - 30
Agricultural Equipment - High intensity moving parts e.g Chain saws	Straight line	5 -7
Agricultural Equipment - Mechanical e.g Tractors	Straight line	10 - 15
Agricultural Equipment - Water low intensity	Straight line	30
Agricultural Equipment - Water low intensity	Straight line	15 - 20
Electrical	Straight line	15
Office equipment	Straight line	5 - 10
Motor vehicles	Straight line	5 - 10

### ACCOUNTING POLICIES

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

#### 1.6 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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 a 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 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 trading entity 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 derecognition of an item of property, plant and equipment is included in trading 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 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.

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 attributable to the asset will flow to the entity; and
- the cost or fair value of the asset can be measured reliably.

### ACCOUNTING POLICIES

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

#### 1.7 INTANGIBLE ASSETS (CONTINUED)

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-exchange transaction, its initial cost at the date 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.

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

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

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life. 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 to the Statement of Financial Performance.

Amortisation is provided to write down the intangible assets, 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 note 4).

Intangible assets are derecognised:

- on disposal;or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of an intangible asset is included in trading entity or deficit when the asset is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and lease back) and is recognised in the Statement of Financial Performance.

### ACCOUNTING POLICIES

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

#### 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.



### ACCOUNTING POLICIES

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

#### 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 lease.

##### 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 prices or rates, 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 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 a 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 the 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 points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments 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).

##### 1.11 FINANCIAL INSTRUMENTS (CONTINUED)

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
  - receive cash or another financial asset from another entity; or
  - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial guarantee contract is a contract that requires the issuer to make specified 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 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. 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 past 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 unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or

### ACCOUNTING POLICIES

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

#### 1.11 FINANCIAL INSTRUMENTS (CONTINUED)

- 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 a 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 of the 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 instruments that:

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

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

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

- derivatives;
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
  - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
  - on initial recognition it is part of a portfolio of identified financial instruments that are managed 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 instruments 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 the financial instruments were obtained or incurred and takes place at initial recognition. Classification is reassessed on an annual basis.

#### INITIAL RECOGNITION

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

### ACCOUNTING POLICIES

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

#### 1.11 FINANCIAL INSTRUMENTS (CONTINUED)

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

##### INITIAL MEASUREMENT

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

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

##### SUBSEQUENT MEASUREMENT

All 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 assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

For amounts due to the Trading Entity, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default on payments are all considered indications 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 amount. The amount of the loss is recognised in surplus or deficit.

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

## AGRICULTURAL LAND HOLDINGS ACCOUNT

### ACCOUNTING POLICIES

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

#### 1.11 FINANCIAL INSTRUMENTS (CONTINUED)

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. Concessionary loan made to Farmers by 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 a commitment in the notes of the annual financial statements.

#### 1.14 IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

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

### ACCOUNTING POLICIES

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

#### 1.14 IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE (CONTINUED)

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the period 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 a requirement of any applicable legislation, including -

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation 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 the 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 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.

##### 1.18 OTHER NON-EXCHANGE RECEIVABLES RECOGNITION AND MEASUREMENT

Trade and other receivables are categorised as financial assets and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to initial carrying amount plus interest less repayments and impairments. Other non-exchange receivables consists of funds transferred to farmers for recapitalisation and developments of farms and is recognised as deferred expenses. Expenditure is recognised by the Trading Entity upon receiving of spending reports from farmers.

##### ALLOWANCE AND IMPAIRMENT

Considering the nature of the deferred expenditure, the Trading Entity provides for an allowance of the estimated non submission of spending reports by farmers at year end and 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.

##### 1.19 CONTINGENT ASSET

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

### ACCOUNTING POLICIES

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

#### 1.20 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 control of ALHA; OR where there is a present obligation arising from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

#### 1.21 PREPAYMENTS

Prepaid expenses are amounts paid for by the Trading Entity representing costs incurred from which services or benefits are expected to be derived in the future.

The future write off period of the incurred cost will normally be determined by the period of benefit covered by the prepayment. When the period arrives to which a prepaid cost relates the costs will be treated as a period cost for the period in question. Normally such prepaid costs will be written off based on the elapse of time.

Prepaid expenses should be classified as current assets unless a portion of the prepayment covers a period longer than 12 months. If there are prepayment costs with a benefit beyond 12 months, they should be classified as deferred charges in the Statement of Financial Position.

Prepaid expenses will be measured at the value of the services or goods to be received/receivable in the future.

#### 1.22 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.

#### 1.23 ADOPTION OF 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 disclosures than would have provided in the annual financial statements.



## 2. NEW STANDARDS AND INTERPRETATIONS

### 2.1 STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE OR RELEVANT

The following standards and interpretations have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2019 or later periods but are not relevant to its operations:

Standard/ Interpretation: Years beginning on or after	Effective date:	Expected impact:
GRAP 20: Related Parties	01 April 2019	
GRAP 108: Statutory Receivables	01 April 2019	
GRAP 32: Service Concession Arrangements: Grantor	01 April 2019	
IGRAP 17: Service Concession Arrangements where a Granter Controls a Significant Residual Interest in an Asset	01 April 2019	
GRAP 109: Accounting by Principals and Agents	01 April 2019	
GRAP 36: Investments in Associates and Joint Ventures	Straight line	No effective date
GRAP 37: Joint Arrangements	Straight line	No effective date
GRAP 38: Disclosure of Interests in Other Entities	Straight line	No effective date

### 3. PROPERTY, PLANT AND EQUIPMENT

	2019 R'000			2018 R'000		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Agricultural land	11,547,014	-	11,547,014	10,976,500	-	10,976,500
Buildings	1,151,070	(199,802)	951,268	1,068,614	(166,456)	902,158
Motor vehicles	15,391	(12,809)	2,582	15,154	(12,019)	3,135
Infrastructure	629,082	(146,723)	482,359	592,855	(113,738)	479,117
Agricultural equipment	178,852	(80,545)	98,307	168,070	(68,973)	99,097
<b>TOTAL</b>	<b>13,521,409</b>	<b>(439,879)</b>	<b>13,081,530</b>	<b>12,821,193</b>	<b>(361,186)</b>	<b>12,460,007</b>

#### Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Additions through donations	Disposals	Depreciation	Impairment loss	Total
Agricultural land	10,486,015	476,105	14,380	-	-	-	10,976,500
Buildings	898,996	59,654	-	(12)	(20,058)	(36,422)	902,158
Motor vehicles	4,421	101	-	(7)	(1,311)	(69)	3,135
Infrastructure	469,514	35,276	-	(93)	(12,129)	(13,541)	479,117
Agricultural equipment	109,025	6,067	-	(493)	(14,286)	(1,216)	99,097
	11,967,971	577,203	14,380	(605)	(47,784)	(51,158)	12,460,007

#### Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Additions through donations	Disposals	Depreciation	Impairment loss	Total
Agricultural land	10,976,500	570,514	-	-	-	-	11,547,014
Buildings	902,158	79,380	3,145	(51)	(20,657)	(12,707)	951,268
Motor vehicles	3,135	303	-	(21)	(852)	17	2,582
Infrastructure	479,117	37,092	1,527	(2,161)	(12,643)	(20,573)	482,359
Agricultural equipment	99,097	12,249	289	(856)	(11,989)	(483)	98,307
	12,460,007	699,538	4,961	(3,089)	(46,141)	(33,746)	13,081,530

## AGRICULTURAL LAND HOLDINGS ACCOUNT

### ADDITIONAL INFORMATION

Property, Plant and Equipment is carried at cost less accumulated depreciation and impairment losses. The net carrying amount of Property, Plant and Equipment is R13,081,530 billion (2018: R12,460,007 billion) after depreciation and impairment of R46,141 million and R33,746 million respectively.

Opening balances on PPE have been restated, refer to note 29.

### 4. INTANGIBLE ASSETS

	2019 R'000			2018 R'000		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Accumulated Amortisation and Impairment	-	(979)	(979)	-	(783)	(783)
Intangible assets	980	-	980	980	-	980
<b>TOTAL</b>	<b>980</b>	<b>(979)</b>	<b>1</b>	<b>980</b>	<b>(783)</b>	<b>197</b>

#### Reconciliation of intangible assets – 2019

	Opening balance	Amortisation	Total
Amortisation	(783)	(196)	(979)
Share on packaging houses	980	-	980
	<b>197</b>	<b>(196)</b>	<b>1</b>

#### Reconciliation of intangible assets – 2018

	Opening balance	Disposals	Amortisation	Total
Amortisation	(998)	445	(230)	(783)
Share on packaging houses	2,005	(1,025)	-	980
	<b>1,007</b>	<b>(580)</b>	<b>(230)</b>	<b>197</b>

## 5. OTHER FINANCIAL ASSETS

	2019	2018 Restated
Land Bank	324,399	307,268
	-	-

Land bank relates to financial assistance to Land Bank as guarantees for farms in distress. No assets were held as collaterals. No portion of the financial assistance has passed the due date therefore there were no impairment indicators. The net carrying value of is R324,399 million (2018: R307,268 million) after the interest received during the current financial year amounting to R20,319 million.

Interest free concessionary loan	-	-
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The concessionary loan relates to loan transferred by NEF to projects under Strengthening of relative rights programme. The total net carrying value is R324,399 million (2018: R307,268 million) after providing impairment loss of R40,160 million (2018: R34,112 million) respectively.

	324,399	307,268
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## 6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

Cash at bank	1,269,758	779,643
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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.

The cash and cash equivalent balance for 2018/19 is as a result high commitments on a new programme called Land Development Support and also land negotiations that were concluded late. The commitment balance as per note 26 is funded.

## 7. TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS

Deferred lease assets	18,548	-
Operating lease receivables	23,374	14,836
Accrued interest - from bank	1,608	933
Operating lease receivables: servitude	128	127
	43,658	15,896

## 7. TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)

### Credit quality of trade and other receivables

The carrying value of the operating lease receivables of R23,502 million (2018: R14,963 million) , is stated after an allowance for impairment of R352,101 million (2018: R329,342 million). The gross operating receivables value is R375,475 million (2018: R344,177 million).

### The ageing of amounts impaired is as follows:

	2019	2018 Restated
<b>Reconciliation of the allowance</b>		
Balance at the beginning of the year	329,342	325,326
Contributions to provision	22,759	16,662
Reversal of provision - Lease debt write off	-	(12,646)
	<u>352,101</u>	<u>329,342</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	5,048	1,367
3 to 6 months	1,918	577
6 to 12 months	2,816	2,216
Over 12 months	13,720	10,803
	<u>23,502</u>	<u>14,963</u>

### Trade and other receivables impaired

Trade and other receivables of R352,101 million (2018: R329,342 million) were impaired.

The ageing of the impairment loss is as follows:

3 to 6 months	16,635	12,857
6 to 12 months	12,851	11,674
Over 12 months	322,615	304,811
	<u>352,101</u>	<u>329,342</u>

## 8. TRADE AND OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	2019	2018 Restated
<b>Unspent conditional grant farmers</b>	<b>65,180</b>	<b>36,663</b>
Unspent conditional grant - SRR	64,474	91,482
Other debtors	182	456
	<u>129,836</u>	<u>128,601</u>

Unspent conditional grant farmers (Deferred expenses) relate to recapitalisation and development and one household, one hectare funds transferred to farmers. The carrying value of the deferred expenses is R65,180 million (2018: R43,373 million) after providing for an impairment loss R500,717 million (2018: R481,416 million).

An allowance for impairment of deferred expenses is assessed at year end. The gross deferred expense value is R565,898 million (2018: R518,079 million).

## 9. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

<b>Trade payables</b>	<b>69,186</b>	<b>86,683</b>
Rental received in advanced	8,844	7,094
Deposits received	427	168
	<u>78,457</u>	<u>93,945</u>

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

<b>Inter-departmental creditors</b>	<b>-</b>	<b>24</b>
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## 11. PREPAYMENTS

The total amount of R14,421 million relates to:

Rates and Taxes amounting to R11,275 million for 2018/19 to 2019/20 financial year due to financial differences between municipalities and billings. The expenditure will therefore be paid by year end. Also relates to R3,146 million on acquisition of Property. The decline on prepayments is as a result of SRR acquisition of property that was done during the current financial year.

## 12. OTHER PROVISIONS

Other provision farmers are in compliance to GRAP 19 which has been derecognised in terms of GRAP 3 prior period error. Opening balances have been restated, refer note 29

## 13. REVENUE

	2019	2018 Restated
<b>Rental income on lease receivable</b>	<b>33,586</b>	<b>3,446</b>
Rental income on servitude	-	73
Interest on lease receivable	23,172	24,091
Interest on servitude	1	12
Other income	56	161
Interest received	87,831	75,099
Grant income - non exchange	1,326,457	1,348,397
Donation received - non exchange	4,962	14,380
	<u>1,476,065</u>	<u>1,465,659</u>

## 14. INTEREST INCOME

<b>Interest revenue</b>		
Interest received	87,831	75,099
	<u>87,831</u>	<u>75,099</u>

## 15. OTHER INCOME

<b>Other income</b>	<b>56</b>	<b>161</b>
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Other income relates to unallocated deposits over 365 days amounting to R50 thousand and recovery of bad debts amounting to R6 thousand.

## 16. GENERAL EXPENSES

<b>Bank charges</b>	<b>34</b>	<b>59</b>
Travel and accommodation	6,251	5,182
Valuation	1,882	65
Professional fees	80,998	51,292
Levies	774	952
Rates and taxes	47,420	36,902
Business planning	79	831
Legal fees	352	2,159
Management fees	14,779	14,549
	<u>152,569</u>	<u>111,991</u>

The total amount of professional fees and management fees relates to Project Management Unit (PMU) Services Accountant fees and management fees for commodity organisations respectively.

## 17. GRANT EXPENSE FARMERS

	2019	2018 Restated
<b>Consumables</b>	<b>12</b>	<b>-</b>
Animal feeds	369	-
Grant SRR	42,537	89,682
Security expenses	6,180	2,165
Transport	-	38
Water and electricity	972	1,681
Fertilizer	-	778
Machinery and equipment	97	87
Biological assets	23,042	13,329
Road grading and other repairs	-	75
Recapitalisation and development expenditure	79,571	173,745
Seeds	-	398
	<u>152,780</u>	<u>281,978</u>

## 18. IMPAIRMENT

<b>Impairments</b>		
Property, plant and equipment	33,748	51,286
Lease debtors	22,759	16,662
Impairment of deferred grant expenditure	19,304	141,825
Other financial Asset - SRR	6,046	34,112
	<u>81,857</u>	<u>244,008</u>
Reversal of impairments		
Lease debtors	-	(12,646)
<b>Total impairment losses (recognised) reversed</b>	<b>81,857</b>	<b>231,239</b>



## 19. CASH GENERATED FROM OPERATIONS

	2019	2018 Restated
<b>Surplus</b>	<b>1,035,994</b>	<b>775,999</b>
Adjustments for:		
Depreciation and amortisation	46,335	47,784
Interest - land bank	-	(38,242)
Loss on disposal of asset	3,090	955
Adjust for donations received	(4,962)	(14,380)
Impairment of assets	81,857	51,157
Bad debts written off	4,430	12,646
Movements in provisions	-	-
Other non-cash items	64,948	-
Changes in working capital:		
Trade and other receivables from exchange transactions	(27,762)	(2,860)
Bad debt written off	-	(12,646)
Trade and receivables from non-exchange transactions	1,235	534,148
Prepayments	-	(148,034)
Trade and other payables from exchange transactions	(15,487)	33,425
Trade and other payables from non-exchange	(24)	(140,703)
	<u>1,189,654</u>	<u>1,099,249</u>

## 20. FINANCIAL INSTRUMENTS DISCLOSURE

### Categories of financial instruments

#### 2019

##### Financial asset by category

	At amortised cost	Total
Other financial assets	324,399	324,399
Trade and other receivables from exchange transactions	23,502	23,502
Cash and cash equivalents	1,269,758	1,269,758
	<u>1,617,659</u>	<u>1,617,659</u>

##### Financial liability by category

	At amortised cost	Total
Trade and other payables from exchange transactions	69,186	69,186

#### 2018

##### Financial asset by category

	At amortised cost	Total
Other financial assets	307,268	307,268
Trade and other receivables from exchange transactions	14,963	14,963
Cash and cash equivalents	779,643	779,643
	<u>1,101,874</u>	<u>1,101,874</u>

##### Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	86,683	86,683

## 21. RELATED PARTIES

	2019	2018 Restated
<b>Related party balances</b>		
<b>Inter - departmental payables</b>		
Department: Rural Development and Land Reform: Payables	-	24
Management fees		
National Empowerment Fund	-	17,145
Related party transactions		
<b>Department: Rural Development and Land Reform: Grant</b>	1,326,457	1,348,397

No executive emoluments are paid by the Trading Entity as they are remunerated by the Department of Rural Development and Land Reform.

The Department of 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 28.

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

## 22. RISK MANAGEMENT FINANCIAL RISKMANAGEMENT

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 programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Trading Entity's performance. Risk management is carried out by management committee of the department under the risk management framework approved by the Audit Committee.

### Liquidity risk

At 31 March 2019	Less than 3 months	Between 3 and 6 months	Between 6 months and 1 year	Total
	R'000	R'000	R'000	R'000
Trade and other receivables from exchange transactions	5,048	1,918	16,536	23,502
Trade and other payables from exchange transactions	57,739	11,447	-	69,186

## 22. RISK MANAGEMENT FINANCIAL RISKMANAGEMENT (CONTINUED)

At 31 March 2018	Less than 3 months	Between 3 and 6 months	Between 6 months and 1 year	Total
	R'000	R'000	R'000	R'000
Trade and other receivables from exchange transactions	1,367	577	13,019	14,963
Trade and other payables from exchange transactions	24,812	-	61,871	86,683

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 with high quality credit standing and limits exposure to any one counter party.

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

	2019	2018 Restated
<b>Financial instrument</b>		
<b>Cash and cash equivalents</b>	<b>1,269,758</b>	<b>779,643</b>
Trade and other receivables from exchange transactions	<b>23,502</b>	<b>14,963</b>
Other financial assets	324,399	307,268

### 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 (DRDLR). The executives of the DRDLR spent 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 DRDLR in this regard.

## 24. FRUITLESS AND WASTEFUL EXPENDITURE

	2019	2018 Restated
Opening balance	884	1,100
<b>Less: Condoned</b>	-	(1,018)
Add: Fruitless and wasteful expenditure - current year	2,789	802
	<u>3,673</u>	<u>884</u>

The opening balance for 2017/18 has been restated by R13 thousand during the current financial year as a result of a case that was previously condoned.

The total amount R2,779 million on Fruitless and Wasteful expenditure for the current year relates to the following:

Interest paid on rates and taxes amounting to R2,024 million and 1H1H expenditure amounting to R754 thousand for Accountant and Site Management fees that were paid to the Farmers for services not rendered and where the quality of the services rendered was deficient.

The Department has approved investigation of possible irregular, fruitless and wasteful expenditure for Programme of Strengthening Relative Rights amounting to R162,255 million. The investigation is currently underway and is expected to be concluded in the 2019/20 financial year.

## 25. FUTURE MINIMUM LEASE RECEIVABLE

### Lease revenue

1,780,783
-
<u>1,780,783</u>

The Trading entity leases farms to farmers for short to long term periods. The total lease payments for short term is based on 5% of the projected net income calculated using the approved business plan per financial year and long term is based on 2% of the 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 not billable 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.

## 26. COMMITMENTS

	2019	2018 Restated
• Contracted recapitalisation projects - Grant farmers	130,911	165,061
• Guarantees land acquisition	288,475	26,621
• 1 Hector 1 Household - Grant farmers	31,488	62,423
• Open orders	3,030	6,587
• Project management	26,642	90,754
• Land Development Support	664,849	-
	<u>1,145,395</u>	<u>351,446</u>

The opening balances on commitments during the financial year were restated.

## 27. IRREGULAR EXPENDITURE

Opening balance	31,688	-
Add: Irregular Expenditure - current year	39,868	31,688
	<u>71,556</u>	<u>31,688</u>

The irregular expenditure was incurred as a result of contravention of Supply Chain Management Regulations Policy.

Expenditure amounting to R57,427 million was expended in terms of Land Development Support in furtherance of the stimulus as announced by the President. More specifically, items were procured in terms of farmer mechanisation and in terms of the lowest quotes obtained by commodity organisations. Deviation in respect of the LDS policy was approved by the Accounting Officer; however the procurement of such items is currently under investigation to determine whether contravention of Supply Chain Management policy occurred or not, the investigation will conclude in the 2019/20 financial year.

## 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 R1,596 million from the farm. As a result the Trading Entity took legal action against the farmer to recover the loss of assets. The matter is still in the court of Law.

### LEASEHOLD IMPROVEMENTS

The department has entered into a lease agreement which allowed the lessee to effect leasehold improvements. The contract indicates that the lessee shall forfeit compensation for his/her 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 and disposal policy indicates once the agreement is terminated then the farmer loses his future economic benefit and will instead flow to be state (Agricultural Land Holdings Account Trading Entity).

## AGRICULTURAL LAND HOLDINGS ACCOUNT

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.

### RETENTION OF FEES FOR TRANSFERRED LAND

The Trading entity has entered into an offer to purchase agreement of which the conditions provides for 10% and 15% retention fee amounting to R16,460 million that will be released upon receiving the purchased property and movable assets at a condition that it was agreed at signing stage.

### LEASEHOLD IMPROVEMENTS - MAROLIEN

The lease agreement for the property was signed with a different company and the subsequent payments were made to a different company. The ownership of the leasehold improvements amounting to R5,666 million on the farm uncertain, the forensic audit report conclusion will determine the rightful owner of the leasehold improvements and the disclosure of the subsequent event.

### CONTINGENT LIABILITIES

Subsequent to the rates and taxes assessment and communication with municipalities, the Trading Entity has at the end of the current financial year not received invoices for some accounts. The extent of the liability is unknown as municipalities are required to submit invoices together with statements for proper reconciliation, therefore the amount and the timing is uncertain but it is probable that the proceedings will result in cash outflows to the municipalities.

## 29. DISCLOSURE OF PRIOR PERIOD ERRORS

The Trading Entity identified the following prior period errors during the 2018/19 financial year and all the corrections have been done from the beginning of 2016/17 financial year accordingly as follows:

### PROPERTY, PLANT AND EQUIPMENT (PPE)

During the current financial year property, plant and equipment has been adjusted accordingly with a decrease on the net carrying value amounting to R3,659 million. The adjustment is as a result of disposal of assets, reversal and recognition of write off, adjustment on transfer costs, adjustment due to unbundling and bundling of assets and assets that were erroneously recognised in previous financial years.

### PREPAYMENTS

During the current financial year the Trading Entity realised that prepayments were over stated (based on the information that was provided then) by R29,067 million, an adjustment has been corrected accordingly.

## AGRICULTURAL LAND HOLDINGS ACCOUNT

### OTHER FINANCIAL ASSETS

During the current financial year the Trading Entity realised that SRR Grant Working Capital amounting to R30,163 million was incorrectly recognised as a loan. The adjustment has been corrected accordingly as follows: a decrease in the Other Financial Assets against Grant SRR and also a decrease in the Provision for Doubtful Debts: SRR against Impairment.

### TRADE AND OTHER PAYABLE - EXCHANGE

Total amount of R60,051 million relates the following:

1. General expenses amounting to R58,616 million of previous financial invoices that were received during the current financial year relating to rates and taxes, water rights and management fees.
2. Grant expenses farmers amounting to R1,435 million of previous financial invoices that were received during the current financial year relating to Recapitalisation and Development, One hectare One Household, Electricity connection & Consumption, Security Costs and de-recognition of Electricity Connection due to Eskom account being closed.

The recognition adjustment of the expenditure has been done in the correct financial year.

### TRADE AND OTHER RECEIVABLE NON EXCHANGE - GRANT FARMERS

The total amount of R6,709 million relates to Grant farmer's expenditure for previous financial years amounting to the expenditure (invoices) were received during the current financial year and a reversal of a duplicate invoice previously recognised. An adjustment has been retrospectively in the correct financial period.

The total of R90,497 million relates to:

- an increase of R63,310 million of provision of doubtful debts on farmers unspent grant, the impact of the impairment adjustment resulted into a decrease of R19,883 million in the 2016/17 financial year and increase of R83,192 million in 2017/18 financial;
- as well as recognition of R27,189 million invoice provisions received and accounted in the 2018/19 financial year. The invoice reversal adjustment resulted in a reclassification from other provision balance to other receivable non exchange. The impact resulted in an adjustment R12,047 million and R15,047 million in 2016/17 and 2017/18 respectively.

The adjustments resulted into a decrease of non-exchange farmers of R97,206.

### TRADE AND OTHER RECEIVABLE EXCHANGE TRANSACTIONS

During the current financial year a total amount of R153 thousand has been billed as a result of the new lease policies that have been concluded. The adjustment has been done correctly against rental income on lease receivable.

## AGRICULTURAL LAND HOLDINGS ACCOUNT

### OTHER PROVISION

A total of R117,683 million provision for invoice receipt was derecognised as a result of an error caused by application of GRAP 19 provision. This adjustment resulted in a decrease on provision balance for 2017/18 financial year. The impact resulted in an adjustment of R73,450 million and R17,047 million in 2016/17 and 2017/18 financial years respectively as well as a readjustment of R27,189 million to other receivable non exchange.

The correction of the error(s) results in adjustments as follows:

#### Statement of financial position

Property, plant and equipment	3,659
Prepayments	29,067
Other Financial Asset	30,163
Provision for Doubtful Debts: SRR	(30,163)
Trade and other payables exchange transactions	60,051
Trade and other receivable non exchange transactions	97,206
Trade and other receivable exchange transactions	(153)
Other Provision	(117,683)
Accumulated surplus	51,759
	<hr/>
	123,906

#### Statement of financial performance

Depreciation and Impairment	2,502
General expenses	(24,724)
Grant expense farmers	(48,559)
Disposal	(248)
Impairment other financial assets	30,163
Revenue from exchange transaction	153
Impairment- Grant farmers	(83,193)
	<hr/>
	(123,906)

From the beginning of 2016/17 financial year the effect on retained earnings has been restated by R51,759 million.

## 30. CHANGE IN ACCOUNTING ESTIMATES

The annual review of useful life of assets resulted in an increase of R1,219 million in the depreciation charge to the Statement of Financial Performance.



### 31. EVENTS AFTER THE REPORTING DATE

#### BAD DEBT WRITE 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 R4,430 million.

# REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT OF THE DEEDS REGISTRATION TRADING ACCOUNT

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### OPINION

I have audited the financial statements of the Deeds Registration Trading Account set out on pages 277 to 332, which comprise the statement of financial position as at 31 March 2019, the statement of financial performance, the statement of changes in net assets, the cash flow statement, and the statement of comparison of budget and actual amounts 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 Deeds Registration Trading Account as at 31 March 2019, 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 Public Finance 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 sections 290 and 291 of the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code), parts 1 and 3 of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) 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 codes.

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.

## RESTATEMENT OF CORRESPONDING FIGURES

As disclosed in note 26 to the financial statements, the corresponding figures for 31 March 2018 were restated as a result of an error in the financial statements of the trading entity at, and for the year ended, 31 March 2019.

### SIGNIFICANT UNCERTAINTIES

As disclosed in note 24 to the financial statements, litigation processes against the trading entity are underway relating to disputes around the registration of property. The total litigation before the courts is R525 936 000 (2017-18: R525 997 000).

### 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 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.

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 appropriate governance structure 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

In terms of section 40(3)(a) of the PFMA, the trading entity is required to prepare an annual performance report. The performance information of the trading entity was reported in the annual performance report of the Department of Rural Development and Land Reform. The usefulness and reliability of the reported performance information was tested as part of the audit of the Department of Rural Development and Land Reform and any audit findings are included in the audit and management reports of the Department of Rural Development and Land Reform.

# DEEDS REGISTRATION TRADING ACCOUNT

## 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, accounting officer's report and the audit committee's report. The other information does not include the financial statements and the auditor's report.

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.

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.

The other information I obtained prior to the date of this auditor's report is accounting officer's report and the other information to be included in the annual report is expected to be made available to us after 31 July 2019.

If, based on the work I have performed on the other information that I 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.

When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

### 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.

### OTHER REPORTS

I draw attention to the following engagements conducted by various parties that had, or could have, an impact on the matters reported in the trading entity's financial statements and 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.

The Special Investigation Unit's investigation into the e-cadastre project has been finalised and the trading entity was still awaiting the report as at the date of our report.

*Auditor General*

Pretoria

31 July 2019



*Auditing to build public confidence*

### 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 financial statements and on the trading entity'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 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 Registration of Deeds 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; and
  - 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.

# GENERAL *Information*

Country of incorporation and domicile

Nature of business and principal activities

Business address

Bankers:

Auditors:

South Africa

Registration of Deeds

Corner Bosman and Pretorius

Rentmeester Building

Pretoria 0001

Standard Bank

Auditor-General of South Africa

## DEEDS REGISTRATION TRADING ACCOUNT

### ANNUAL FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2019

#### INDEX

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 277 to 332, which have been prepared on the going concern basis, were approved by the accounting authority on 31 March 2019 and were signed on its behalf by:



CC Swart  
Director: Financial Management and Accounting



MF Mogoba  
Senior Financial Officer



V Matshidza  
Acting Chief Financial Officer



R Sadiki  
Acting Director-General



# DEEDS REGISTRATION TRADING ACCOUNT

## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2019

		2019	2018
			Restated*
	Notes	R'000	R'000
<b>Assets</b>			
<b>Current Assets</b>			
Inventories	2	3,633	3,565
Receivables from exchange transactions	4	61,708	62,975
Prepayments	3	2,669	2,212
Cash and cash equivalents	5	307,071	392,406
		<b>375,081</b>	<b>461,158</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	6	91,156	116,162
Intangible assets	7	52,620	52,527
Prepayments	3	2	7
		<b>143,778</b>	<b>168,696</b>
<b>Total Assets</b>		<b>518,859</b>	<b>629,854</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Finance lease obligation	8	1,019	1,009
Payables from exchange transactions	9	67,038	50,746
Provisions	12	1,145	7,221
OVG appropriation liability	11	127,065	57,743
		<b>196,267</b>	<b>116,719</b>
<b>Non-Current Liabilities</b>			
Finance lease obligation	8	415	959
Provisions	12	12,795	13,454
		<b>13,210</b>	<b>14,413</b>
<b>Total Liabilities</b>		<b>209,477</b>	<b>131,132</b>
<b>Net Assets</b>		<b>309,382</b>	<b>498,722</b>
Accumulated surplus		309,382	498,722
<b>Total Net Assets</b>		<b>309,382</b>	<b>498,722</b>

## DEEDS REGISTRATION TRADING ACCOUNT

### STATEMENT OF FINANCIAL PERFORMANCE AS AT 31 MARCH 2019

		2019	2018
			Restated*
	Notes	R'000	R'000
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Registration of deeds and Sale of information		647,789	634,267
Management fees earned		3,801	935
Other income		1,870	3,307
Interest received	15	14,300	18,876
<b>Total revenue from exchange transactions</b>		<b>667,760</b>	<b>657,385</b>
<b>Revenue from non-exchange transactions</b>			
<b>Transfer revenue</b>			
Government grants and subsidies		-	22,818
<b>Total revenue</b>	<b>14</b>	<b>667,760</b>	<b>680,203</b>
<b>Expenditure</b>			
Employee related costs	18	(508,303)	(480,253)
Depreciation and amortisation		(35,268)	(35,919)
Impairment loss/Reversal of impairments		(2,614)	(1,042)
Finance costs	16	(197)	(225)
Loss on disposal of assets		(433)	(1,247)
General expenses	20	(136,884)	(146,621)
<b>Total expenditure</b>		<b>(683,699)</b>	<b>(665,307)</b>
<b>(Deficit)surplus for the year</b>		<b>(15,939)</b>	<b>14,896</b>

## DEEDS REGISTRATION TRADING ACCOUNT

### STATEMENT OF CHANGES IN NET ASSETS AS AT 31 MARCH 2019

	Accumulated surplus R'000	Total net assets R'000
<b>Restated* Balance at 01 April 2017</b>	505,127	505,127
Changes in net assets		
Surplus for the year	14,895	14,895
Correction of Error- Funds Surrendered to National Treasury	(21,300)	(21,300)
<b>Total changes</b>	<b>(6,405)</b>	<b>(6,405)</b>
<b>Restated* Balance at 01 April 2018</b>	<b>498,722</b>	<b>498,722</b>
Changes in net assets		
Funds surrendered to National Treasury	(173,400)	(173,400)
Surplus/ (Deficit)	(15,940)	(15,940)
Total changes	(189,340)	(189,340)
<b>Balance at 31 March 2019</b>	<b>309,382</b>	<b>309,382</b>

## DEEDS REGISTRATION TRADING ACCOUNT

### CASH FLOW STATEMENT AS AT 31 MARCH 2019

		2019	2018
		R'000	Restated*
	Notes		R'000
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Registration of Deeds and sale of information		650,221	670,330
Grants		141,123	64,806
Interest income		17,309	18,864
Other income		94	213
		<u>808,747</u>	<u>754,213</u>
<b>Payments</b>			
Employee costs		(524,593)	(492,330)
Suppliers		(147,003)	(158,047)
Funds surrendered to National Treasury-Deeds		(173,400)	(21,300)
Funds surrendered to National Treasury-OVG		(41,100)	-
		<u>(886,096)</u>	<u>(671,677)</u>
<b>Net cash flows from operating activities</b>	23	<u><b>(77,349)</b></u>	<u><b>82,536</b></u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(6,168)	(6,559)
Proceeds from sale of property, plant and equipment		10	3
<b>Net cash flows from investing activities</b>		<u><b>(6,158)</b></u>	<u><b>(6,556)</b></u>
<b>Cash flows from financing activities</b>			
Finance lease payments		(1,828)	(1,825)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<u><b>(85,335)</b></u>	<u><b>74,155</b></u>
Cash and cash equivalents at the beginning of the year		392,406	318,251
<b>Cash and cash equivalents at the end of the year</b>	5	<u><b>307,071</b></u>	<u><b>392,406</b></u>

## DEEDS REGISTRATION TRADING ACCOUNT

### STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

Budget on Accrual Basis	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R'000	R'000	R'000	R'000	R'000	R'000
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
Revenue from exchange Transactions						
Registration of Deeds and sale of information	768,254	(26,337)	741,917	647,789	(94,128)	1.
Management fees earned	-	-	-	3,801	3,801	2.
Other income	-	-	-	1,870	1,870	3.
Retention surplus	-	54,627	54,627	-	(54,627)	4.
Interest received-investment	20,890	(3,585)	17,305	14,300	(3,005)	5.
<b>Total revenue from exchange transactions</b>	<b>789,144</b>	<b>24,705</b>	<b>813,849</b>	<b>667,760</b>	<b>(146,089)</b>	
<b>Expenditure</b>						
Personnel	(576,359)	(397)	(576,756)	(508,303)	68,453	6.
Depreciation and amortisation	(45,319)	-	(45,319)	(35,268)	10,051	7.
Impairment loss/ Reversal of impairments	-	-	-	(2,614)	(2,614)	8.
Finance costs	-	-	-	(197)	(197)	9.
General Expenses	(207,159)	15,385	(191,774)	(136,885)	54,889	10.
<b>Total expenditure</b>	<b>(828,837)</b>	<b>14,988</b>	<b>(813,849)</b>	<b>(683,267)</b>	<b>130,582</b>	
<b>Operating deficit</b>	<b>(39,693)</b>	<b>39,693</b>	<b>-</b>	<b>(15,507)</b>	<b>(15,507)</b>	
Loss on disposal of assets and liabilities	-	-	-	(433)	(433)	11.
<b>Deficit before taxation</b>	<b>(39,693)</b>	<b>39,693</b>	<b>-</b>	<b>(15,940)</b>	<b>(15,940)</b>	
<b>Actual Amount on Comparable</b>	<b>(39,693)</b>	<b>39,693</b>	<b>-</b>	<b>(15,940)</b>	<b>(15,940)</b>	
Basis as Presented in the Budget and Actual Comparative Statement						

## DEEDS REGISTRATION TRADING ACCOUNT

### STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

Budget on Accrual Basis	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R'000	R'000	R'000	R'000	R'000	R'000
<b>Statement of Financial Position</b>						
<b>Assets</b>						
<b>Current Assets</b>						
Inventories	3,500	-	3,500	3,633	133	12.
Receivables from exchange transactions	65,000	-	65,000	61,708	(3,292)	13.
Prepayments	-	-	-	2,669	2,669	14.
Cash and cash equivalents	380,030	-	380,030	307,071	(72,959)	15.
	<b>448,530</b>	<b>-</b>	<b>448,530</b>	<b>375,081</b>	<b>(73,449)</b>	
<b>Non-Current Assets</b>						
Property, plant and equipment	23,578	(3,269)	20,309	91,155	70,846	16.
Intangible assets	50	-	50	52,619	52,569	17.
Prepayments	-	-	-	2	2	18.
	<b>23,628</b>	<b>(3,269)</b>	<b>20,359</b>	<b>143,776</b>	<b>123,417</b>	
<b>Total Assets</b>	<b>472,158</b>	<b>(3,269)</b>	<b>468,889</b>	<b>518,857</b>	<b>49,968</b>	
<b>Liabilities</b>						
<b>Current Liabilities</b>						
Finance lease obligation	1,100	-	1,100	1,019	(81)	19.
Payables from exchange transactions	47,577	-	47,577	67,035	19,458	20.
Provisions	7,000	-	7,000	1,145	(5,855)	21.
OVG appropriation liability	-	-	-	127,065	127,065	22.
	<b>55,677</b>	<b>-</b>	<b>55,677</b>	<b>196,264</b>	<b>140,857</b>	
<b>Non-Current Liabilities</b>						
Finance lease obligation	500	-	500	415	(85)	23.
Provisions	13,000	-	13,000	12,795	(205)	24.
	<b>13,500</b>	<b>-</b>	<b>13,500</b>	<b>13,210</b>	<b>(290)</b>	
<b>Total Liabilities</b>	<b>69,177</b>	<b>-</b>	<b>69,177</b>	<b>209,474</b>	<b>140,297</b>	
<b>Net Assets</b>	<b>402,981</b>	<b>(3,269)</b>	<b>399,712</b>	<b>309,383</b>	<b>(90,329)</b>	
Net Assets Attributable to Owners of Controlling Entity						
<b>Reserves</b>						
Accumulated surplus	402,981	(3,269)	399,712	309,383	(90,329)	25.

### STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

1. The variance is due to the 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.
2. The amount of R3,8 million is management fees received for rendering services for the office of the Valuer General as part of a memorandum of understanding between Deeds and OVG. The amount was not budgeted for.
3. The actual amount relates to bad debts recovered and staff debts recovered for example, private telephone usage. The amount is not budgeted for.
4. The amount relating to retention of surplus is determined by National Treasury in September of every year based on future commitments of the trading account; this amount is not budgeted for.
5. As the year ended the bank balance which yields interest was compromised of 41% OVG funds appropriated by Department of Rural Development and Land Reform (DRDLR) for OVG operations. The less than the anticipated interest received is due to the fact that a portion of the total interest received in the bank accrued as a result of these appropriated funds held on behalf of the OVG. Over and above the stated reason, R173 million was surrendered to National Treasury. This contributed to a reduced bank balance resulting in a lesser amount of interest earned. The entity could not budget or anticipate the amount of funds to be surrendered as this is at the discretion of National Treasury.
6. The variance is attributed to various vacant posts under Deeds Registries that should have been filled during the financial year. The anticipated budget was based on expectation that additional posts will be approved to the Deeds establishment.
7. The reduced depreciation expense is due to a reduction in procurement of PPE from budgeted procurement less than budgeted PPE was procured in the current 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.
10. The expenditure is attributed mainly to payment for SITA mainframe, cleaning services, security services and operating leases. In the current year National Treasury requested R173 million to be surrendered and as a result spending had to be reduced, this had an effect on general expenses in that not all goods and services initially budgeted for could be procured.
11. Loss on disposal of assets is not budgeted for.
12. The expense is only recognised when store items are issued. The items are budgeted for separately under specific expenditure items.

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

13. The amount relates to debtors net of impairment, the actual amount is less than budgeted due to an additional impairment raised for internal staff debt. There was no anticipation to write down these debtors but due to deaths and irrecoverability these had to be impaired and handed over.
14. Prepayments are not budgeted for and are due to over-lap on expenditure across financial years for prepaid services to be rendered in the future.
15. The decrease in cash and cash equivalents is due to the surrender of R173,4 million to National Treasury. This was not budgeted for.
16. The budget amount of R23,6 million was budgeted for procurement of additional assets only. This actual amount of R91,1 million is the carrying value of PPE since the inception of Deeds Trading Account. Therefore the variance is as a result of a comparison of additions and the PPE carrying amount.
17. The actual amount of R52,6 million is the carrying value for Intangible Asset. There were no anticipated additions to Intangible Assets.
18. This relates to the non-current portion of prepayments narrated under reference note 14 above and are not budgeted for.
19. The variance is due to an amount of new finance lease contracts for copy machines that were entered into for period of three (3) years.
20. The variance between actual and budget is due to accrued leave not taken by employees as at 31 March 2019. It was expected that the majority of the leave will be taken by 31 March 2019.
21. The Special Investigating Unit (SIU) invoices were certified and settled by the end of April 2019 therefore making them payables as at year end as opposed to them being a provision.
22. The provision relates to SIU invoices for investigations done. In the current year the majority of these invoices were certified and settled in April 2019 resulting in a lower actual provision.
23. The amount is attributed to the balance from OVG appropriation allocation of R35.2 million and R105.8 million received in the financial year 2018/2019. The MOU was expected to come to an end on 31 December 2018, therefore, this line item had not been budgeted for.
24. This relates to the non-current portion of the finance leases liability which is narrated in note 19 above.
25. The reduction in the capped leave actual amounts is due to natural attrition.
26. The amount relates to retained surpluses and is accumulated over the years.



### ACCOUNTING POLICIES

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

## 1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The audited 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, 1999 (Act No.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 specified otherwise. All amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the entity. Unless otherwise stated all financial figures have been rounded to the nearest One Thousand Rand (R'000). Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a standard of GRAP.

### 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 MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

Assessing whether an omission or misstatements could influence decision of users, and so be material, requires consideration of the characteristics of those users. The Framework for Preparation for the Presentation of Financial Statements states that users are assumed to have a reasonable knowledge of government, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

### 1.3 COMPARATIVE FIGURES

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

The nature and reasons for the reclassification and restatement are disclosed in note 26 (Prior period errors) to the Annual Financial Statements.

### ACCOUNTING POLICIES

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

#### 1.4 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

##### TRADE RECEIVABLES

The entity assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit the 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 overdue by 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 disclosure 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 AMORTISATION

Depreciation recognised on property, plant and equipment is determined with reference to the useful lives and residual values of the underlying items. The useful lives and residual values of assets are based on management's estimation of the asset's condition, expected condition at the end of the period of use, its current use, future use and the entity's expectations about the availability of finance to replace the asset at the end of its useful life. In evaluating how the condition and use of the asset informs the useful life and residual value, management considers the impact of technology and minimum service requirements of the assets.

Management determines fair value using available information to determine fair value of PPE acquired through non-exchange transactions.

## 1.4 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

### IMPAIRMENT OF NON-FINANCIAL ASSETS

Intesting for, and determining the value-in-use of non-financial assetsmanagement is required to rely on the use of estimates about the asset's ability to continue to generate cash flows (in the case of cash-generating assets).

## 1.5 PROPERTY, PLANT AND EQUIPMENT

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

The cost of an item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits or service potential associated with the item will flow to the entity; and the cost of the item can be measured reliably.

Property, plant and equipment are initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition which is recognised as the deemed cost thereof.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets or a combination of monetary and non-monetary assets the asset acquired is initially measured at fair value.

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. Component so fassets 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's residual value where applicable.

The asset residual values, useful live and depreciation methods are reviewed at each financial year-end and adjusted prospectively, in accordance with GRAP 3 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.

## ACCOUNTING POLICIES

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

## 1.5 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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
Lease hold 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 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.

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 rentals 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 19 – Repairs and maintenance).

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

### ACCOUNTING POLICIES

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

#### 1.6 INTANGIBLE ASSETS

An intangible asset is an identifiable non-monetary asset without physically substance:

- is separable i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or;
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- the cost or fair value of the asset can be measured reliably.

The entity assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Expenditure on research (or on the research phase of an internal project) is recognized as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

An intangible asset is regarded as having an indefinite useful life when based on all relevant factors there is no foreseeable limit to the period over which the asset is expected to generate net cash in flows or service potential. A mortisation 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 amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

### ACCOUNTING POLICIES

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

#### 1.7 FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectability.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
  - receive cash or another financial asset from another entity; or
  - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

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

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

#### INITIAL RECOGNITION

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

#### 1.7 FINANCIAL INSTRUMENTS (CONTINUED)

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, are subject to an impairment review.

#### IMPAIRMENT AND UNCOLLECTABILITY 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.

### ACCOUNTING POLICIES

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

#### 1.7 FINANCIAL INSTRUMENTS (CONTINUED)

##### 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.



### ACCOUNTING POLICIES

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

#### 1.7 FINANCIAL INSTRUMENTS (CONTINUED)

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

#### 1.8 LEASES

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

##### FINANCE LEASES – LESSEE

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments.

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.

#### 1.9 INVENTORIES

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Inventories consisting of consumable stores are subsequently measured at the lower of cost and net realisable value. The basis of determining cost is the weighted-average method.

Differences arising on the valuation of inventory are recognised in the statement of financial performance in the year in which they arose. The amount of any reversal of any write-off of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction of inventories recognised as an expense in the period in which the reversal occurs.

If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs.

## ACCOUNTING POLICIES

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### 1.10 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 of 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 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 amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the entity; or
- (b) the number of production or similar units expected to be obtained from the asset by the entity.

Judgements made by management in applying the criteria to designate assets as cash-generating assets or non-cash generating assets, as follows:

#### 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.

## 1.10 IMPAIRMENT OF CASH-GENERATING ASSETS (CONTINUED)

### REVERSAL OF IMPAIRMENT LOSS

The entity assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

## 1.11 EMPLOYEE BENEFITS

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

### SHORT-TERM EMPLOYEE BENEFITS

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example medical care and free or subsidised goods or services such as housing cars and cellphones) for current employees.
- as an expense unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

## 1.11 EMPLOYEE BENEFITS (CONTINUED)

### 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 recognise the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense) after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date an entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to for example a reduction in future payments or a cash refund; and
- as an expense unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

## 1.12 PROVISIONS AND CONTINGENCIES

Provisions are recognised when:

- the entity has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

Where some or all of the expenditure required 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.

### ACCOUNTING POLICIES

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#### 1.12 PROVISIONS AND CONTINGENCIES (CONTINUED)

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating surplus / (deficits).

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

#### CONTINGENT LIABILITIES

Contingent liabilities is a possible obligation that arises from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly in the control of the entity; or a present obligation that arises from the past events that is not recognised because;

- it is not probable that an outflow of resources and embodying economic benefits will be required to settle the obligation; or
- the amount of the obligation cannot be measured with sufficient reliability.
- The contingent liability is recognised awaiting the outcome of legal action or dispute between two parties.

#### CONTINGENT ASSET

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

An entity shall not recognise a contingent asset.

Where an inflow of economic benefits or service potential is probable, an entity shall disclose a brief description of the nature of contingent asset at the reporting date, and, where practicable, an estimate of their financial effect measured using the principles set out for provisions.

#### 1.13 IMPAIRMENT OF NON-CASH-GENERATING ASSETS

Cash-generating assets are assets managed with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity.

Non-cash-generating assets are assets other than 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).

### 1.13 IMPAIRMENT OF NON-CASH-GENERATING ASSETS (CONTINUED)

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable willing parties less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the entity; or
- (b) the number of production or similar units expected to be obtained from the asset by the entity.

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.

Irrespective of whether there is any indication of impairment, the entity also test a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

#### 1.14 REVENUE FROM EXCHANGE TRANSACTIONS

Revenue consists of fees charged for property registration and for provision or sale of registration information to customers in accordance with the tariffs provided for in the Schedule of Fees prescribed by Regulation 84 of the Deeds Registries Act, 1937 (Act No. 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

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is recognised once the property has been registered.

#### 1.14 REVENUE FROM EXCHANGE TRANSACTIONS (CONTINUED)

##### 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.

#### 1.15 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.

##### 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.



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#### 1.15 REVENUE FROM NON-EXCHANGE TRANSACTIONS (CONTINUED)

##### 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 1 in order to achieve fair presentation of Financial status. These services may include:

- Administration Service
- 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).

#### 1.16 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.

#### 1.17 FRUITLESS AND WASTEFUL EXPENDITURE

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

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

#### 1.18 IRREGULAR EXPENDITURE

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation including

- (a) The PFMA; or
- (b) the State Tender Board Act 1968 (Act No. 86 of 1968), or any Regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

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#### 1.18 IRREGULAR EXPENDITURE (CONTINUED)

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

- Irregular expenditure that was incurred and identified during the current financial year and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance no further action is required with the exception of updating the note to the financial statements.
- Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.
- Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.
- Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable 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.

#### 1.19 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-month, 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.

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#### 1.20 CASH AND EQUIVALENTS

Cash for reporting purposes will include cash in the bank and any petty cash.

Cash equivalents - to be included on the cash line in the financial statements - will consist primarily of term deposits and all other highly liquid investments with a maturity of twelve months or less. Cash equivalents are stated at cost.

The following should be excluded from the cash and cash equivalents line in the financial statements reported in current assets:

- a. Cash subject to restrictions that prevent its use within the next year; and
- b. Cash appropriated for other than its current purposes unless such cash offsets a current liability

Cash is measured at fair value.

#### 1.21 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 binding 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.

### ACCOUNTING POLICIES

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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 discloses 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 errors

Prior period errors are omissions from, and misstatements in, the entity's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that;

- was available when financial statements for those periods were authorised for issue; and
- could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

Such errors may include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretation of facts, and fraud.

Material prior period errors are retrospectively corrected by:

- Restating the comparative amounts for the prior period presented in which the error occurred; or
- If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for the earliest prior period presented.

#### 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 on new information or more experience. By its nature, the revision of estimates does not relate to prior periods and is not the correction of an error.

### ACCOUNTING POLICIES

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#### 1.23 PRIOR PERIOD ERRORS AND CHANGES IN ACCOUNTING ESTIMATES (CONTINUED)

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

### ACCOUNTING POLICIES

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

#### 1.25 PAYABLE FROM EXCHANGE TRANSACTIONS (CONTINUED)

As part of the process of maintaining the accounting records in conformity with GRAP, 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-cancellable or only cancellable 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 (a 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 (a 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.

### ACCOUNTING POLICIES

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

#### 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 BUDGET INFORMATION

Entity are typically 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 approval budget is prepared on an accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 01/04/2018 to 31/03/2019.

The audited 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.

ACCOUNTING POLICIES

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

1.30 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 34-Separate Financial Statements  
GRAP 35-Consolidated Financial Statements  
GRAP 36-Investemnt in Associations and Joint Ventures  
GRAP 37-Joint Arrangements  
GRAP 38-Disclosure of Interest in Other Entities  
GRAP 104-Financial Instruments  
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.

The following GRAP standards have been approved and are effective from 1 April 2019 and have been early adopted by the entity:

GRAP 20 – Related Party Disclosures  
GRAP 109 – Accounting by Principals and Agents



NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS  
AS AT 31 MARCH 2019

## 2. INVENTORIES

	2019 R'000	2018 R'000
<b>Consumable material on hand</b>	<b>3,633</b>	<b>3,565</b>

None of the entity's inventory is carried at net realisable 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 R5,216 million (2018:R6,073 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

	2019 R'000	2018 R'000
Opening balance	2,218	3,976
Add: during financial year period	14,071	13,657
Less: expensed in the current year	(13,621)	(15,422)
Add: non-current prepaid expenditure	2	7
	<b>2,670</b>	<b>2,218</b>

An amount of R6 587 is prepaid to the PABX for maintenance of franking machines.

Amount of R1 413 is prepaid to SABC for television licenses for some Deeds Registries.

Amount of R15 108 is prepaid to Post Office for post box renewals for all Deeds Registries.

Amount of R2 280 million is prepaid to Oracle for maintenance and support of Oracle software.

Amount of R644 is prepaid to SASFIN for annual subscription of franking machines.

Amount of R3 333 is prepaid to SAICA for annual fee.

An amount of R362 352 is prepaid to Storage Technology for rental of 15 Uninterruptable Power Supply.

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS  
AS AT 31 MARCH 2019

## 4. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	2019 R'000	2018 R'000
Trade receivables	59,581	59,869
Other receivables	1,571	1,631
Interest receivables	556	1,475
	<b>61,708</b>	<b>62,975</b>

The gross trade receivables of R63,162 million (2018: R62,500) is stated before a provision for impairment of trade receivables of R3.581 million (2018: R2.631 million) and for other receivables R668 (2018:R0).The provision for impairment of trade receivables is determined from the age analysis of trade receivables that are over due for 90 days and more.The prospects of recovery are however assessed per individual account.

**Trade and other receivables impaired**

The ageing of these receivables is as follows:

3 to 6 months	4,249	2,631
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**Reconciliation of provision for impairment of doubtful debts impairments**

Opening balance	2,631	4,783
Provision for impairment	2 572	852
Amount written off as irrecoverable	(555)	(669)
Bad debts recovered	(442)	(2 525)
Interest accrued/raised	155	874
Subsequent payments	(112)	(684)
	<b>4,249</b>	<b>2,631</b>

**Trade receivables age analysis**

Current	57,179	54,262
30days	3,412	4,889
60days	379	481
90days	114	138
Over 90 days	2,078	2,730
	<b>63,162</b>	<b>62,500</b>

The current provision for impairment of Trade and Other Receivables has been included in operating expenses in the statement of financial performance under the account "Depreciation Amortisation and Impairments". Amounts charged to Impairment of Receivables are generally written off when there is no expectation of recovery. The maximum exposure to credit risk at reporting date is the carrying value of each class of receivables recognised above. Deeds Registration does not hold any collateral as security.

## DEEDS REGISTRATION TRADING ACCOUNT

### NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS AS AT 31 MARCH 2019

#### 5. CASH AND CASH EQUIVALENTS

	2019 R'000	2018 R'000
Cash on hand (Petty Cash)	35	29
Bank	307,036	392,377
	<b>307,071</b>	<b>392,406</b>

Cash and deposits are held with a registered banking institution. Cash on hand at reporting date is R307 071 million (2018:R392 406 million). None of the cash and cash equivalents of the entity are subject to restricted availability as these balances are not encumbered.

Included in the cash and cash equivalents is the OVG balance of Grant held as a resource for execution of the MOU. This balance is disclosed in note 27 under GRAP 109 - Accounting by Agents and Principals and the amount in the current year is R127 065 million (2018: R57.7 million)

#### 6. PROPERTY, PLANT AND EQUIPMENT

	2019 R'000			2018 R'000		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Furniture and fixtures	45,085	(23,543)	21,542	44,277	(21,414)	22,863
Office equipment	3,347	(2,064)	1,283	3,063	(1,205)	1,858
IT equipment	192,153	(149,456)	42,697	190,928	(122,954)	67,974
Leasehold improvements	10,852	(7,977)	2,875	10,767	(6,139)	4,628
Leasehold im- provements-WIP	18,659	-	18,659	14,147	-	14,147
Photographic equipment	10,023	(5,923)	4,100	10,030	(5,338)	4,692
	<b>280,119</b>	<b>(188,963)</b>	<b>91,156</b>	<b>273,212</b>	<b>(157,050)</b>	<b>116,162</b>

## DEEDS REGISTRATION TRADING ACCOUNT

### NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS AS AT 31 MARCH 2019

#### Reconciliation of property, plant and equipment – 2019

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	22,863	1,443	(209)	(2,555)	21,542
Office equipment	1,858	617	-	(1,192)	1,283
IT equipment	67,974	3,439	(216)	(28,500)	42,697
Leasehold improvements	4,628	84	-	(1,837)	2,875
Leasehold improvements-WIP	14,147	4,512	-	-	18,659
Photographic equipment	4,692	6	(8)	(590)	4,100
	<b>116,162</b>	<b>10,101</b>	<b>(433)</b>	<b>(34,674)</b>	<b>91,156</b>

#### Reconciliation of property, plant and equipment – 2018

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	19,067	6,390	(154)	(2,440)	22,863
Office equipment	1,062	1,870	-	(1,074)	1,858
IT equipment	95,708	2,576	(951)	(29,359)	67,974
Leasehold improvements	6,058	602	(143)	(1,889)	4,628
Leasehold improvements-WIP	13,501	646	-	-	14,147
Photographic equipment	5,292	14	-	(614)	4,692
	<b>140,688</b>	<b>12,098</b>	<b>(1,248)</b>	<b>(35,376)</b>	<b>116,162</b>

The Department of Public Works provides office accommodation for all Deeds Registries. The category of Leasehold Improvements represents costs incurred by the Deeds Registration Trading Account to improve the buildings that are owned/ leased on behalf of Deeds Registries by the Department of Public Works. The lease improvements are amortised over the lease period or useful life, whichever is regarded as shorter period.

Office equipment comprises of photocopy machines which are leased in term of finance lease agreement. The period of the lease agreements are 2-5 years and the carrying value is R1 283 million (financial year 2018: R1 858 million). Refer to note.8 where finance lease obligation is disclosed.

Work in Progress amounting to R15,150 million for the biometrics system is taking a significantly longer period of time to complete than is expected. This is as a result of delays by SITA for testing and a dependency from the end user to provide additional information for activations. The contract started from 07 February 2017 and was anticipated to be completed by the 18th May 2017.

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS  
AS AT 31 MARCH 2019

## 7. INTANGIBLE ASSET

	2019 R'000			2018 R'000		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Licences	664	(159)	505	570	(137)	433
Computer software	52,115	-	52,115	52,094	-	52,094
<b>Total</b>	<b>52,779</b>	<b>(159)</b>	<b>52,620</b>	<b>52,664</b>	<b>(137)</b>	<b>52,527</b>

## Reconciliation of intangible assets – 2019

	Opening balance	Additions	Amortisation	Total
Licences	433	664	(593)	504
Computer software	52,094	21	-	52,115
	<b>52,527</b>	<b>685</b>	<b>(593)</b>	<b>52,619</b>

## Reconciliation of intangible assets – 2018

	Opening balance	Additions	Amortisation	Total
Licences	396	570	(533)	433
Computer software	52,094	-	-	52,094
	<b>52,490</b>	<b>570</b>	<b>(533)</b>	<b>52,527</b>

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 for impairment. The entity did not recognise any impairment in the 2018/19 financial year.

## DEEDS REGISTRATION TRADING ACCOUNT

### NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS AS AT 31 MARCH 2019

#### 8. FINANCE LEASE OBLIGATION

	2019 R'000	2018 R'000
<b>Minimum lease payments due</b>		
- within one year	1 119	1 166
- in second to fifth year inclusive	437	1 022
	<b>1 556</b>	<b>2 188</b>
<b>less: future finance charges</b>	(122)	(220)
<b>Present value of minimum lease payments</b>	<b>1 434</b>	<b>1 968</b>
 <b>Present value of minimum lease payments</b>		
-within one year	1 019	1 009
-in second to fifth year	415	959
	<b>1 434</b>	<b>1 968</b>
 Non-current liabilities	415	959
Current liabilities	1 019	1 009
	<b>1 434</b>	<b>1 968</b>

The average lease term ranges between 2 and 5 years for office equipment, with an average interest rate of 10.25% applied to the leases. The finance leases are secured by the assets leased in terms of the agreement. Refer to note 6 where the assets held under the finance leases are disclosed as part of office equipment.

Contingent rent recognised as an expense in the period amounted to R529 806 (financial year 2018: R407 551). The contingent rent relates to copy charges per copy machine.

All copy machines under finance leases have an option to renew for an average of a further 2 years.

#### 9. PAYABLES FROM EXCHANGE TRANSACTIONS

Trade payables	23 889	10 505
Unallocated cash	69	77
Accrued leave pay	18 061	17 384
Accrued bonus	15 689	14 863
Sundry accruals	6 722	5 722
Other payables	2 608	2 195
	<b>67 038</b>	<b>50 746</b>

Unallocated cash represents money deposited at the bank but not yet identified and allocated to Trade Receivables at the end of the financial year

## DEEDS REGISTRATION TRADING ACCOUNT

### NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS AS AT 31 MARCH 2019

#### 10. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

2019  
R'000

2018  
R'000

The Deeds Registration Trading Account did not receive any grant from the Department of Rural Development and Land Reform in the 2018/2019 financial year. The only grant received in the current year was for the Office of the Valuer-General amounting to R141,123 million. Refer to note 11 - OVG appropriation liability.

#### 11. OVG APPROPRIATION LIABILITY

Reconciliation of unspent portion of OVG funds

Opening balance	57,743	8,121
Appropriation funds received on behalf of OVG	141,123	64,806
Expenditure incurred during the financial year	(30,701)	(15,184)
Appropriation funds surrendered to National Treasury	(41,100)	-
	<b>127,065</b>	<b>57,743</b>

The OVG appropriation liability amount of R127,065 million (2018: R57,743 million) relates to an amount transferred from the National Department of Rural Development and Land Reform for the operations of the OVG. The closing balance is the balance of grants received minus all expenditure incurred by the Office of the Valuer General less surrendered funds to National Treasury.

#### 12. PROVISIONS

##### Reconciliation of provisions – March 2019

	Opening balance	Additions	Amortisation	Total
Provision- Other	7,221	1,145	(7,221)	1,145
Provision-CappedLeave	13,454	768	(1,427)	12,795
	<b>20,675</b>	<b>1,913</b>	<b>(8,648)</b>	<b>13,940</b>

##### Reconciliation of provisions – March 2018

	Opening balance	Additions	Amortisation	Total
Provision- Other	17,138	7,221	(17,138)	7,221
Provision- Capped Leave	13,106	1,761	(1,413)	13,454
	<b>30,244</b>	<b>8,982</b>	<b>(18,551)</b>	<b>20,675</b>

Non-current liabilities	12,795	13,454
Current liabilities	1,145	7,221
	<b>13,940</b>	<b>20,675</b>

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS  
AS AT 31 MARCH 2019

## 12. PROVISIONS (CONTINUED)

	2019 R'000	2018 R'000
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 utilisation trends has however evidenced that it is unlikely that the full balance will be realised within the short term. Accordingly the balance is classified as non-current.		

The value of the provision is determined with reference to the capped leave days that have accrued to employees and the basic salaries of the employees. This represents the weighted average probable economic outflow that may be required to settle the capped leave balance.

Other provisions relate to services rendered for which either the timing or amount is uncertain and is measured on the best available estimate.

## 13. FINANCIAL INSTRUMENTS DISCLOSURE

## Categories of financial instruments

## 2019

## Financial asset

	At amortised cost	Total
Trade receivables from exchange transactions	63,163	63,163
Other receivables from exchange transactions	2,027	2,027
Cash and cash equivalents	307,071	307,071
	<b>372,261</b>	<b>372,261</b>
<b>Financial liability</b>		
Trade and other payables	61,919	61,919

## 2018

## Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	62,500	62,500
Other receivables from exchange transactions	2,179	2,179
Cash and cash equivalents	392,406	392,406
	<b>457,085</b>	<b>457,085</b>

## Financial Liabilities

Trade and other payables	<b>53,917</b>	<b>53,917</b>
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Refer to Note 4 details of impairments of financial transaction



## DEEDS REGISTRATION TRADING ACCOUNT

### NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS AS AT 31 MARCH 2019

#### 14. REVENUE

	2019 R'000	2018 R'000
Registration of deeds and sale of information	647,789	634,267
Management fees earned	3,801	935
Other income	1,870	3,307
Interest received	14,300	18,876
Government grant and Subsidies	-	22,818
	<b>667,760</b>	<b>680,203</b>

The amount included in revenue arising from exchanges of goods or services are as follows;

Registration of deeds and sale of information	647,789	634,267
Management fees earned	3,801	935
Other income	1,870	3,307
Interest received	14,300	18,876
	<b>667,760</b>	<b>657,385</b>

The amount included in revenue arising from non-exchange transactions is as follows:

##### Transfer revenue

Government grants	-	22,818
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#### 15. INVESTMENT REVENUE

##### Interest revenue

Interest received – bank	14,020	18,106
Interest received – trade receivables	241	729
Interest received – staff debtors	40	41
	<b>14,301</b>	<b>18,876</b>

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	197	225
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NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS  
AS AT 31 MARCH 2019

## 17. AUDITORS' REMUNERATION

	2019 R'000	2018 R'000
Audit fees	2,873	2,646
External audit fees (Auditor-General) amounted to R2,873 million (2018: R2,646 million)		

## 18. EMPLOYEE RELATED COST

Basic salary	371,416	355,251
Bonus	21,733	19,875
Medical aid – company contributions	25,809	23,663
Leave pay provision charge	-	923
Defined contribution plans	46,561	43,998
Overtime payments	1,949	1,209
Car allowance	1,939	1,844
Housing benefits and allowances	19,279	17,660
Employer contribution: bargaining council	102	95
Leave: accumulated short term and capped	3,826	872
Bonus: accumulated short term	15,689	14,863
	<b>508,303</b>	<b>480,253</b>

Employee related costs include all expenses related to employee services.

## 19. REPAIRS AND MAINTENANCE

Machinery and Equipment	13,477	13,629
Telephone systems	256	25
Building and other material	1,056	394
	<b>14,789</b>	<b>14,048</b>

Of the total repairs and maintenance disclosed above R14,533 million (R14,023 million) relates to repairs and maintenance for Property, Plant and Equipment.

## DEEDS REGISTRATION TRADING ACCOUNT

### NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS AS AT 31 MARCH 2019

#### 20. GENERAL EXPENSES

	2019 R'000	2018 R'000
Advertising	172	465
Auditors remuneration	2,873	2,646
Bad debts written off	35	74
Bank charges	266	256
Cleaning	8,378	7,926
Consulting and professional fees	18,257	32,812
Consumable	731	649
Entertainment	329	226
IT expenses	40,580	39,083
Operating leases	7,816	4,474
Other expenses	156	4,911
Printing and stationery	5,004	6,073
Repairs and maintenance	14,995	14,147
Security services	9,032	9,289
Staff welfare	54	52
Subscriptions and membership fees	1,042	1,038
Telephone and fax	3,901	3,878
Training	3,767	2,484
Transport and freight	9,643	7,217
Travel-local	9,852	8,920
	<b>136,883</b>	<b>146,620</b>

#### 21. OPERATING LEASE

The following amounts are due in future financial years due to contractual obligations. Operating leases related to service level agreements for the leasing of parking bays for officials, digital scanners, water dispensers and telephone management systems

##### Minimum lease payments due:

Due within 12 months	8,569	6,747
Due within 2 -5 years	5,031	8,782
	<b>13,600</b>	<b>15,529</b>

#### 22. COMMITMENTS

##### Authorised capital expenditure

##### Already contracted for but not provided for

- Property, plant and equipment

##### Total capital commitments

Already contracted for but not provided for

	1,026	1,356
	<b>1,026</b>	<b>1,356</b>

## DEEDS REGISTRATION TRADING ACCOUNT

### NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS AS AT 31 MARCH 2019

## 22. COMMITMENTS (CONTINUED)

#### Authorised operational expenditure

#### Already contracted for but not provided for

	2019 R'000	2018 R'000
• Due in the next 12 months	10,167	6,990

#### Total operating commitments

Already contracted for but not provided for	10,167	6,990
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Commitments relate to operating contracts due in future years. The total future commitments have been detailed above are either non-cancellable or are only cancellable at a significant cost and related to something other than the routine, steady, state business of the entity. Below are the total commitments including those that are routine, steady, state business of the entity.

Operational commitments due within 1 year	50,954	17,848
Operational commitments due within 2-5 years	5,012	5,196
The total capital commitments: Amount due within 1 year	1,026	1,356
	<b>56,992</b>	<b>24,400</b>

## 23. CASH GENERATED FROM OPERATIONS

(Deficit) surplus	(15,940)	14,895
<b>Adjustments for:</b>		
Depreciation and amortisation	35,268	35,919
Loss on disposal of assets	433	1,247
Finance costs-Finance leases	197	225
Impairment deficit	2,614	1,042
Movements in provisions	(6,736)	(9,568)
Interest non-cash items	(556)	(1,475)
Other non-cash items	(3,974)	3,943
<b>Changes in working capital:</b>		
Inventories	(68)	6
Receivables from exchange transactions	(348)	31,862
Prepayments	(452)	1,758
Payables from exchange transactions	16,291	(2,822)
Unspent conditional grants and receipts	-	(22,818)
Grant liability	69,322	49,622
Surrender of surplus	(173,400)	(21,300)
	<b>(77,349)</b>	<b>82,536</b>

24. CONTINGENT LIABILITIES

	2019 R'000	2018 R'000
<p>Litigation is in process against Deeds Registration Trading Account relating to disputes around registration of property. The total litigation before the courts is R525,936 million (2018: 525,997 million) and the remainder of the litigation could not be quantitatively measured for financial impact</p> <p>An arbitration award dated February 2019 amounting to R211,070 in favour of the official for unfair labour practice was received by Deeds, the basis of calculation of the award is being challenged and its payment depends on the outcome of the said challenge</p> <p>The accumulated surplus of R42,133 million has been classified as contingent liability at 31 March 2019 as there is no approval received as yet from National Treasury to retain the surplus funds. In terms of national Treasury Regulations 19.7.1 the relevant treasury may apply such surplus to reduce any proposed allocation to the trading account, or that all or part of it be deposited in the Exchequer bank account. The Deeds Registration Trading Account is obligated to repay National Treasury any amount of the surplus for which approval is not granted for retention.</p> <p><b>Contingent assets</b></p> <p>Subsequent to the court order to settle the claim in respect of litigation against Deeds referred to in note 30, civil proceedings have commenced against the co-defendant concerned to recover an amount of R2,360. The court found that the co-defendants are jointly and severally liable. According to legal counsel, it is probable that the proceedings will result in the recovery of the full amount but this recovery is not virtually certain</p> <p>Parking deposit of R124,187 (2018: R65,000) is held by advance on Point Solutions. The deposit shall be retained by Advance on Point Solutions until termination of 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.</p> <p>Theft and losses amounting to R254,125 million (2018: R99,802) are under investigation for the entity's assets lost or damaged by officials, liability depends on the outcome of theft and loss committee.</p>		

## 25. RELATED PARTIES RELATIONSHIP

**DRDLR**

2019	2018
R'000	R'000

The Deeds Registration Trading Account is a trading entity of the Department of Rural Development and Land Reform as such certain services between the DRDLR and Deeds are rendered in kind and are not at arm's length, these have been disclosed below:

**Office of the Valuer-General (OVG)**

The Office of the Valuer General is a schedule 3A 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 arm's length are disclosed below:

The remainder of the transactions and balances resulting from the principal Agent relationship between Deeds and OVG has been disclosed in note. 27- Accounting for principal Agent.

**Ingonyama Trust Board (ITB)**

The Ingonyama Trust Board is a schedule 3A entity of the Department of Rural Development and Land Reform. In the current year advisory and quality assurance services were provided to the entity by Deeds officials. These services are not separately measurable as they are integrated into the day to day activities of the Deeds officials. These services were rendered at no cost to the Ingonyama Trust Board.

**Related parties balance:**

Management fees receivable from OVG	393	255
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**Related Party Transactions:**

Department of Rural Development and Land Reform	(142 986)	(4 319)
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**Amounts paid on behalf of Deeds (by DRDLR)**

Office accommodation	71 631	55 964
Travel expenses	-	1 575

## DEEDS REGISTRATION TRADING ACCOUNT

### NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS AS AT 31 MARCH 2019

#### 25. RELATED PARTIES (CONTINUED) REMUNERATION OF MANAGEMENT 2019

Name	Basic salary	Bonuses and performance related payment	Other shortterm employee benefits	Post-employment benefits	Other benefits and allowances received	Total
Knoesen CCE- Chief Register	983	-	412	118	-	1,513
Gubuza P- Chief Director: Delivery Coordination	809	116	338	97	-	1,360
Hlatwayo HJ-Chief Director :ICT	832	68	249	108	-	1,257
Tsotetsi GDN- Registrar	833	-	348	100	-	1,281
Mogoba MF-SFO	778	120	413	100	-	1,411
Gwangwa AF- Registrar	833	-	348	100	-	1,281
Ntuli M- Registrar	762	71	407	98	-	1,338
Lemme MT- Registrar	845	-	354	102	-	1,301
Mukhakhluli RO- Registrar	944	71	188	113	-	1,316
Mantanga NW-Registrar	910	73	272	118	-	1,373
Pillay K - Registrar	845	-	354	102	-	1,301
Frazenburg UJ-Registrar	821	71	343	98	-	1,333
Moshodi PP-Registrar	760	-	319	92	56	1,227
Mngcoluani MD-Registrar	796	-	333	96	-	1,225
Reynolds A - Deputy Registrar	833	61	166	100	-	1,160
Matthys R-Deputy Registrar	704	60	295	84	-	1,143
Ratema SJ -Director:SCM	725	62	304	87	-	1,178
Swart CC- Director- Financial Management	714	61	299	86	-	1,160
Gwangwa PJH- Deputy Registrar	659	-	354	86	-	1,099
Mesefo PE-Deputy Registrar	704	-	295	84	-	1,083
Zwartland P-Deputy Registrar	797	-	158	96	-	1,051
Matlhasedi MN- Deputy Registrar	653	-	274	78	-	1,005
Maphosa ES- Deputy Registrar	797	-	158	96	-	1,051
Ndlovu F-Deputy Registrar	714	-	299	86	-	1,099
Maphomolo PJ- Deputy Registrar	758	-	226	99	-	1,083
Van Der Ross A-Deputy Registrar	714	-	299	86	-	1,099
Gabara TG- Deputy Registrar	821	60	163	99	-	1,143
Nzuza SES- Deputy Registrar	821	-	299	86	-	1,099
Duma SE- Deputy Registrar	821	-	163	99	-	1,083
Mdunge BR- Deputy Registrar	821	-	163	99	-	1,083
Monnanyana TD- Deputy Registrar	821	-	163	99	-	1,083
Fatyela DS- Deputy Registrar	821	-	163	99	-	1,083
Mkhethshane M- Deputy Registrar	821	-	163	99	72	1,155
Dreyer JP- Deputy Registrar	821	-	163	99	21	1,104
Ngapo GWM- Deputy Registrar	762	-	152	91	-	1,005

## DEEDS REGISTRATION TRADING ACCOUNT

### NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS AS AT 31 MARCH 2019

#### 25. RELATED PARTIES (CONTINUED)

Name	Basic salary	Bonuses and performance related payment	Other shortterm employee benefits	Post-em- ployment	Other benefits and allowances received	Total
Hoko ND- Deputy Registrar	762	-	152	91	-	1,005
Dreyer JP- Deputy Registrar	821	-	163	99	21	1,104
Ngapo GWM- Deputy Registrar	762	-	152	91	-	1,005
Hoko ND- Deputy Registrar	762	-	152	91	-	1,005
Shawe TE- Deputy Registrar	299	-	70	39	-	408
Phali TS- Deputy Registrar	762	-	152	91	-	1,005
Swarts D- Deputy Registrar	631	30	182	82	6	931
Shoko T- Director- ICT	627	-	134	81	-	842
*Munyai DC- Acting Director:HRM and Auxiliary Services	620	-	123	74	133	950
*Vilakazi SB-Acting Director: Quality Assurance	313	-	62	38	103	516
*Ayres T-Acting Deputy Registrar	490	-	54	59	217	820
*Mekwe S- Acting Deputy Registrar	341	-	73	44	15	473
*Ramaisa MM-Acting Deputy Registrar	283	-	57	34	103	477
	<b>32,874</b>	<b>924</b>	<b>10,456</b>	<b>4,013</b>	<b>726</b>	<b>48,993</b>

#### REMUNERATION OF MANAGEMENT 2018

2018						
Name	Basic salary	Bonuses and performance related payment	Other short term employee benefits	Post-em- ployment	Other benefits and allowances received	Total
Knoesen CCE- Chief Register	932	80	390	112	-	1,514
Gubuza P - Chief Director: Delivery Coordination	755	-	316	91	-	1,162
Hlatswayo HJ-Chief Director :ICT	789	-	223	103	-	1,115
Tsotetsi GDN- Registrar	789	-	331	95	-	1,215
Mogoba MF-SFO	778	67	325	93	-	1,263
Gwangwa AF- Registrar	789	-	331	95	-	1,215
Ntuli M- Registrar	766	-	321	92	-	1,179
Lemme MT- Registrar	789	-	331	95	-	1,215
Mukhakhululi RO- Registrar	893	-	178	107	-	1,178
Mantanga NW-Registrar	850	-	254	111	26	1,241
Pillay K- Registrar	789	-	331	95	-	1,215
Frazenburg UJ-Registrar	766	-	321	92	-	1,179



## DEEDS REGISTRATION TRADING ACCOUNT

### NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS AS AT 31 MARCH 2019

#### 25. RELATED PARTIES (CONTINUED) REMUNERATION OF MANAGEMENT 2018

2018						
Name	Basic salary	Bonuses and performance related payment	Other short term employee benefits	Post-employment	Other benefits and allowances received	Total
Ngququ ZW - Registrar	744	64	312	89	55	1,264
Mngcoluani MD-Registrar	744	-	311	89	10	1,154
Reynolds A-Deputy Registrar	775	-	154	93	-	1,022
Matthys R-Deputy Registrar	654	-	274	78	-	1,006
Ratema SJ-Director:SCM	677	58	284	81	-	1,100
Swart CC – Director: Financial Management	673	57	281	81	-	1,092
Gwangwa PJH- Deputy Registrar	613	-	329	80	-	1,022
Mesefo PE-Deputy Registrar	664	-	277	80	10	1,031
Zwartland P-Deputy Registrar	741	-	147	89	-	977
Motlhasedi MN- Deputy Registrar	616	-	258	74	-	948
Maphosa ES- Deputy Registrar	741	-	147	89	-	977
Ndlovu F-Deputy Registrar	664	-	278	80	-	1,022
Maphomolo PJ- Deputy Registrar	704	56	211	92	-	1,063
Van Der Ross A-Deputy Registrar	664	-	278	80	-	1,022
Gabara TG- Deputy Registrar	763	-	152	91	-	1,006
Nzuza SES- Deputy Registrar	664	-	278	80	44	1,066
Duma SE- Deputy Registrar	763	-	152	91	10	1,016
Mdunge BR- Deputy Registrar	763	-	152	91	-	1,006
Monnanyana TD- Deputy Registrar	763	-	152	91	10	1,016
Fatyela DS- Deputy Registrar	763	-	152	92	61	1,068
Mkhetshane M- Deputy Registrar	763	-	152	91	-	1,006
Dreyer JP- Deputy Registrar	763	-	152	91	-	1,006
Ngapo GWM- Deputy Registrar	512	27	98	59	-	696
Tango VM- Deputy Registrar	303	-	57	35	33	428
Moshodi PP- Deputy Registrar	664	-	278	80	19	1,041
Motuba MD- Deputy Registrar	664	-	277	80	10	1,031
Hoko ND- Deputy Registrar	511	-	98	59	-	668
Phali TS- Deputy Registrar	607	-	119	74	54	854
*Shawe TE- Acting Registrar	316	-	32	41	61	450
*Ayres T-Acting Registrar	540	-	60	65	283	948
	<b>29,481</b>	<b>409</b>	<b>9,554</b>	<b>3,567</b>	<b>686</b>	<b>43,697</b>

\*Acting employee remuneration has been included for periods in which they were acting and is done so in accordance with GRAP 20.20.

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS  
AS AT 31 MARCH 2019

## 26. PRIOR PERIOD ERRORS

2019	2018
R'000	R'000

In the current year it was identified that certain assets in Property, Plant and Equipment were classified in incorrect assets categories. This had an effect of overstating those categories and understating the others. The net effect on the carrying amount of PPE is nil.

An expense is defined as a decrease in the net financial position of the entity, other than decreases arising from ownership contributions.

The National Treasury is considered as a financial administrator of government (owners) and therefore a legislated surrendering of funds is considered as a distribution to the owners. The funds previously surrendered to the National Revenue fund were incorrectly recognised as expenses in the statement of financial performances. These have been correctly classified as a reduction in accumulated surplus in the prior year for R21,3 million.

Inventory worth R67 000 was erroneously de-recognised in the statement of financial position.

A classification adjustment was made to correct allocation is within employee related costs for the service bonuses.

**Statement of financial position**

Increase in Inventory	-	67
Decrease in Accumulated Surplus	-	21,300
Decrease in Computer Equipment Carrying Amount	-	(104)
Increase in Furniture and Equipment Carrying Amount	-	77
Increase in Photographic and Technology Carrying Amount	-	27

**Statement of Financial Performance**

Decrease in Claims against the State Expense	-	(21,300)
Decrease stationery and Media Expenses	-	(67)
Increase in bonus: accumulated short term	-	13,649
<b>Decrease in bonus</b>	-	<b>(13,649)</b>

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS  
AS AT 31 MARCH 2019

## 26. PRIOR PERIOD ERRORS (CONTINUED)

	2019 R'000	2018 R'000
Disclosure		
<b>Financial Instruments</b>		
In determining financial instruments for disclosure in accordance with GRAP 104, errors were made when applying the definition of financial assets and financial liabilities which resulted in incorrect disclosure made for financial instruments		
<b>Financial Assets</b>		
Increase in Trade and other receivable from exchange transaction omitted	-	2 179
<b>Financial Liability</b>		
Decrease in Trade and other payables erroneously included in disclosure	-	1,951
<b>Management remuneration</b>		
Increase in level 14 management	-	90
Increase in level 13 management	-	2,267
Increase in acting officials	-	1,398
	-	<b>3,755</b>
An omission was made in the 2018 Annual Financial Statements on the disclosure of repairs and maintenance in accordance with GRAP 17.88 which should have been applied prospectively from 1 April 2017. The disclosure below has been done to correct that error and has been included in note 19 above.		
<b>Repairs and maintenance</b>		
Machinery and equipment	-	13,629
Telephone system	-	25
Building and other material	-	394
	-	<b>14,048</b>

## 27. ACCOUNTING BY AGENT AND PRINCIPAL

In July 2014 the Property Valuation Act brought into existence the Office of the Valuer-General (OVG), the "Principal" 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.

## DEEDS REGISTRATION TRADING ACCOUNT

### NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS AS AT 31 MARCH 2019

#### 27. ACCOUNTING BY AGENT AND PRINCIPAL (CONTINUED)

	2019 R'000	2018 R'000
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 for rendering of services.		

The following transactions will be undertaken by the Agent on behalf of the Principal:

**Transactions relating to Human Resource Management will include:**

- Recruitment;
- Administration of leave and
- Payment of salaries and wages

**Transactions relating to Finance includes:**

- Payment of expenses and liabilities;
- Preparation of Financial Statements;
- Management of grant funds in the agent bank account;
- Management of Finance lease contracts and;
- Purchases of Property, Plant and Equipment.

**Transactions relating to Supply Chain Management:**

- Contract Management and
- Procurement of Goods and Services

All transactions are performed in the line with internal policies of the Agent. The management fee paid by the Principal 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 Principal monies held in the Agent's bank account.

The MOU between the Agent and the Principal was extended to 31 March 2020. There are no significant risks that have been identified by the agent in terms of the relationship.

**Cash and cash equivalents**

Balance at beginning of the year	57,743	8,121
Grant received	141,123	50,855
Funds remitted	(71,801)	(1,233)
	<b>127,065</b>	<b>57,743</b>

The balance is expected to be remitted on opening of agent's bank account or termination of the agreement whichever is earlier. This balance is the grant received and kept as a resource in the agent's bank account to enable the agent to perform transaction on behalf of the principal.

## DEEDS REGISTRATION TRADING ACCOUNT

### NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS AS AT 31 MARCH 2019

#### 27. ACCOUNTING BY AGENT AND PRINCIPAL (CONTINUED)

	2019 R'000	2018 R'000
The risks associated with the balance are detailed in note. 28 to the Annual Financial Statements		
Revenue		
Management fees received from Principal	3,801	935

#### 28. RISK MANAGEMENT

The Trading Account activity exposes it to currency risk, fair value interest rate risk, cash flow interest rate risk, credit risk and liquidity risk.

##### Liquidity risk

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an on-going 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 that have a high quality credit standing.

Trade receivables comprise a widespread customer base. Management evaluates credit risk relating to customers on an on-going basis.

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

###### Financial instrument

Deposits with bank	307,036	392,377
Trade receivable	59,581	59,869

##### Interest rate risk

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

Deposits attract interest at rates that vary with the rate of interest prime. The Trading Account policy is to manage interest rate risk such that fluctuations in rate do not have a material impact on surplus or deficit. At year end, the financial instruments exposed to interest rate risk were balances with the bank.

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS  
AS AT 31 MARCH 2019

## 29. IRREGULAR EXPENDITURE

	2019 R'000	2018 R'000
Opening balance	211,261	208,080
Add: Irregular Expenditure – current year	186	3,181
Less: Amounts condoned	(3,181)	-
	<b>208,266</b>	<b>211,261</b>

**Analysis of expenditure awaiting condonation per age classification**

<b>Current year</b>	-	<b>3,181</b>
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**Details of irregular expenditure – current year**

The irregular expenditure relates to the awarding of a tender to Gijima AST (Pty) Ltd which was recommended by SITA to DRDLR after SITA had performed all procurement processes. The contract was declared null and void by High Court on 13 September 2016. The tender process has been investigated by the SIU and a settlement which was turned into a court order was reached by the SIU and issued by the High Court. The amount of R208,080 million is considered irregular due to non-compliance with section 217 of the constitution, 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 remainder of the irregular expenditure relates to contravention with SCM policies, procedures and regulations.

Details of irregular expenditure not condoned

Irregular expenditure under SIU Investigation	208,080
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Details of irregular expenditure not recoverable (not condoned)

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## DEEDS REGISTRATION TRADING ACCOUNT

### NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS AS AT 31 MARCH 2019

#### 30. FRUITLESS AND WASTEFUL EXPENDITURE

	2019 R'000	2018 R'000
Opening balance	5,341	10
Add:Fruitless and wasteful Expenditure	99	5,331
	<b>5,440</b>	<b>5,341</b>

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 to an official amounting to R104 388.

A court order instructing Deeds to pay the plaintiff in litigation case regarding transfer of a property amounting to R49 000.

Penalties and interest payment to SARS amounting to R458 105 for understatement of tax by Deeds.

The fruitless and wasteful expenditure of R4 140 related to "No shows" to authorised official trips.

A court order instructing Deeds to settle legal fees amounting to R95,154 for incorrect registration of property.

#### 31. 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 be quantified have been disclosed as related party transactions, excluded from those are services that cannot be quantified due to their nature, these include risk management services and internal audit services provided by the department.

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS  
AS AT 31 MARCH 2019

## 32. ALIGNMENT OF DEEDS REGISTRIES AREAS OF JURISDICTIONS TO COINCIDE WITH PROVINCIAL BOUNDARIES

The business case for the alignment of deeds registries areas of jurisdictions to provincial boundaries was approved in the 2015/16 financial year. The purpose of the realignment of deeds registries areas of jurisdictions to provincial boundaries (Alignment Programme) arises from the need to address the problem regarding how the Deeds Offices are currently positioned which is an impediment to Constitutional and institutional reforms.

The programme is therefore aimed at aligning the deeds registries areas of jurisdiction to provincial demarcations as articulated in Section 103 of the Constitution and to ensure that each Deeds Registry services the province in which it is located, making it accessible to clients.

The alignment programme contains four projects:

- i. Identification, separation and transfer of records (from transferring Deeds office and receiving Deeds office).
- ii. Establishment of the Limpopo Deeds Registry which was established and opened on the 3rd of April 2017.
- iii. Establishment of the North West Province Deeds Registry.
- iv. The establishment of Deeds information centres.

The anticipated benefits of this programme are two-fold: Firstly, it will serve in the interest of the promotion of accessible services and to ensure Deeds offices service their 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.

## 33. REPORTING SEGMENTS

Every Deeds Registry performs similar registration functions as other Deeds Registries and there is no difference in the nature of goods or services delivered, the type of customer being serviced, the method to deliver goods and services and there is also no difference in the regulatory environment. The socio economic characteristics of the provinces in which the Deeds Registries are situated are affected by the same economic impacts of the larger South African economy and are generally similar from province to province.

The Deeds Registries however do generate revenue from registration of deeds and documents and sale of information. Their financial results are not disclosed separately from the results of the entity as a whole as no province reports for financial reporting purposes. This information is not readily available as required by the definition of a reporting segment.

Due to the nature of operations at the Deeds Registries and the fact that financial information is not available outside of the financial information produced at the Office of the Chief Registrar of Deeds, separate segment reporting therefore has not been disclosed.



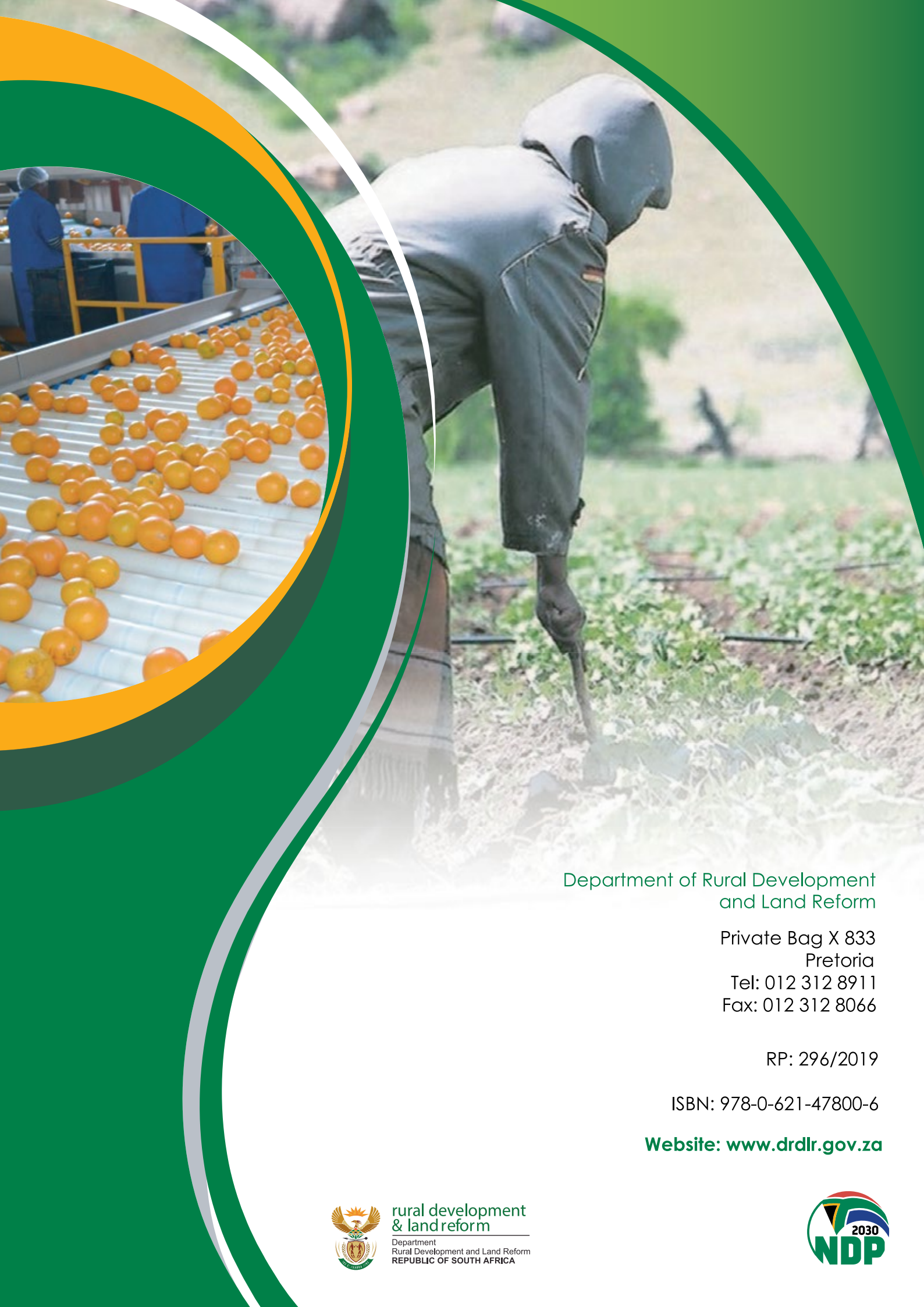
## NOTES

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## NOTES

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.





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Department  
Rural Development and Land Reform  
REPUBLIC OF SOUTH AFRICA

