

EASTERN CAPE  
DEPARTMENT OF RURAL DEVELOPMENT AND AGRARIAN REFORM

**ANNUAL REPORT  
FINANCIAL YEAR 2018/19  
VOTE 8  
2018/19**



Province of the  
**EASTERN CAPE**  
RURAL DEVELOPMENT AND  
AGRARIAN REFORM

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# PART A: GENERAL INFORMATION



## I. DEPARTMENT'S GENERAL INFORMATION

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## 2. LIST OF ABBREVIATIONS

|               |  |               |   |
|---------------|--|---------------|---|
| <b>ABSA</b>   | Amalgamated Banks of South Africa                              | <b>ECPTA</b>  | Eastern Cape Parks & Tourism Agency                           |
| <b>AETS</b>   | Agricultural Economic Transformation Strategy                  | <b>ECRDA</b>  | Eastern Cape Rural Development Agency                         |
| <b>ARC</b>    | Agricultural Research Institute                                | <b>EE</b>     | Employment Equity   |
| <b>ADMIN</b>  | Administration   | <b>EEP</b>    | Employment Equity Policy                                      |
| <b>AFS</b>    | Annual Financial Statements                                    | <b>EHWP</b>   | Employee Health and Wellness Programme                        |
| <b>AGSA</b>   | Auditor General of South Africa                                | <b>EIA</b>    | Environmental Impact Assessment                               |
| <b>AHT</b>    | Animal Health Technicians                                      | <b>EPWP</b>   | Extended Public Works Programme                               |
| <b>AIDS</b>   | Acquired Immune Deficiency Syndrome                            | <b>ERM</b>    | Enterprise Risk Management                                    |
| <b>APP</b>    | Annual Performance Plan  | <b>EXCO</b>   | Executive Council   |
| <b>APAP</b>   | Agriculture Policy Action Plan                                 | <b>FAS</b>    | Financial Accounting Services                                 |
| <b>ARP</b>    | Annual Recruitment Plan  | <b>FEA</b>    | Female Enterprise Award                                       |
| <b>ASAE</b>   | Association of Agriculture Educators                           | <b>FET</b>    | Further Education and Training                                |
| <b>BAS</b>    | Basic Accounting System  | <b>FTE's</b>  | Full Time Equivalent  |
| <b>BOD</b>    | Board of Directors   | <b>GARDAG</b> | Government Agricultural Research and Development Action Group |
| <b>BPR</b>    | Business Process Re-engineering                                | <b>GDP</b>    | Gross Domestic Product  |
| <b>CA</b>     | Contagious Abortion  | <b>GFADA</b>  | Grain Farmer Development Association                          |
| <b>CAADP</b>  | Comprehensive Africa Agriculture Development Plan              | <b>GG</b>     | Government Transport  |
| <b>CASP</b>   | Comprehensive Agricultural Support Programme                   | <b>GIAMA</b>  | Government Immovable Asset Management Act                     |
| <b>CCS</b>    | Compulsory Community Services                                  | <b>GIS</b>    | Geographic Information System                                 |
| <b>CIDB</b>   | Construction Industry Development Board                        | <b>GITO</b>   | Government Information Technology Office                      |
| <b>CIPC</b>   | Companies Intellectual Property Commission                     | <b>HET</b>    | Higher Education and Training                                 |
| <b>CFO</b>    | Chief Financial Officer  | <b>HIV</b>    | Human Immune deficiency Virus                                 |
| <b>COE</b>    | Compensation of Employees                                      | <b>HOD</b>    | Head of Department  |
| <b>COGTA</b>  | Cooperative Governance and traditional Affairs                 | <b>HR</b>     | Human Resources   |
| <b>COO</b>    | Chief Operations Officer                                       | <b>HROPT</b>  | Human Resource Operations Project Task Team                   |
| <b>DAAC</b>   | District Agri-park Advisory Councils                           | <b>ICT</b>    | Information Communication and Technology                      |
| <b>DAFF</b>   | Department of Agriculture, Forestry and Fisheries              | <b>ICU</b>    | Internal Control Unit   |
| <b>DAPOT</b>  | District Agri Park Organising Task Team                        | <b>IOD</b>    | Injury on Duty  |
| <b>DRDAR</b>  | Department of Rural Development and Agrarian Reform            | <b>ISO</b>    | International Standard Organisation                           |
| <b>DSTV</b>   | Digital Satellite Television                                   | <b>IDP</b>    | Integrated Development Plan                                   |
| <b>EAP</b>    | Employees Assistance Programme                                 | <b>IFSS</b>   | Integrated Food Security Strategy                             |
| <b>EAPASA</b> | Employee Assistance Professionals Associations of South Africa | <b>IGR</b>    | Inter-governmental Relations                                  |
| <b>EC</b>     | Eastern Cape   | <b>KRA</b>    | Key Results Area  |
| <b>ECAETS</b> | Eastern Cape Agricultural Economic Transformation Strategy     | <b>LCD</b>    | Liquid Crystal Display  |
| <b>ECATU</b>  | Eastern Cape Appropriate Technology Unit                       | <b>LIMS</b>   | Lab Information Management Systems                            |
| <b>ECBF</b>   | Eastern Cape Beef Fund   | <b>LMF</b>    | Labour Management Forum                                       |
| <b>ECDC</b>   | Eastern Cape Development Corporation                           | <b>MEC</b>    | Member of the Executive Council                               |
| <b>ECGBB</b>  | Eastern Cape Gambling & Betting Board                          | <b>MINMEC</b> | Ministers and Members of the Executive Council                |

|                |   |                |   |
|----------------|---|----------------|---|
| <b>MINTEC</b>  | Ministerial Technical Committee   | <b>SAMDI</b>   | South African Multidimensional Poverty Index          |
| <b>MOU</b>     | Memorandum of Understanding   | <b>SANAS</b>   | South African National Accreditation System           |
| <b>MPAT</b>    | Management and Performance Assessment Tool                                  | <b>SASAT</b>   | South African Society Agricultural Technologists      |
| <b>MTSF</b>    | Medium Term Strategic Framework   | <b>SASAE</b>   | South African Society for Agricultural Extension      |
| <b>NAMC</b>    | National Agricultural Marketing Council                                     | <b>SANSAE</b>  | South African Society for Agricultural Extension      |
| <b>NCDT</b>    | Nguni Cattle Development Trust  | <b>SAQA</b>    | South African Qualifications Authority                |
| <b>NDP</b>     | National Development Plan   | <b>SCM</b>     | Supply Chain Management                               |
| <b>NQF</b>     | National Qualifications Framework   | <b>SDGs</b>    | Sustainable Development Goals                         |
| <b>OAG</b>     | Office of the Auditor General   | <b>SETA</b>    | Sector Education Training Agency                      |
| <b>OHS</b>     | Occupational Health Safety  | <b>SDIP</b>    | Service Delivery Improvement Plan                     |
| <b>OHSA</b>    | Occupational Health Safety Act  | <b>SDM</b>     | Service Delivery Model                                |
| <b>OIE</b>     | Office Internationale Etizooties  | <b>SG</b>      | Strategic Goal  |
| <b>OP</b>      | Operational Plan  | <b>SHE</b>     | Safety Health Environment                             |
| <b>OSD</b>     | Occupational Specific Dispensation  | <b>SHERQ</b>   | Safety, Health, Environment , Risk and Quality        |
| <b>OTP</b>     | Office of the Premier   | <b>SLA</b>     | Service Level Agreement                               |
| <b>PAETV</b>   | Provincial Agriculture and Training Forum                                   | <b>SMME</b>    | Small Medium Micro Enterprise                         |
| <b>PAHC</b>    | Public Animal Health Care   | <b>SMS</b>     | Senior Management Service                             |
| <b>PCMT</b>    | Provincial Coordinating Monitoring Team                                     | <b>SO</b>      | Strategic Objective                                   |
| <b>PDI</b>     | Previously Disadvantage Individual  | <b>SDIP</b>    | Service Delivery Improvement Plan                     |
| <b>PDP</b>     | Provincial Development Plan   | <b>SDM</b>     | Service Delivery Model                                |
| <b>PETFAFF</b> | Provincial Education Training Forum for Agriculture, Forestry and Fisheries | <b>SG</b>      | Strategic Goal  |
| <b>PERSAL</b>  | Payroll and Salaries  | <b>SHE</b>     | Safety Health Environment                             |
| <b>PFMA</b>    | Public Finance Management Act   | <b>SHERQ</b>   | Safety, Health, Environment , Risk and Quality        |
| <b>PI</b>      | Performance Indicator   | <b>SLA</b>     | Service Level Agreement                               |
| <b>PoA</b>     | Program of Action   | <b>SMME</b>    | Small Medium Micro Enterprise                         |
| <b>PLAS</b>    | Proactive Land Acquisition Strategy   | <b>SMS</b>     | Senior Management Service                             |
| <b>PPPFA</b>   | Preferential Procurement Policy Framework                                   | <b>SO</b>      | Strategic Objective                                   |
| <b>PSA</b>     | Public Service Association  | <b>SOMPED</b>  | Society for Medicinal Plants and Economic Development |
| <b>PSCBC</b>   | Public Service Coordinating Bargaining Council                              | <b>SPLUMA</b>  | Spatial Planning and Land Use Management Act of 2013  |
| <b>RED</b>     | Rural Enterprise Development  | <b>STATSSA</b> | Statistics South Africa                               |
| <b>RDP</b>     | Red Meat Development Program  | <b>TARDI</b>   | Tsolo Agricultural and Rural Development Institute    |
| <b>RT</b>      | Transversal Rated Contracts   | <b>TB</b>      | Tuberculosis  |
| <b>RATU</b>    | Rural Appropriate Technology Unit   | <b>UPS</b>     | Un-Interrupted Power Supply                           |
| <b>SABS</b>    | South African Beareu of Standards   | <b>USA</b>     | United States of America                              |
| <b>SACNASP</b> | South African Council for National Science Profession                       | <b>VCT</b>     | Voluntary Counselling and Testing                     |

### 3. FOREWORD OF THE MEC

The Department of Rural Development and Agrarian Reform (DRDAR) is the custodian of Outcome 7 which seeks to create a vibrant, equitable and sustainable rural communities and food for all. During the year under review, the Department of Rural Development and Agrarian Reform has repositioned agriculture as a centrepiece for rural development, economic growth and job creation. The Eastern Cape has adopted a paradigm shift away from seeing agriculture as merely about food security and livelihood which are social policies and rather approach the sector as economic and business sector.



HON MEC  
NOMAKHOSAZANA METH (MPL)

Agriculture is now approached as a strategic economic sector that the province needs to support economic growth, inclusion and to boost its competitiveness in the provincial economy. This is in accordance with the Provincial Development Plan 2030 which takes a holistic and comprehensive approach to rural development with emphasis on agriculture development for both food security, safety and commercialisation throughout the value chain.

This has been driven by the implementation of the Eastern Cape Agriculture Economic Transformation Strategy (ECAETS) which seeks to attract investment through commercial and mutually beneficial partnership between the black farmers and commercial enterprises. The prioritised commodity-partnerships that were supported are citrus (through partnerships with Citrus Growers Association), grain (through Grain SA and GFADA), Macademia (through Land Bank), commercialisation of livestock (through National Agriculture Marketing Council and UFH Nguni Trust/IDC), wool (through the Technology Innovation Agency) and aquaculture through (through Karoo Catch).

The high value crops are the main drivers of agricultural exports, foreign earning (which contribute to economic growth) and employment opportunities in the province. The citrus partnership with Citrus Growers Association provided an opportunity to increase production and enable black farmers to optimally operate their state of the art Ripplemead Packshed in Ngqushwa.

Furthermore, DRDAR and Land Bank partnership attracted more than R100m investment in the Amajingqi for Macademia production. The investment for planting of 100ha of the 300ha and create more than 80 jobs over three years.

On grain, the partnerships improved the average yield of maize as it has increased from 2-3 tons per ha to 4-5 tons per ha. In Alfred Nzo district the partnership with GFADA resulted to increased yields and enabled 14 black farmers from Matatiele to penetrate international markets, in this regard as this Province, we made history as we are the first Province to export yellow maize to Vietnam. In areas where black farmers experienced disasters, all those that formed partnership with GFADA received payment from their crop insurance. The successes of the grain partnership has led to a huge demand which consequently required additional funding.

It is in this context that the Department has initiated a partnership agreement with RAFI to promote conservation agriculture through co-funding in the prioritised districts which are Joe Gqabi, OR Tambo, Chris Hani and Alfred Nzo and Amathole. The partnership agreement is expected to be concluded in the 2019/20 financial year.

To ensure food secured communities, increased household income and create job opportunities, intensification of production, agro-processing, partnership and marketing in grain continued in the RED Hubs at Mqanduli, Ncora, Emalahleni and Mbizana. The marketing outlets such as retail stores stimulated intensive processing of maize meal and animal feed processed in the RED HUBs.

On the commercialisation of livestock, the partnership with University of Fort Hare (UFH) led to an initiative of establishing a Vet School in the Eastern Cape. DRDAR has allocated funding for the establishment of the project office at UFH to mobilise support and funding for the Vet School. Furthermore, the partnership with the UFH Nguni Trust provided black farmers with breeding stock and rolled out animal traceability programme to enhance their commercial viability and access to markets. The National Agricultural Marketing Council supported the establishment new feedlots and maintenance of 14 custom feedlots across the Province

To increase classing effectiveness and sale price of wool from black farmers a partnership between the Department and Technology Innovation Agency (TIA) which is an agency of the Department of Science Technology led to the Province receiving 30 FibreLux machines and 30 unemployed graduates employed as operators of the TIA FibreLux Diffusion technique.

The Province has secured R54 million from General Budget Support of the European Union through National Treasury to support the sheep value chain development and commercialisation in the Alfred Nzo District Municipality over the next three years.

The commodity-partnership approached has also enabled DRDAR to support aquaculture Karoo Catch incubation programme in Beyers Naude. A total of 3 catfish production tunnels with the capacity of 20 tons of fish per month were completed. These tunnels will afford an opportunity to 45 people per year to participate in the incubation programme. The Eastern Cape Province in partnership with Department of Agriculture, Fisheries and Forestry received a total of R59 million from the National Treasury European Union Funding for the implementation Marine Tilapia Industry Incubation programme at Amathole (Qolorha) over the next three years.

The infrastructure development programme is designed to support prioritized commodities for increased production, marketing and value chain information. In the period under review, 167 on-farm livestock infrastructure projects were completed including fencing, stock-water systems, and dip tanks. This resulted in 1837 smallholder producers benefiting from the support and 863 jobs created. This includes the erection of 246 kms of fencing in various districts throughout the province, and 256 km worth of fencing materials constructed by local labourers using EPWP methods; further 60 km for wool and mohair; 25 stock water systems; 16 dam scooping; 25 multi-purpose sheds; 5 on-farm small scale irrigation systems; 1 custom feedlot; 2 grow-out fish tunnel and 3 piggery structures.

During the 2018/2019 financial year, DRDAR initiated agricultural economic sector business plans to leverage funding from the Provincial Economic Stimulus fund which is expected to be implemented in 2019/20 financial year. The Agriculture economic sector business plans mainly focused on catalytic initiatives that had the greatest potential to contribute to economic growth and employment. The catalytic initiatives were Rural Agro-Industry and Finance Initiative, Red Meat Value Chain through feedlots and sales pens, animal fibre through wool processing plant, crop production through establishment of innovative mechanisation centres in all the districts and establishment of fertilizer manufacturing/blending plant.



The Department of Rural Development and Agrarian Reform also has a mandate to coordinate rural development in all three spheres of government. The success of coordination hinges on getting the strategy right, sequencing policy instruments, and ensuring that all spheres of government possess accurate capabilities.

During the year under review, the DRDAR in collaboration with DRDLR and COGTA provided support to all Eastern Cape Municipalities towards improving land administration and spatial planning for integrated development in rural areas through Spatial Planning and Land Use Management Act (SPLUMA). The extent of implementation varied mainly due to the lack of buy-in from stakeholder especially the traditional leadership, lack of resources for institutional development and technical capacity to oversee the implementation of services.

In 2018/19 financial year, DRDAR conducted the Provincial Land Dialogue which advocated an inclusive approach in all issues with respect to land and supported the proposed expropriation of land without compensation. In this context the land dialogue proposed that the land debate and its outcomes must not be seen as exclusively the sole responsibility of government but rather it must be seen as the collective responsibility of government, business and social partners.

Together we can do more.



**HON NOMAKHOSAZANA METH (MPL)**

MEMBER OF THE EXECUTIVE COUNCIL  
27 August 2019

## 4. REPORT OF THE ACCOUNTING OFFICER

The Department is at the final phase of implementing the Five-Year Strategic Plan from 2014-2019 which is aligned to Provincial Medium Term Strategic Framework (MTSF) priority 3 of Stimulating Rural Development, Land Reform and Food Security, which flows from the (National Development Plan / Provincial Development Plan (NDP/PDP)). During the period under review, the Department facilitated and coordinated the implementation of Rural Development Priorities as outlined in Outcome 7 across all spheres of government. This process was characterised by integration of all government resources towards achievement of improved land administration; improved food security, increased access to quality infrastructure, smallholder development and support, growth of sustainable rural agricultural enterprises and industries, and improved research and development.



**H.J. MHLOMI**  
ACTING ACCOUNTING OFFICER

In the year under review, the Eastern Cape Agricultural Economic Transformation Strategy was at its second year of implementation and its main focus is to support farmers (smallholder farmers and subsistence farmers) to venture into commercial production for confirmed markets. Working together with industry strategic partners in various commodities, the government invested resources towards the Implementation of the strategy. Partnerships were formed with Grain Farmer Development Association (GFADA), Grain SA, Citrus Growers' Development Association, Deciduous Fruit SA, Eastern Cape Macadamia Nuts, Karoo Catch, and Nguni Trust at the University of Fort Hare. Furthermore, working together with the Land Bank and Eastern Cape Macadamia, a new funding model was introduced in which the government, communities and the private sector joined hands to plant 205ha of macadamia nuts which is a high value crop with international market at Majingqi in Mbhashe local municipality.

Through Food Security initiatives, DRDAR is tasked with the huge responsibility of contributing to alleviation of poverty and hunger. This responsibility emanates from the global Sustainable Development Goals (SDGs), the Comprehensive Africa Agriculture Development Programme (CAADP), the Constitution of the Republic of South Africa (Act 108 of 1996), the National Policy on Food and Nutrition Security for the Republic of South Africa, the provincial Food Production Policy of DRDAR and the National Development Plan (Vision 2030).

There is also the ever-present threat of persistent EL NINO phenomenon that has been predicted for the current production season. This makes the task of ensuring food security in the country a very challenging endeavour. The South African Rand, has throughout the current year depreciated by 14% against the US Dollar and other major global currencies. Coupled with this, fuel price has been incessantly rising with devastating results in the price of goods and services in the economy through imported inflation. The poorest of the poor are being hit the hardest because they spend a large portion of their income on food. Currently, food inflation is a reality in South Africa.

The Eastern Cape has the highest number of animals in the hands of communal farmers than any other province in the country, but in most instances they do not meet market standards or farmers are reluctant to sell their livestock. As a result, Eastern Cape remains the largest importer of meat and dairy products from other Provinces. The Department is working hard in trying to reverse this and as such, in the period under review, various training programmes on livestock management were conducted, superior genetic animals were distributed to communal and smallholder livestock producers. The Department collaborated with National

Marketing Council (NAMC) to support existing custom feedlots and establish new feedlots. To enable access to national and international markets, the animal traceability programme was rolled out in all six districts and cattle that were tagged were loaded into the system. To ensure good health of the provincial herd, animals were vaccinated and dipped for parasite control. The animal health status was relatively stable except for few outbreaks of diseases such as lumpy skin disease and rabies which were put under control through effective vaccination.

Agricultural infrastructure provision is an enabler to economic growth and development. To support export commodities which have high potential for foreign earning, a state-of-the-art packhouse at Ripplemead in Ngqushwa was constructed and handed over to citrus export smallholder farmers. Furthermore, an investment was made in wool production which is a high income generation commodity, whereby the department constructed shearing sheds equipped with small stock dipping tanks in order to improve the quality of wool for subsistence and smallholder farmers. Wool production and sales shows an increasing trend, the Eastern Cape communal farmers' value wool sales in 2018 was R336 million (National Wool Growers' Association).

Agricultural infrastructure primarily includes a wide range of public services that facilitate production, procurement, processing, preservation and trade. Larger stock of infrastructure is thought to fuel economic growth by reducing the cost of production and transportation of goods and services; by increasing the productivity of input factors; and by creating indirect positive externalities. During the period under review, a range of agricultural infrastructure was provided to support subsistence farmers to increase access to food and to smallholder farmers' enterprises to enable them to increase production and sales.

The Department appointed sixty-four (64) specialists in the areas of Veterinary, Research, Agricultural Training, Infrastructure Project Management, Extension and Support Services. These appointments will assist the Department in implementing the Agriculture Economic Transformation Strategy, intended to reposition agriculture as a game changer for stimulation of growth and development which will contribute towards Gross Domestic Product (GDP).

The Department is struggling to meet the 50% equity target of women at SMS level, however, there has been a significant improvement in this regard, in that at the end of 2017/18 financial year, the department was at 42% increasing to 45% as at end of 2018/19.

## Overview of the financial results of the department

| Departmental receipts                                | 2018/2019    |                         |                         | 2017/2018     |                         |                         |
|--|--------------|-------------------------|-------------------------|---------------|-------------------------|-------------------------|
|  | Estimate     | Actual Amount Collected | (Over)/Under Collection | Estimate      | Actual Amount Collected | (Over)/Under Collection |
|  | R'000        | R'000                   | R'000                   | R'000         | R'000                   | R'000                   |
| Sale of goods and services other than capital assets | 5 732        | 4 312                   | 1 420                   | 8 822         | 4 763                   | 2 293                   |
| Transfers received                                   | -            | -                       | -                       | -             | -                       | -                       |
| Fines, penalties and forfeits                        | 3            | 1                       | 2                       | -             | 1                       | (1)                     |
| Interest, dividends and rent on land                 | 4            | 2                       | 2                       | 35            | 2                       | 33                      |
| Sale of capital assets                               | 1 500        | 1 751                   | (251)                   | 41            | 803                     | (3)                     |
| Financial transactions in assets and liabilities     | 550          | 6 394                   | (5 844)                 | 1 251         | 431                     | 797                     |
| <b>Total</b>   | <b>7 789</b> | <b>12 460</b>           | <b>(4 671)</b>          | <b>10 148</b> | <b>6 000</b>            | <b>3 119</b>            |

The work done to achieve the strategic objectives of the sector is supported by appropriate allocation and expenditure of resources. The following tables illustrates the details of financial performance of the department.

### Departmental expenditure by programme:

| Programme Description               | 2018/2019<br>R'000  |                    |               | 2017/2018<br>R'000  |                    |               |
|-------------------------------------|---------------------|--------------------|---------------|---------------------|--------------------|---------------|
|                                     | Final Appropriation | Actual Expenditure | Variance      | Final Appropriation | Actual Expenditure | Variance      |
| Administration                      | 479 070             | 474 156            | 4 914         | 455 046             | 453 739            | 1 307         |
| Sustainable Resource Management     | 162 908             | 148 500            | 14 408        | 124 544             | 124 747            | (203)         |
| Farmer Support and Development      | 833 282             | 793 762            | 39 520        | 786 029             | 780 441            | 5 588         |
| Veterinary Services                 | 326 659             | 316 136            | 10 523        | 306 050             | 305 183            | 867           |
| Technology Research and Development | 135 758             | 133 530            | 2 228         | 123 910             | 123 490            | 420           |
| Agricultural Economics              | 88 765              | 87 931             | 834           | 74 287              | 74 252             | 35            |
| Structured Agricultural Training    | 167 036             | 161 762            | 5 274         | 149 737             | 146 263            | 3 474         |
| Rural Development Coordination      | 192 688             | 189 793            | 2 895         | 193 012             | 192 876            | 136           |
| <b>TOTALS</b>                       | <b>2 386 166</b>    | <b>2 305 570</b>   | <b>80 595</b> | <b>2 212 616</b>    | <b>2 200 991</b>   | <b>11,625</b> |

The department has underspent its budget by R80,595 million. The actual expenditure of R2, 308 billion was realised against the final budget of R2, 386 billion. This translated into an under expenditure of 3.2%. Explanations for variances per programme.

## 1) Programme 1: Administration

### Good and services

The under expenditure in this programme is due to the following reasons:

- The operational commitments of the Office of the MEC (political oversight functioning and service delivery commitments) continued in the last month of the financial year resulting in funds not being fully spent.
- The ICT firewall devices procured are highly security regulated and as such they are not easily released by overseas manufacturers. This resulted in delivery delays informed by stringent compliance processes. The Department is engaging suppliers to partner with local businesses to mitigate the risk associated with such delays.
- The Service provider for operating lease of machinery delayed in submitting invoices as a result some of them missed the last BAS run for the financial year. This contributed in the under expenditure on Goods & Services.

## 2) Programme 2: Sustainable Resource Management

### Goods and services

- The under expenditure in this programme is mainly due to the payment of R988 000 for water tanks of Alfred Nzo district that could not be processed as the supplier banking details were incorrect on the Central Supplier Database (CSD) when the payment was being processed.
- It is also due to changes by the service provider for licensing of engineering technical software that resulted in the order of R95 000 not being issued on time.
- The budget for travelling of subsidized vehicles was also underspent by R66 000 due to stringent measures put on travelling approvals.
- An amount of R203 000 for protective clothing could not be spent due to the delays of the supplier who had a term contract with DAFF and Provinces participating in it. The supplier had a backlog and as a result only delivered in April 2019.

### Capital Expenditure

The Capital budget of this programme was also underspent due to the following:

- Dam scooping in Sarah Baartman could not be completed due to dams being full.
- The order for boreholes was issued late due to delays in the approval of the business plans.
- The order for 86 automatic weather stations costing R7.5 million could not be delivered on time as anticipated and as such could not be paid for.
- The Contractor for storage containers was unable to deliver per the contract and as such the contract had to be cancelled.
- The amount R386 000 for boreholes in Sarah Baartman could not be spent as the boreholes were not completed on time as earlier anticipated.
- A budget of R217 000 for laptops catered for planned appointments could not be spent as the appointments were not made.

### 3) Programme 3: Farmer Support and Development Services

#### Compensation of Employees

The under expenditure on Compensation of Employees (C.O.E) in this programme is mainly caused by the delayed finalization of recruitment of 120 unemployed graduates because of the following reasons:

- Unlike in other provinces DRDAR had to wait for the PCMT approval which was granted in June 2018 allowing the advert and subsequent processes.
- Master listing took longer as there were more than 1300 applications.
- Competency assessment for 240 applicants was in October 2018 and marking took almost three weeks.
- The moratorium by the MEC stalled the process and the Chief Director for Programme 7 prepared a request for this process to be allowed to proceed, the request was approved in November 2018.
- The appointment memo was submitted in January 2019 and had to be approved by the MEC having been turned down a number of times.
- Actual appointment was only effected in March 2019.

#### Goods and Services

The programme was also underspent on Goods & Services because of the following:

- Funds amounting to R6.6million earlier allocated to mechanization under the cropping programme could not be utilized as there were no rains and tractor owners declined to till dry soil.
- These funds were then re-directed to the renovations of dipping tanks and fencing and were to be transferred to Post Office as casual workers were to be appointed to do that work.
- The expiry of the SLA between DRDAR and the Post Office is the main contributor in the delay of the transfer of these funds that were to be utilized through the Post Office.
- The Consultant managing the Rippleamed Packshed project over - estimated the retention costs and as a result a saving was realised when the project was closed off.
- A fencing project in Mquma local municipality amounting to R429 940 had to be cancelled as the contractor failed deliver as contracted.
- An amount of R4.4 million allocated for drought intervention supplies could not be spent due to defaulting of three contracted supplies.
- R2.371 million allocated to three district offices for protective clothing could not be spent due to issues of compliance with LED strategy.
- R5.2 million planned for projects carried out by Grain SA could not be paid due to issues of non-compliance with procurement processes.
- An amount of R 3 900 000.00 was allocated for citrus development but due to non-response by the service providers to the advert, the process was delayed resulting to non- delivery of the goods and services procured.

## Capital Expenditure

The budget for the purchase of Capital Assets also was underspent because of the following:

- Non-payment of retention fees for Mthatha Dam hatchery due to unresolved tax matters of the service provider.
- The contractor for the fencing project in Alfred Nzo could not deliver on time the ordered reinforcement material (wire) as he struggled to get it from his supplier.
- The delays in construction of shearing sheds in Engcobo and Intsika Yethu by EN trading brought about under expenditure of R4 344 567.9. This contract was cancelled and later reinstated on the contractor's appeal.
- Social Challenges and Volatile environment at Qamata also contributed by R1.4 million to under spending.
- There were delays in the completion of works for wool and mohair and vegetable projects. These funds are committed and rollover will be requested. This amounts to R1.1 million.
- R1.680 million for purchase of equipment could not be spent as the service provider failed to deliver on time.

## 4) Programme 4:Veterinary Services

### Compensation of Employees

- The under on Compensation of Employees is caused by delays in the replacement of employees who have exited the service.

### Goods and services

With regards to Goods & Services the under expenditure was caused by the following:

- The expiry of RT10 contract which was later extended resulted in increased lead time for purchasing of these veterinary supplies and late deliveries which missed the last payment run.
- OVR (OVI) submitted invoices short of the committed funds resulting in under expenditure.
- The training that was to be conducted by SANAS could not take off due to tight schedule of SANAS during the year reported on resulting in under expenditure.
- Funds allocated to the Middelburg lab could not be spent due to delays in the approval of the application for accreditation by SANAS.
- R472 000 was made available to Anti-corruption and order was issued but was late for the last payment run.

## Capital Expenditure

The under expenditure on the budget for the purchase of capital assets is due to the following:

- The service provider appointed to supply 18 laptops costing R547 000 failed to do so on time.

- Funds were prioritized from animal medicine to buy equipment for the Vet clinics costing R3 000 000. Processes of amending the procurement plan, having it approved by Provincial Treasury and in inviting tenders delayed such that last payment run was missed hence these funds were not spent.

## 5) Programme 5: Research and Technology Development

### Good and services

The under expenditure is due to service providers who failed to deliver animal feed purchased.

## 6) Programme 7: Structured Agricultural Training

### Goods and services

- The under expenditure on training was due to the late approval for limited bidding procurement which was approved by Provincial Treasury in August 2018. All other trainings managed to catch up, most affected was the 8 month learnership for 316 youths. The rollover for the funds has been requested as the funds had been committed and contracts signed with the learners.
- The under expenditure is also due to the unforeseen delays that affect the rate and speed of infrastructure project implementation.

## 7) Programme 8: Rural Development

### Goods and Services

The under spending, was mainly caused by the following issues:

- The under expenditure was caused by delays in processing RATU water harvesting projects.
- Delays in the procurement of Gobhoti and Cingwana spring protections
- The appointed incompetent service provider for Nomabali renovations

### Virements

Virements were done to relieve unforeseen cost pressure caused mainly by Magwa and Majola business rescue plan. A shareholder's loan amounting to R5.385 million was also ceded to department when shares of Magwa Tea were transferred from Eastern Cape Development Corporation and additional transfer of R3 million for business rescue plan.

All the virements were approved by Accounting Officer in terms of terms of section 43(1) of the Public Finance Management Act (PFMA) and were kept within the eight percent threshold in line with section 43 (2) of the PFMA.

### Programme 1: RI 939

In programme 4, there was under expenditure in compensation of employees. A virement was made from programme 4 to relieve the cost pressure in this programme, resulting from fund debt write off associated with Magwa and Majola business rescue plan.



**Programme 2: (R3 000)**

Programme 2 underspent on allocated budget mainly due to compensation of employees. The funds not spent were mainly moved to Programme 6 to relieve the cost pressure resulting from Magwa and Majola business rescue plan.

**Programme 3: R3 000**

Programme 3 received funds from programme 7 training budget to fund mechanization under food security.

**Programme 4: (R3 189)**

Programme 4 underspent on allocated budget mainly due to compensation of employees. The funds not spent were mainly moved to Programme 1, 6, 7 and 8 to fund compensation employees and costs associated with Magwa and Majola business rescue plan.

**Programme 6: R3 813**

In programme 4 and 7 there was under expenditure in compensation of employees. A virement was made from programme 4 and 7 to relieve the cost pressure in programme 6, resulting from Magwa and Majola business rescue plan.

**Programme 7: (R2 590)**

Programme 4 underspent on allocated budget mainly due to goods and services training item. The funds not spent were mainly moved to Programme 3 to fund mechanization programme. The underspending was reduced by virement from programme 2 compensation of employees.

**Programme 8: R 27**

In programme 4, there was under expenditure in compensation of employees. A virement was made from programme 4 to relieve the cost pressure in programme 7, resulting from compensation of employees.

**Roll-overs**

The department has also applied for the rollover R 25,164 million. This amount is made up R11, 837million for CASP; R8,806 million for Land Care and R4,521 million for Equitable Share.

**Fruitless and Wasteful expenditure - 2018-19 FY**

The department has incurred fruitless and wasteful expenditure amounting to R139 000 during the year under review. The expenditure consist of an interest paid to the Department of Transport, damage to departmental vehicles and interest paid based on a court order issued against the department. A total of R121 000 has been resolved and R6 000 will be recovered from the employees responsible for the expenditure.

The department did not incur any unauthorized expenditure.

**Public Private Partnerships**

No Public Private Partnership exist.

## Discontinued activities / activities to be discontinued

No activities were discontinued.

## Supply chain management

Infrastructure support in Alfred Nzo was stalled by contractors from the District who were not happy that bids for work in the district were awarded to contractors from outside the district. This happened because most local contractors did not have the required CIDB grading. To address this issue projects were then de-clustered and further broken down into smaller sites within one project so as to enable the contractors of the district to participate. A strategy has been put in place to promote Local Economic Development in districts as per PPPFA 2017 and target designated groups within a specific district. Sub-Contracting with an intention to capacitate the contractors with lower CIDB grading will also be embarked on.

## Gifts and Donations received in kind from non-related parties

None.

## Exemptions and deviations received from the National Treasury

None.

## Events after the reporting date

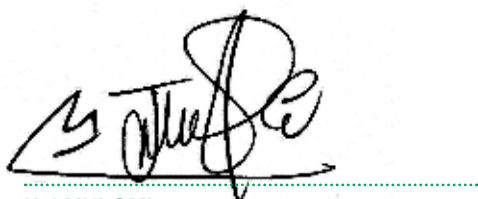
None.

## Acknowledgements/Appreciation

The Department acknowledges and appreciates the leadership and the guidance provided by the Hon. MEC Meth. The work of the department would not have been possible without the support of the stakeholders, farmers, communities, committed and dedicated staff.

## Conclusion

In the 2018/19 financial year, the department achieved an unqualified audit opinion. This demonstrated effective and efficient utilisation of resources to deliver rural development and agriculture related priority programmes. Furthermore, the department implemented strategic programmes which over time will yield desired impacts in the reduction of poverty, underdevelopment and unemployment.



H.J. MHLOMI

ACTING ACCOUNTING OFFICER  
27 August 2019

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

I hereby submit this report as a true reflection of the Department's performance towards achieving the outcome oriented strategic goals. Good progress has been made to ensure that quality services were provided to rural communities in general and farming communities in particular.

To the best of my knowledge and belief, I confirm the following:

All information and amounts disclosed throughout the Annual Report is consistent.

The Annual Report is complete, accurate and is free from any omissions.

The Annual Report has been prepared in accordance with the guidelines on the Annual Report as issued by National Treasury.

The Annual Financial Statements (Part E) have been prepared in accordance with the modified cash standard and the relevant frameworks and guidelines issued by the National Treasury.

The Accounting Officer is responsible for the preparation of the Annual Financial Statements and for the judgements made in this information.

The Accounting Officer is responsible for establishing, and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the Performance Information, the Human Resources information and the Annual Financial Statements.

The External Auditors are engaged to express an independent opinion on the Annual Financial Statements.

In my opinion, the Annual Report fairly reflects the operations, the Performance Information, the Human Resources information and the financial affairs of the department for the financial year ended 31 March 2019.



**H.J. MHLOMI**

ACTING ACCOUNTING OFFICER  
27 August 2019

## 6. STRATEGIC OVERVIEW

### 6.1 Vision

Vibrant, equitable, sustainable rural communities and food security for all.

### 6.2 Mission

Promote, support and coordinate rural development and agrarian reform interventions to reduce poverty and underdevelopment through job creation, integrated food security programme, and equitable participation in development by all rural communities.

### 6.3 Values

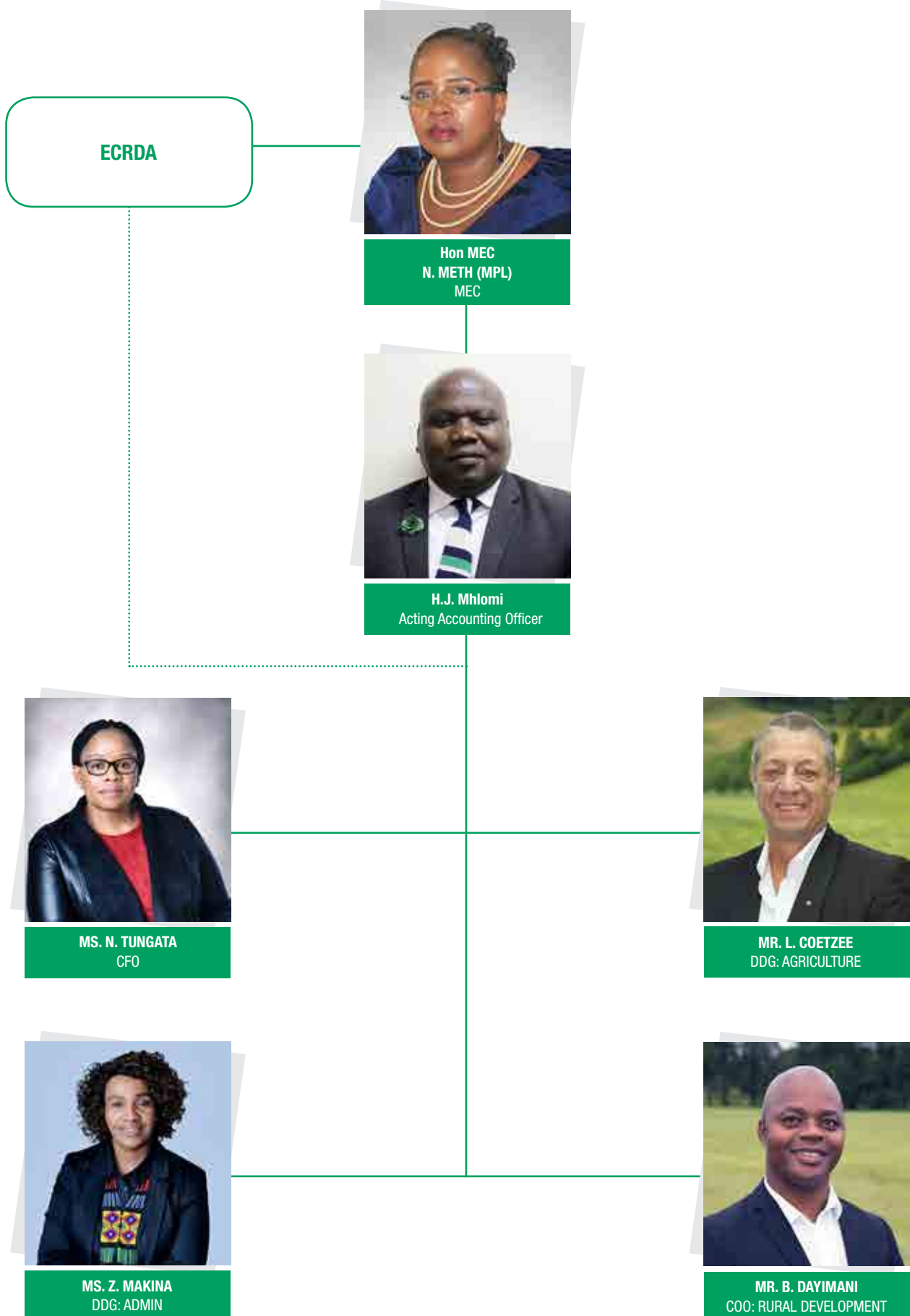
- **Innovation:**  
Committed to keep abreast of new developments in relevant fields of expertise and be innovative in carrying out the mandate of the Department.
- **Excellence:**  
We are committed to exceed our customer's expectations for quality, responsiveness, efficiency and service excellence.
- **Bambisanani:**  
Believe that the sum of our collective efforts will be greater than the total of our individual efforts.
- **Mutual respect:**  
We value each other's contribution as we seek to realise the vision and goals of the Department.
- **Honesty and Integrity:**  
Commitment to be transparent with all stakeholders.
- **Inclusiveness:**  
"Bonke abantu esisebenza nabo, siya kusebenzisana nabo ngokufanelekileyo nangokulinganayo".

## 7. LEGISLATIVE AND OTHER MANDATES

The Department's mandates are informed by the following Acts:

- Constitution of the Republic of South Africa, Act 108 of 1996 Act No 108 of 1996
- The Agriculture Development Act, 1999 Act No. 67 of 1999
- Conservation of Agricultural Resources Act, 1983 Act No. 43 of 1983
- Eastern Cape Rural Finance Corporation, Act 1 of 2012 Act No. 9 of 1999 as Amended by Act 1 of 2012
- Veterinary and Para-Veterinary Professions Act, 1982 Act No. 19 of 1982
- The Animal Health Act, 2002 Act No. 7 of 2002
- The Animal Identification Act, 2002 Act No. 6 of 2002
- The Meat Safety Act, 2000 Act No. 40 of 2000
- Animal Diseases Act, 1984 Act No. 35 of 1984
- Animal Improvement Act, 1998 Act No. 62 of 1998
- Animal Protection Act, 1962 Act No. 71 of 1962
- Livestock Improvement Act, 1997 Act No. 25 of 1997
- Agricultural Pests Act, 1983 Act No. 36 of 1983
- Fertilizers, Farm Feeds, Agricultural Remedies and Stock Remedies Act, 1947 Act No. 36 of 1947
- Agricultural Research Amendment Act, 2001 Act No. 27 of 2001
- Marketing of Agricultural Products Act, 1996 Act No. 47 of 1996
- Fencing Act, 1963 Act No. 31 of 1963
- Land Tenure Rights Act, 1991 Act No. 112 of 1991
- Intergovernmental Relations Framework Act, 2005 Act No. 13 of 2005
- Public Finance Management Act, 1999 Act No. 1 of 1999
- Basic Conditions of Employment Act, 1997 Act No. 75 of 1997
- Division of Revenue Act, 2009 Act No. 12 of 2009
- Preferential Procurement Policy Framework Act, 2000 Act No. 5 of 2000
- Public Service Act and Regulations, 1994 Act No. 103 of 1994
- Skills Development Act, 1998 Act No. 97 of 1998
- Occupational Health and Safety Act, 1993 Act No. 85 of 1993
- Employment Equity Act, 1998 Act No. 55 of 1998
- Promotion of Access to Information Act, 2000 Act No. 2 of 2000
- Treasury Regulations issued in terms of PFMA Act, 1999 Act No. 29 of 2000
- Promotion of Administrative Justice Act, 2000 Act No. 2 of 2000
- Spatial Planning and Land Use Management Act, 2013 Act No. 16 of 2013
- Protection of Personal Information Act, 2013 Act No. 4 of 2013

## 8. ORGANIZATIONAL STRUCTURE



## List of programmes

| NO | PROGRAMME                                      | RESPONSIBLE OFFICIAL | DESIGNATION                  |
|----|--|----------------------|------------------------------|
| 1  | Administration                                 | Ms. Z. Makina        | DDG: Administration          |
| 2  | Sustainable Resource Management                | Mr. L. Coetzee       | DDG: Agriculture Development |
| 3  | Farmer Support and Development                 | Mr. B. Dayimani      | COO: Rural Development       |
| 4  | Veterinary Services                            | Mr. L. Coetzee       | DDG: Agriculture Development |
| 5  | Research and Technology Development            | Mr. L. Coetzee       | DDG: Agriculture Development |
| 6  | Agricultural Economic Services                 | Mr. L. Coetzee       | DDG: Agriculture Development |
| 7  | Structured Agricultural Education and Training | Mr. L. Coetzee       | DDG: Agriculture Development |
| 8  | Rural Development                              | Mr. B. Dayimani      | COO: Rural Development       |

## 9. ENTITIES REPORTING TO THE MEC

The Eastern Cape Rural Development Agency (ECRDA) is the sole public entity of the Department of Rural Development & Agrarian Reform. It is mandated to implement rural development initiatives on behalf of the Department. The relationship between DRDAR and ECRDA is regulated by a Shareholder's Compact which includes the appointment of the Board and the chairperson.

Accountability including reporting on key performance indicators/ projects and financial reporting on transferred funds. The Accounting Authority of the Agency reviews its performance levels in relation to the requirements of the Department. Progress is monitored on a quarterly basis by submission of Quarterly Performance Reports and Financial Reports to the Department as part of the accountability system.

**Table 1: Entities, functions and relations with the MEC.**

| Name of Entity                                 | Legislative Mandate  | Financial Relationship  | Nature of Operations   |
|--|--|---|--|
| Eastern Cape Rural Development Agency (ECRDA). | Eastern Cape Rural Finance Corporation Amendment, Act 1 of 2012. | The department provides funding on an annual basis to support the operations of the entity. The budget allocated to the entity for the year under review amounted to R167 975 | <ul style="list-style-type: none"> <li>• The ECRDA is a catalyst organisation, with emphasis on planning, research and project packaging, facilitation, project management, and implementation of priority programs.</li> <li>• Other functions are innovation, development as well as mobilising resources and capacity building.</li> <li>• Rural finance services to rural communities, with specific emphasis on loan finance to farming enterprises.</li> <li>• Implement Rural Enterprise Development projects.</li> </ul> |





**MR. L. COETZEE**  
DDG: AGRICULTURE

## **PART B:** **PERFORMANCE INFORMATION**



## **I. AUDITOR GENERAL'S REPORT: PREDETERMINED OBJECTIVES**

Refer to page 156 to 156 of the Report of the Auditor General, published as Part E: Financial Information.

## 2. OVERVIEW OF DEPARTMENTAL PERFORMANCE

### 2.1 Service Delivery Environment

The Department of Rural Development and Agrarian Reform operated in a challenging service environment that was characterised by social, economic and political instability. The Provincial economic performance became stagnant and to some degree worsened, where the economy declined and unemployment increased. The dramatic increase of fuel had a ripple effect to all the social and economic activities in the province. This led to a drastic increase in the cost of living and led to increase in the food prices which ultimately cause increase in the food insecurity in the province.

During the year under review, the Eastern Cape experienced a drought spell throughout the cropping season. This led to the official declaration of two districts i.e. Amathole and Sarah Baartman as drought disaster areas. The effect of drought delayed cropping and in some instances led to the cancellation of the planned cropping programme. The Department was left with no choice but to develop interventions programmes to support farmers to mitigate the devastating effects of drought both in livestock and cropping. The drought intervention programme mainly focussed on provision of water material in the form of water tanks, dam scooping and feed for animals for the worst affected areas in all districts.

The Eastern Cape also experienced a spate of service delivery disruptions that prevented the implementation of infrastructure projects in the Alfred Nzo and Chris Hani Districts. In Alfred Nzo, a group of service providers violently disrupted the implementation of infrastructure projects and demanded to be appointed even though they did not meet the required CIBD grade. This disruption forced the department to split all the infrastructure projects so that they can accommodate the lowest CIBD grading.

In the Chris Hani district community within projects in the Qamata and Ncorha villages made it impossible to complete the implementation complete infrastructure and cropping projects. In Qamata, the community burnt the irrigation equipment that was meant for the development of the irrigation system. It appeared as if the community was divided between those who supported the projects and those who were against it. In Ncorha, the conflict was between the primary and secondary cooperative. This led to the late harvesting of the produce and there was no consensus on planting during the cropping season.

During the period under review, the Department facilitated and coordinated the implementation of Rural Development Priorities as outlined in the Outcome 7 across all spheres of government. This process was characterised by integrating all government resources towards achievement of improved land administration; improved food security, increased access to quality infrastructure, smallholder development and support, growth of sustainable rural agricultural enterprise and industries, and improved research and development. The department consolidated all the programmes and activities related to outcome 7 to provide progress against the set targets.

## Home Industry Services

In the year under review, the department intensified rural development through support of communal and sub-urban communities to stimulate local economic development and it delivered the total of 206 sewing machines of which three were embroidery machines and 203 were straight and over lockers to 568 beneficiaries in all six districts. Two Fashion Designer interns were placed in the Home Industry Services directorate and contribute to the programme by conducting workshops for projects which received sewing equipment and material particularly those that were using industrial machines for the first time. The interns capacitated the cooperatives with basic business skills and cooperative governance.

## Innovations and appropriate technologies

During the year under review, four types of innovation and appropriate technology projects were implemented through the Rural Appropriate Technology Unit (RATU), namely, Sanitation Technology at Marina Junior Secondary School in Umgungundlovu, Mbizana Local Municipality (LM) and Ntabankulu Junior Secondary School in Ntabankulu LM benefiting 2400 earners and educators in total. In addition, two spring water protection projects were implemented at Goxe and Matyeni, Mzimvubu LM to benefit the two villages. The two villages through these projects managed to have access clean water.

The rainwater harvesting technology which benefitted 100 households was implemented at Mdeni location and Mhlopekazi Administrative Area (A/A) in Ngcobo LM, and Thongwana village, Kwamthulu A/A in Mquma LM.

Furthermore, four youth cooperatives in Baltein Village in Ngqushwa LM, Ngwathi Village in King Sabata Dalindyebo (KSD) LM, Tyeni Village in Ngcobo LM and Cengwani Village in Mquma LM were trained in brick production and given brick production machines and starter packs.

## Crop Production expansion and commercialization Maize production

Eastern Cape is a small player in the maize industry as it contributes less than 1% to the National production of maize and it contributed only 0.97% to the 2016 National maize production. A total of 27 560 tons of maize have been produced during the 2017/18 production season from 18 946 ha planted.

## Household Food Security

In support of the most vulnerable members of society, the department provided crop and vegetable production inputs mostly women headed and indigent households. To fight household food vulnerability, the department managed to support 18 288 insecure households participating in the food security programme. The partnership initiative between DRDAR and University of Fort Hare to implement Household Food Security Programme benefitted 240 households in 10 villages of Raymond Mhlaba Local Municipality.

## High Value Horticultural crop expansion

### Citrus Expansion

South Africa produces 65 487 ha of citrus whereby the Eastern Cape has a share of 26% in production. In 2018, citrus production covered 20 171 ha making the Province the second biggest producer of citrus

fruit. Vavels and lemons are the highest area of production in the country at 6 522 ha and 5 317 ha respectively. During the period under review, 201 444 cartons were exported and 971 tons sold to local market resulting in 900 jobs created during picking, grading and packaging. In Sarah Baartman, 758,456 tons of citrus were harvested in various packsheds resulting in 124 permanent and 800 seasonal jobs. The Ripplemead packhouse was commissioned and is functional in processing citrus fruit for export.

## Pineapple

Pineapple industry is mainly concentrated in the coastal areas of the Eastern Cape, from East London to Bathurst. The industry is currently employing ± 860 workers at both black owned farms and processing levels. During 2018 Summerpride Foods processed 80 779 tons of Pineapple to produce 11 165 tons of Pineapple Juice Concentrate. There are 23 farms of which 3 are BEE producers. The quality of fruit received is generally good although this year we received some sunburnt fruit. The current low prices received by farmers due to international over production are creating a challenge for growers to fertilise and control weeds effectively in some cases due to cost pressures. Prices are expected to improve later in 2019 or early 2020.

A total of 324 tons of pineapple were harvested at Ngqushwa (Tainton and Bingqala) and were sold to Summerpride Canneries in East London at a price of R952.00 per ton resulting to sales revenue of R 308 4484 while 73 permanent jobs were created.

## Chicory

In the year under review, the Department working with its partners the DTI and Chicory SA supported the expansion of 20ha for chicory production. A total of 119 tons (harvested at Prudhoe at Ngqushwa local municipality and 20 temporary jobs were created benefiting twelve black smallholders.

## Deciduous Fruit production

In 2019 the value of exports in the deciduous fruit industry is at R8.39 billion with a total production value of the industry at R11.5 billion and the value of the fresh industry (Export & Domestic market) totalling R10.39 billion. More than 75% of the production is in the Western Cape, followed by the Eastern Cape at 10%. The drought experienced in 2017 had an impact, although the volumes were not severely affected, the quality of the fruit was affected, and this resulted in fruit which was earmarked for the international market, ending at a domestic market. In Koukamma municipality, harvesting yields of 10 860 tons were achieved resulting in 93 permanent jobs and 280 seasonal jobs. The future projections are however optimistic as a result of improved efficiencies (and profitability levels), which will subsequently guard against job losses in the industry.

## Macadamia nuts

The Ncera Macadamia Nut estate harvested 94 tons of high quality export macadamia nuts from 180 hectares planted during this year's harvest resulting in 132 permanent jobs. The Amajingqi Macadamia Nut estate has planted 205 hectares and the first harvest shall be made in the 2019/20 financial year. A total of 148 youths from participating communities were employed.

## Commercialization of livestock

South Africa consumes 2.9 million tons of meat but produces 2.4 million tons. The total number of livestock in the country is estimated at 13 million cattle, 23 million sheep and 5 million goats. The total number of livestock in the Eastern Cape Province is approximately 3 million cattle, 6, 8 million sheep and 2 million goats.

## Beef expansion

Cattle production in the Eastern Cape is a dominant farming activity due to favourable environmental conditions and livelihood strategies of rural communities. In order to take advantage of these favourable conditions in the Province, the Department is implementing the red meat development program (RDP) (Custom & Feedlot Centres), genetic improvement and livestock identification and traceability. These programs are aimed to improve the quality of provincial herd to meet market specifications and assist black farmers to access markets. To provide farmers with technical expertise and market opportunities DRDAR signed partnership agreements with Eastern Cape Beef Fund (ECBF), University of Fort Hare (Nguni Cattle Development Trust) and National Agriculture Marketing Council (NAMC).

The UFH Nguni Trust partnership focused on implementing genetic improvement and piloting of livestock identification and traceability programs. The genetic improvement program managed to support 37 projects with 128 cattle (38 bulls and 90 heifers), that includes the following breeds, Angus, Bonsmara, Boran Beefmaster, Brahman, Jersey, Nguni and Simbra. The implementation of the traceability pilot project started with the distribution of 1 700 ear tags to four districts namely: OR Tambo District where 400 tags were distributed to four villages; Chris Hani District where 600 tags were given to four smallholder farmers and two villages; Alfred Nzo District where 600 tags were distributed to four smallholder farmers and two villages; and Amathole where 100 tags were distributed in one village. Each of these villages also received a set of branding material to support the farmers to comply with the Animal Identification Act of 2002.

The partnership with NAMC focused on improving access to markets through the implementation of RDP. The partnership also took advantage of the Department of Rural Development and Agrarian Reform partnership with NAMC. The program in the financial year has operationalised 13 facilities, while 7 facilities are under construction. There were 1 685 cattle taken in the facilities, 1 246 were sold in the informal (965) and formal (281) markets with 764 farmers participated in the program. Benefits from the partnership resulted in 92 jobs created and R10.6 million revenue generated. Furthermore, 93 livestock enterprises were supported to increase production and for value addition.

## Wool and Animal fibre

The Department partnered with Technology Innovation Agency to rollout the implementation of FibreLux Diffusion Machines in rural shearing sheds. This partnership has resulted in 30 machines delivered in the Province and creation of 30 employment opportunities for youth in the rural areas. In Eastern Cape there are 1 119 shearing sheds producing approximately 4 million kilograms of wool. This technology helps to measure the wool quality processed through the sheds while ensuring increased value of wool clip.

## Aquaculture expansion

The development of aquaculture industry in the Province has seen the completion of Mthatha Dam Aquaculture Hatchery. The hatchery will focus in the production of Tilapia fingerlings to be supplied to new farmers and support development of food security initiatives. The investment in the sector has increased with the growth of Karoo Catch farm with to seven (7) production tunnels, which has production capacity of 120 ton per month and currently producing at 60 ton per month from meagre less than 20 ton in 2017. The business has also managed to develop a state of the art processing facility for fish. Karoo Catch Farm has made strides in product development as they have managed to register new pet feed products.

## Animal Health

The Department supported farmers with veterinary services in a routine vaccination of cattle against anthrax and black quarter. Rabies outbreaks were experienced at Mbizana local municipality in Alfred Nzo and Ngcobo Local municipality Chris Hani district. Rabies awareness campaigns were conducted and pets were vaccinated across the province.

In addition, Lumpy Skin Disease broke out at Mbizana, Ntabankulu and Umzimvubu local municipalities resulting in cattle mortalities, where treatments and vaccinations were administered at owners' expense.

The annual vaccination of 1, 2 million cattle against anthrax and black quarter ensured that the provincial herd is protected from the two precarious diseases, one being transmissible to human beings (anthrax) whilst the other one, black quarter, causes huge economic losses specifically in young prime production stock.

Active economic participation by rural communities is encouraged through the annual sheep scab control program, which results in increased good quality wool clip that is exported, earning the country foreign revenue. The department disbursed 8 million doses of 1% ivermectin to 4 million sheep from the communal and peri-urban farming communities. The outbreak of Foot and Mouth disease in Limpopo has put an obstacle in the export of this wool clip as the major wool buyer, China, has temporarily suspended the export of wool to its shores.

The outbreak of listeria in the past year has raised public awareness in regards to the safety of the products and its place of origin. To this end the implementation of the Meat Safety Act regulation has been intensified in all 99 registered Provincial abattoirs. This culminates to the annual public acknowledgement of the abattoirs by the Member of the Executive Council in the annual abattoir rating scheme awards whose hygiene audits have met the required standard.

## Agri-business support

A total of 3648 agri-businesses were assisted with specialist economic advice with 412 of the business being assisted in marketing, while 3236 were assisted with agricultural production efficiencies. Technical support was further provided to 13 agro-processing enterprises and 46 economic reports were provided to enable informed decisions on development priorities and enterprise development options.

## Strengthen Agricultural Training Education

The related skills transfer initiatives culminated in unrivalled youth development, unemployed graduate internship opportunities and progression to junior mentorship in cropping sites in three districts. Further, securing partnerships with PPECB, NSF and UIF with a view to expand the footprint of skills development proved to be a significant development that will intensify efforts towards the realisation of YPES and NDP. This will infuse much needed young talent into the sector as part of the desirable succession in the sector.

## Technology Development and Transfer

In order to provide cutting-edge research and technology development, scientists and technicians participated in various congresses organised by the scientific community in the country. The participation of University of Fort Hare in the platform for peer review of their academic research projects continues to grow and strengthens the relationship between the two institutions. The research personnel took advantage of the opportunity to share their research findings with scientific community. The department published 16 scientific papers in International and National journals and presented 57 scientific papers at various scientific platforms over the period under review.

A total of 63 research projects were implemented with some focusing on developing climate change adaptation and mitigation strategies; use of indigenous knowledge, acid tolerant maize genotypes and rainwater harvesting techniques for production. Furthermore, studies on the control of tick borne diseases were enhanced through tick surveys and development of vaccines for small stock in coastal and arid areas of the Province.

## Sustainable Resource Management

The engineering services provided support through designs and construction oversight for the completion of 82 on-farm infrastructure. The effective use and maintenance of mechanisation and infrastructure by farmers is supported with specialist engineering advice. This was done on 902 occasions.

Sustainable resource development through the land care programme contributed to the rehabilitation of 10 573 ha through resource conservation works and clearing of alien vegetation. The development of capacity and knowledge for wise land-use was extended through holding 9 awareness days and 44 training and capacity development sessions. The programme contributed to the creation of 1 012 jobs through these community works programmes. An additional amount of R 35.9 million was received for drought mitigation that enabled the provision of 9415 water tanks with troughs for water storage and provision, de-silting for six dams, development of one borehole, support to conservation agriculture cropping practices with four tractors and nine sets of no-till planter and boom spray.

## Increase in Investment in Agriculture Infrastructure in Support of Smallholder Farmers

The **infrastructure development** programme is designed to support prioritised commodities for increasing production, marketing and value chain information. A total of 167 on-farm livestock infrastructure projects were completed. This resulted in 1 837 smallholder producers benefiting from the support and 863 jobs created. This includes the erection of 246 km fencing and 256 km worth of fencing material supplied in various districts throughout the province. This was constructed using EPWP



methods. However, it must be noted that there were challenges experienced which negatively impacted service delivery. For instance, in Alfred Nzo, it became impossible to achieve any planned targets due to the service provider protest. In addition, contracts were withdrawn in Qamata Irrigation Scheme, 6 shearing sheds and fencing projects in Chris Hani due to court interdicts.

During the period under review meaningful strides were made in the **extension and advisory services**. With respect to reskilling and qualification upgrading, twenty-four (24) extension officers were trained in Deciduous Fruit Production in support of the Agricultural Economic Transformation Strategy. Seventy-four (74) extension officers upgraded their academic qualifications from NQF Level 6 to 7. Degrees were conferred by the University of the Free State in Bloemfontein. On one hand, this milestone is indicative of the fact that 93% of DRDAR's extension personnel have academic qualifications that are in-step with the Extension Norms and Standards. On the other hand, going forward, these positive developments are expected to provide enormous support to the Agricultural Economic Transformation Strategy. Extension Officers with outstanding work performance received recognition during an Extension Summit held in November 2019. They were given awards in the categories of:

- a) Best Agricultural Advisor;
- b) Best Senior Agricultural Advisor;
- c) Best Production Scientist; and
- d) Best Support Personnel.

## 2.2 Service Delivery Improvement Plan

The department has completed a Service Delivery Improvement Plan. The tables below highlight the service delivery plan and the achievements to date.

### *Main services provided and standards*

| Main services                                    | Beneficiaries   | Current /actual standard of service  | Desired standard of service   | Actual achievement  |
|--|---|--|---|---|
| Agricultural Infrastructure Development Support. | Commercial Farmers;<br>Smallholder Farmer and;<br>Subsistence farmers | Projects are being implemented by 30% Contractors with inadequate capacity to meet the desired standard. | A total of 90 projects are being implemented by contractors with limited operational delays and thereby meeting the desired standard of construction. | A total of 81 projects were completed and nine (9) projects could not be completed<br>They are tabulated as follows: <ul style="list-style-type: none"> <li>• Three (3) at Joe Gqabi;</li> <li>• One (1) at Sarah Baartman;</li> <li>• One (1) at TARDI;</li> <li>• Two (2) at Amathole; and</li> <li>• Two (2) at Chris Hani.</li> </ul> Ten percent (10%) of the total planned projects could not be finished on schedule as planned. |

**Batho Pele arrangements with beneficiaries (Consultation access)**

| Current arrangements  | Desired arrangements  | Actual achievements  |
|---|---|--|
| <ul style="list-style-type: none"> <li>Attendance of IDP sessions in the districts where infrastructure projects are presented.</li> <li>At Local Municipality level, Managers Coordination are presenting infrastructure projects at the IDP sessions and Local Development Economic forums.</li> <li>Districts present plans and progress to IGR forums.</li> <li>Plans and progress is also presented and discussed with the DAPOTT (District Agri Park Task team).</li> <li>Updates by the District Director to the relevant forums of the farmer organisations.</li> </ul> | <p>Consultatively revise the Infrastructure Development Plan (for both communal, individual and household needs) annually and update progress made and estimated cost for presentation to the Head of Department.</p> | <p>Infrastructure Development Plan done consultatively (for both communal needs and individual, households) in the previous year updating with progress made and cost it for presentation to Head of Department.</p> <p>To access the service, during the period under review, adverts were posted on Notice Boards, the Government Gazette, and departmental website.</p> |

**Batho Pele arrangements with beneficiaries (Consultation access)**

| Current/Actual information tools   | Desired information tools   | Actual achievement  |
|--|---|---|
| <p>Information about programs of the department is placed in community, commercial media including leading news and communication platforms in the province and national media for the purpose of sharing information with the people of the province and stakeholders interested in the work of the department that are based outside the province.</p> <p>The information is based in the following media: Daily Dispatch, Umhlobo Wenene, Radio 2000, Time Select, SABC News, Vukani FM, Fort Hare FM, Tru FM, Alfred Nzo Community radio, Mdantsane FM, UNITRA Community Radio, Pondo News, Algoa FM, The Herald, Die Burger, Die Son, Daily Sun, Saturday Dispatch, SABC TV News.</p> <p>Content is produced into a monthly newsletter inserted in the leading commercial newspapers in the province. Information about programs of the department was also placed in the website of the department and social media platforms like Facebook.</p> | <p>Uphuhliso Publication, social media platforms such as Facebook, local, regional and commercial radio stations will be utilised to publicise the SDIP, the Service Charter and progress reports of the Department.</p> <p>All public documents such as the APP, Policies, Operational Plans, Strategic Plans and Annual Reports will be placed in the public domain for easy access to the public.</p> <p>Translated policies will be placed on the Departmental website.</p> | <p>Information on the services offered by the department have been placed on regional newspapers and local newspapers.</p> <p>The information is also available in the Departmental website.</p> <p>The Department has also utilised Uphuhliso Publication which was inserted in leading newspapers across the province – The Herald, Daily Dispatch, Daily Sun and Die Burger.</p> <p>There was also extensive covered on various topics on regional and national radio stations promoting the programmes of the department and giving a voice to beneficiaries – Umhlobo Wenene, Tru FM, Radio 2000, Algoa FM, UCR FM, Vukani FM.</p> <p>Strategic documents such as policy speeches, APP and Operational Plans were posted on the website.</p> |

**Service delivery Information tool**

| <b>Current /actual complaints mechanism</b>  | <b>Desired complaints mechanism</b>   | <b>Actual achievements</b>  |
|--|---|---|
| <p>Information about programs of the department is placed in community, commercial media including leading news and communication platforms in the province and national media for the purpose of sharing information with the people of the province and stakeholders interested in the work of the department that are based outside the province.</p> <p>The information is based in the following media: Daily Dispatch, Umhlobo Wenene, Radio 2000, Time Select, SABC News, Vukani FM, Fort Hare FM, Tru FM, Alfred Nzo Community radio, Mdantsane FM, UNITRA Community Radio, Pondo News, Algoa FM, The Herald, Die Burger, Die Son, Daily Sun, Saturday Dispatch, SABC TV News.</p> <p>Content is produced into a monthly newsletter inserted in the leading commercial newspapers in the province. Information about programs of the department was also placed in the website of the department and social media platforms like Facebook.</p> | <p>Uphuhliso Publication, social media platforms such as Facebook, local, regional and commercial radio stations will be utilised to publicise the SDIP, the Service Charter and progress reports of the Department.</p> <p>All public documents such as the APP, Policies, Operational Plans, Strategic Plans and Annual Reports will be placed in the public domain for easy access to the public.</p> <p>Translated policies will be placed on the Departmental website.</p> | <p>Information on the services offered by the department have been placed on regional newspapers and local newspapers.</p> <p>The information is also available in the Departmental website.</p> <p>The Department has also utilised Uphuhliso Publication which was inserted in leading newspapers across the province – The Herald, Daily Dispatch, Daily Sun and Die Burger.</p> <p>There was also extensive covered on various topics on regional and national radio stations promoting the programmes of the department and giving a voice to beneficiaries – Umhlobo Wenene, Tru FM, Radio 2000, Algoa FM, UCR FM, Vukani FM.</p> <p>Strategic documents such as policy speeches, APP and Operational Plans were posted on the website.</p> |

**Complaints mechanism**

| <b>Current /actual complaints mechanism</b>   | <b>Desired complaints mechanism</b>  | <b>Actual achievements</b>   |
|---|--|--|
| <p>The Department's Customer Care section receives complaints and queries from customers daily through the Department's toll free number, social media, letters to the department and media queries responding to the information that has been published about the programs of the department.</p> <p>A complaints handling mechanism was published and it was distributed to the offices of the department in the districts for creating awareness as part of the customer care plan of the department.</p> <p>Some of the complaints and queries received by the department come from the presidential hotline and were referred to program offices and districts for resolution.</p> <p>In pursuit of speeding the resolution of complaints and queries from customers, we will now write letters to programme managers and district directors to remind them about the queries and complaints, obtain updates and measure customers' satisfaction.</p> <p>Failure by managers to respond to complaints and queries, these will be elevated to their superiors to a point of sending them to the HOD in the event that managers in the hierarchy are not assisting to the customers.</p> <p>Customer care awareness campaigns conducted to educate employees and the importance of responding to the queries and complaints from customer to address the current backlog of complaints.</p> | <p>Arrange and conduct roadshows of awareness programs in the districts, on complaints handling mechanism.</p> <p>All complaints received to be consolidated, analysed and results to inform the strategic documents.</p> <p>Management of the complaints received from the Presidential Hotline.</p> <p>Management of the Complaints Management Framework to ensure the provision of feedback mechanism whereby the citizens can communicate to Government when service are not being delivered in line with the expectations within the eight Batho Pele principles.</p> <p>Promote use of the corporate branding manual, Batho Pele Principles, Service Standards and how to access services, and awareness on services rendered, with a focus on Administration.</p> | <p>Distribution of promotional material posters to the three districts namely at Alfred Nzo, Chris Hani, OR Tambo and Joe Gqabi.</p> <p>Received complaints and acknowledge them, referred them to relevant officials in the Department and maintain a register.</p> <p>Follow up on complaints or requests received and give feedback to the clients within the stipulated period.</p> <p>Handle complaints and requests received from the Presidential Hotline and give feedback both to clients and the Planning and Monitoring Department nationally.</p> <p>Provide weekly and monthly report to the Department</p> |

## 2.3 Organisational environment

The Service Delivery Model (SDM) aligned to the organogram has been finalised by the Department but it has been put on hold due to the directive from DPSA stating that all review of organizational structures must be put on hold until the 6th Administration is in place.

The Compulsory Community Services (CCS) program led by Department of Agriculture, Forestry and Fisheries has exposed Veterinary students to the responsibilities and function of State Services in all sub programmes. This exposure has resulted in a number of student Veterinarians interested to work as state veterinarians, thus there are fewer vacant posts than in the past. The contribution of CCS Veterinarian in primary animal healthcare cannot be overemphasized and this gives state veterinarians an opportunity to attend to regulatory work and implement animal health program necessary for livestock improvement in the Province.

The skewed distribution and location of abattoirs towards the western part of the province is a concern as it exposes the eastern part of province to noticeable illegal slaughter activities. To address this challenge, there is a need to shift resources to the eastern part of the province in order to support the establishment of abattoirs. In turn, this will ensure that livestock owners comply with meat safety requirements and access to markets.

The department's staff establishment was 2961 during the period under review, with 2633 filled posts and 328 vacant posts on PERSAL. This translated to 11.1% vacancy rate as at 31st March 2019. The annual departmental staff turnover rate is at 6.4% which translated to 175 employees that vacated the service.

The analysis of attritions thereof was 54.7% related to retirements, 21% resignations, 18.8% deaths, 1.8% ill-health and 2.9% contract expiry which had financial implications on the processing of leave gratuities.

In the financial year under review, a total of sixty- four (64) appointments were effected in the areas of Veterinary, Research, Agricultural Training, Infrastructure Project Management, Extension and Support Services. These appointments will assist the department in addressing the implementation of the Eastern Cape Agricultural Economic Strategy (ECAETS), intended to reposition agriculture as a game changer for stimulation of growth and development which will contribute towards Gross Domestic Product (GDP).

The Department is struggling to meet the 50% equity target of females at SMS level, however there has been a significant improvement in this regard, in that at the end of 2017/18 financial year, the department was at 42% increasing to 45% as at end of 2018/19.

The Department is currently implementing Human Resource Development plan, which is intended to provide coaching, strengthen, grow the knowledge, skills base and improve human resource capabilities. This resulted in training 993 employees during the 2018/2019 financial year on various technical and soft skills.

The Department continues to fund external students to study in Agricultural related fields in order to address the scarce skills shortage in the sector which are Veterinary Science, Plant Pathology and

Agricultural Engineering. Thirty-three (33) students benefited from the department's bursary scheme, sixteen (16) are males and seventeen (17) females. Out of the thirty (33) students, sixteen (16) exited during the last quarter due to various reasons (graduation, internship, community service), seventeen (17) continue to pursue their qualification. Nine (9) new students were granted bursaries to study Veterinary Science, which brings the total number of students to twenty-six (26). The twenty-six (26) consists of thirteen (13) females and thirteen (13) males. HRD continues to scout Agricultural Engineering students from UKZN as the Department is capable of funding more external students in that field.

The Department continues to enhance knowledge and skills of employees by providing financial assistance to one hundred and nineteen (119) employees in a form of bursaries. This programme assists with improving the financial management, technical and soft skills of the workforce.

Training and experiential space for youth and unemployed graduates has been created by the department in an effort to contribute towards youth unemployment. A total of seventy (70) graduate interns and twenty-five (25) TVET learners are currently receiving training. In partnership with Department of Agriculture, Forestry and Fisheries (DAFF), the Department has also appointed 117 youth in order to provide unemployed agricultural, forestry and fisheries graduates with opportunities to gain on-the-job experience. The interns are placed in various farms in the Eastern Cape where they are trained to become entrepreneurs. The 117 youth were oriented on the public service and allocated to host farms which will provide them with the necessary mentorship and on the job training.

Forty-nine (49) employees were reoriented on the Public Service Reorientation Programme (ROP). The ROP is a refresher course that aims at reviving public sector employees to understand the constitution and its mandate in order to create a citizen centred service ethos. The programme also promotes enthusiasm for public duty as well as demonstrate commitment to improve service delivery. All employees in the Public Service are required to participate in the Reorientation Program.

Fifty-two (52) newly appointed employees in the public service, have undergone Compulsory Induction Programme (CIP). The programme aims to challenge public servant to live the Batho Pele principles and to instil knowledge and understanding of the intrinsic values and building blocks of public sector.

The Department continues to invest in employees for increased productivity as it recognises them as an asset of the department. The Health and Wellness interventions are carried out according to the four (4) pillars of the Public Service Employee Health and Wellness Programmes. 703 Employees were reached through the HIV/Aids Management programme where they are given education related to HIV and TB. During these sessions employees are given an opportunity to partake in Voluntary Counselling and Testing, 343 employees were screened and tested for HIV.

In promoting a healthy lifestyle, 2855 Employees participated in health and wellness management activities to improve their physical and wellness lifestyle. These activities include education on various wellness topics, health screenings & assessments, physical and sporting activities as well as personal issues which may negatively affect employee performance.

In line with the DPSA Corporate Governance of Information and Communication Technology Policy Framework, the department reviewed its compliance Frameworks, Charter and Policies. The ICT

Steering Committee of the department has been effective in playing the oversight role in measuring ICT performance as a strategic enabler of the business of DRDAR.

To ensure sharing, transparency, and accessibility of the information to the public, DRDAR website has been enhanced with the deployment of business hub that will allow farmers to sell their products online and the public to have access to departmental information and services. In addition, the Intranet for departmental officials has been developed to improve internal communication.

In ensuring compliance with the leave policy and streamlining administrative business processes identified in leave management process, the e-leave Management System has been rolled out in the Districts and Research institutions and is fully functional with the exception of OR Tambo. The e-leave system has also been made available outside the government network.

The Invoice tracking system which allows for the web based capturing, management of invoices, management of the Invoice payment process from end-to-end, escalation and sending of alerts on overdue and unpaid invoices, as the department has a mandate to pay invoices within 30 days from receipt of an invoice. Training was conducted for 56 officials in all the regions. The system is currently in use at Head Office and Cacadu, Chris Hani and Joe Gqabi.

To address inadequate record keeping system and information not submitted within the agreed turnaround time, the department has finalised a collaboration with the Department of Human Settlements on the existing Online Performance Management System that was developed and is currently used by the Department of Human Settlement. The system will be deployed in the 2019/20 financial years.

To streamline and automate the process of sending memorandums to obtain signatures, the Department looked into implementing an e-Memo system. The system will automate the authorization of memorandums from the author to the approver. The Memorandum of Agreement between the department and Provincial Treasury has been finalised.

The Department embarked in a project of optimising the usability of Smart pen devices that were rolled out to EAS, VET, PIMS, AET, Resource, Research, Land Management, Eco & marketing to allow for the officials to report on the status of their projects while onsite, attach GPS coordinates, load pictures of the current situation. The project plan has been executed with training conducted for 209 Smart Pen users in all regions as well as IT officials, to enable them to render technical support to the Smart Pen users.

Over the years the Department has seen growth, on official data generated by the officials, this has obligated the department to increase storage capacity to ensure safe storage of data and to improve computing in the department. This project was implemented successfully for Head Office, Cacadu and OR Tambo.

The department seeks to improve connectivity and efficiency in the districts and satellite offices to ensure that ICT services are accessible. WIFI connectivity has been installed for Zwelitsha, Mpofo as well as cabling for Dordrecht.

The Manage Engine Service Desk for logging calls has been enhanced to allow for self-service call logging functionality and the system is readily available on the internet explorer favourites quick access. The system enables online call logging self-service, tracking of progress of logged calls by users and end user knowledge database.

Disaster Recovery is a critical element of business continuity; the department has implemented a solution that entails daily replication of data from Bhisho to Dohne (Sutterheim). To preserve the department's information during 2018/19, 259 copies of tested data backups were taken to an offsite storage.

To minimise the risks of potential breaches and pick up vulnerability attacks prior, the department has since acquired a network vulnerability-testing tool and this proactive approach enables the department to identify threats to the network and thereby enabling continuous improvement on the network security. Subsequent to the implementation, four (4) clean vulnerability test outcomes have been achieved.

Awareness was created about the departmental functions and services amongst our clients and stakeholders through the provision of a comprehensive communication support (i.e. story writing for website and departmental magazine, video capturing, media coverage, branding) for various activities and functions during the year under review. Notably amongst the events were:

Support for the Back to School Campaign; adopted Cookhouse Senior Secondary School, Zameka High School and public schools in the Amahlathi District including Nosizwe High School and Cenyu, Jongile Nompondo, Mlungisi, Nomathemba and Sinethemba, Mlungisi and Sikhulule. The handover of hay making machinery to the Chris Hani Development Agency; Provincial Land Dialogue held in East London; launch of Moringa harvest and handover of Jojo Tanks at Mbhashe LM; handover of school uniform to pupils in Stutterheim in the Amahlathi Local Municipality; Amathole District Youth learnership launch in Fort Beaufort; Induction of 120 graduates to the Department as part of the DAFF graduate placement; handover of a dipping tank in Busila Village, Mnquma Municipality; TARDI 2019 graduation ceremony & CCS Vets welcoming; Chris Hani Youth in Agriculture Programme held in Komani; World Wetlands Day information day in Sompondo Village, Raymond Mhlaba Municipality; Youth Farmer's Day in the Joe Gqabi District; Centane Harvest; Elundini harvest; opening of Ripplemead Packhouse; and shipping of yellow maize from Matatiele to Vietnam.

In transforming the agricultural sector through the Special Programmes Unit support, the department collaborated with the office of the Deputy Minister of Education on a Youth in Agriculture Career EXPO at Western Region attended by approximately 150 schoolchildren aimed at promoting and attracting youth in the sector through information sharing and showcasing opportunities within the sector. A total of 12 Youth enterprises were supported on vegetable farming, livestock, poultry and piggery across the province. This programme is implemented in partnership with the between Office of the Premier.

### **Back to School Programme**

Each year DRDAR MEC has committed to support schools in the rural areas and to champion a Back-to-School Programme responding to the poor matric results and addressing other challenges encountered by school children in rural areas. The MEC's Adopt-a-School Programme is aligned to the departmental 4H Programme with the objective to encourage school learners to follow a career in agriculture, to encourage the establishment of school gardens and introduce 4H, to ensure its enhancement and

sustainability in driving food security and align the programme to school nutrition. The department ensures that the adopted schools have been allocated an official and are supported by extension officers in that area.

According to research, lack of access to sanitary towels often results in young women from poorer backgrounds being absent from school or experiencing the loss of human dignity because of having no choice but to use old newspapers or cloths. Young women in Africa have been reported as being absent from school for a period of at least four days per month; this number can total up to approximately 24 weeks out of 144 weeks in a five-year period of high school. It has also been noted that with the boy child, necessities such as roll on and toothpaste prevent the child from attending school because of hygiene factors. School shoes are also a factor that contributes towards non-attendance.

## 2.4 Key Policy Development and Legislative changes

There were no significant changes to department's legislative and other mandates but internally the Department has reviewed a number of policies to guide its internal operations.

## 3. STRATEGIC OUTCOME ORIENTED GOALS

The Department is guided by the provisions of the National Development Plan, the Medium Term Strategic Framework (MTSF), and the Provincial Development Plan (PDP) when developing strategic goals to ensure alignment and integration.

The Department has consciously been working on the following policy priorities to drive the rural development agenda: These are; National Development Plan vision 2013 aimed at inclusive growth; Agriculture Policy Action Plan aimed at strengthening agricultural commercial production, agro-industries, and food security; Industrial Policy Action Plan (IPAP) supporting strategic sectors of the economy for re-industrialisation; New Growth Path meant to shift the trajectory of economic development by focusing on key drivers of employment i.e. infrastructure, agriculture, agro-processing, and spatial development; Eastern Cape Development Plan (2030) which has identified agriculture, mining, construction and tourism sectors as drivers of economic growth and job creation; Rural Development Strategy aimed at promoting sustainable growth and development for improved quality of life for all; and the Eastern Cape Agriculture Economic Transformation Strategy (ECAETS) aimed at unlocking of the agricultural potential to benefit smallholder farmers whereby a commodity based commercial partnership model and a cluster based community partnership model (Cluster of individually non-economic land parcels) through the establishment and nurturing commercial farming practices in communal areas in reversing the Eastern Cape to be a producer of agricultural commodities rather than a consumer of agricultural products.

The Department has two strategic goals namely: coherent and coordinated rural development for improved quality of life; and good governance and clean administration.

During the period under review, programs and projects were rolled out to increase efficiencies and production levels in the sector, working tighter with industry development partners. The following paragraphs will highlight achievements in this regard:



As the Province, we have made inroads in creating access to global markets, evident to that is the 14 black farmers from Matatiele and Alfred Nzo who **exported 8 000 tons of yellow maize** to Vietnam. The department confident that this initiative has encouraged other black farmers across the province to increase their maize production, taking agriculture as business and a wealth creation venture.

Horticulture's integration into global markets reflects the high quality and impressive production capability of the sector. Greater expansion into Asia, the Middle East and Africa have been identified to compliment current market access into America and the United Kingdom. In the period under review, substantial investment was made in state-of-the-art packing facility at Ripplemead in Ngqushwa Local Municipality. The investment is meant to upscale citrus export to benefit black farmers and create much needed employment opportunities.

It is totally impossible to ignore the impact of the **prevailing climate change (drought)** that continues to have devastating effects throughout the country which is reported to take place at twice the global rate. The period under review was no exception and has adversely affected the plans of the department. The dry spells did not only comprise the vegetation quality that livestock could feed on but also delayed the summer crops planting particularly maize and this may lead to lower yields come harvesting period. Apart from climatic conditions, the period under review saw the South African economy growing by 2.2% quarter-on-quarter putting to a close the negative GDP growth rate in the past two consecutive quarters of 2018. According to ECSSEC, agriculture was among and the largest negative contributors to both provincial and national GDP's growth with -5.9% and 29.2%, respectively.

## 4. PERFORMANCE INFORMATION BY PROGRAMME

### Programme 1: Administration

**Objective:** To manage and formulate policy directives and priorities and, to ensure there is appropriate support service to all other programmes with regard to finance, personnel information, communication and procurement.

#### List of Sub-Programmes:

- Sub-Programme 1.1: Office of the MEC.
- Sub-Programme 1.2: Senior Management.
- Sub-Programme 1.3: Corporate Services.
- Sub-Programme 1.4: Financial Management.
- Sub-Programme 1.5: Communication Services.

#### List of Strategic Objectives:

- **SO 2.1** Political leadership and strategic direction provided
- **SO 2.2** Overall accountability, integration and implementation of strategy provided.
- **SO 2.3** Overall financial, human and technological management support provided.

| ADMINISTRATION   |                            |                           |                              |  |                      |
|--|----------------------------|---------------------------|------------------------------|--|----------------------|
| Strategic Objective  | Annual Achievement 2017/18 | Planned Targets 2018/19   | Actual Achievement 2018/19   | Deviation from planned targets to Actual Achievement | Comment on deviation |
| Overall financial, human and technological management support provided | Unqualified audit opinion  | Unqualified audit opinion | To be finalised in July 2019 | -  | -                    |

## Sub-Programme: I.1: Office of the MEC

**Objective:** To set priorities and political directives in order to meet the needs of clients. (For the efficient running of the MECs office).

| SG 2: SO 2.1 Political leadership and strategic direction provided. |   |                            |                            |                             |                        |                            |   |                       |
|---|---|----------------------------|----------------------------|-----------------------------|------------------------|----------------------------|---|-----------------------|
| Performance Indicator   |   | Actual Achievement 2015/16 | Actual Achievement 2016/17 | Actual Achievement 2017/178 | Planned Target 2018/19 | Actual Achievement 2018/19 | Deviation from planned target to actual achievement for 2018/19 | Comment on deviations |
| 1.1   | Number of MEC's engagements with Public Stakeholders and Private Enterprise conducted to ensure optimal alignment of the Department | 32                         | 32                         | 32                          | 32                     | 32                         | -   | No deviation          |
| 1.2   | Number of statutory documents tabled at the legislature.  | 5                          | 12                         | 8                           | 9                      | 5                          | (4)   | Under performance     |
| 1.3   | Number of MEC's special programmes' interventions implemented to cater for rural development priorities.                            | 8                          | 8                          | 8                           | 8                      | 8                          | -   | No deviation          |

### Reasons for all deviations

- 1.2 The tabling of these documents is subject to the Provincial Legislature Calendar this is the year of Elections and the Legislature resolved that the Policy Speeches, APP, and Operational Plans will be tabled once the 6th Provincial Administration is in place.

### Strategy to overcome areas of under performance

- 1.2 Provincial Legislature has made arrangements to honour their legislative mandate.

### Changes to planned targets

None.

## Sub-Programme 1.2: Senior Management

**Objective:** To translate policies and priorities into strategies and programmes for effective service delivery and to manage, monitor and control performance.

| SG 2: SO 2.2 Overall accountability, integration and implementation of strategy provided. |  |                            |                            |                             |                        |                            |   |                       |
|---|--|----------------------------|----------------------------|-----------------------------|------------------------|----------------------------|---|-----------------------|
| Performance Indicator   |  | Actual Achievement 2015/16 | Actual Achievement 2016/17 | Actual Achievement 2017/178 | Planned Target 2018/19 | Actual Achievement 2018/19 | Deviation from planned target to actual achievement for 2018/19 | Comment on deviations |
| 2.1   | Number of strategic leadership and management sessions held to enhance efficiency in the Department. | 12                         | 12                         | 12                          | 12                     | 12                         | -   | No deviation          |
| 2.2   | Number of organizational performance review sessions concluded.                                      | 4                          | 4                          | 4                           | 4                      | 4                          | -   | No deviation          |
| 2.3   | Number of governance sessions concluded.   | 13                         | 8                          | 13                          | 12                     | 15                         | 3   | Over Performance      |

### Reasons for all deviations

**2.3** Due to programme pressures the Anti-Corruption sessions held in Bizana and Ntabankulu were split into 4 sessions during the 4th Quarter. Further, there was a special Audit Committee meeting held in the 4th Quarter to adopt and approve the Internal Audit Plan and review the Audit Committee Charters.

### Strategy to overcome areas of under performance

None.

### Changes to planned targets

None.

## Sub-Programme 1.3: Corporate Services

**Objective:** To provide support service to the other programmes with regard to human resources management and development, Information Technology and Communication service.

| SG 2: SO 2.2 Overall accountability, integration and implementation strategy provided. |  |                            |                            |                             |                        |                            |   |                       |
|--|--|----------------------------|----------------------------|-----------------------------|------------------------|----------------------------|---|-----------------------|
| SG 2: SO 2.3 Overall financial, human and technological management support provided.   |  |                            |                            |                             |                        |                            |   |                       |
| Performance Indicator  |  | Actual Achievement 2015/16 | Actual Achievement 2016/17 | Actual Achievement 2017/178 | Planned Target 2018/19 | Actual Achievement 2018/19 | Deviation from planned target to actual achievement for 2018/19 | Comment on deviations |
| 3.1  | Number of Human Resource Management and Development practices implemented to improve overall performance of the department as per compliance accountability framework. | *3                         | *3                         | 4                           | 4                      | 4                          | -   | No deviation          |
| 3.2  | Number of interventions implemented on auxiliary services as per legislative framework to ensure conducive working environment.  | 4                          | 4                          | 4                           | 4                      | 4                          | -   | No deviation          |
| 3.3  | Number of ICT interventions implemented in accordance with the ICT Governance Framework to enhance technological efficiencies.   | 4                          | 4                          | 4                           | 4                      | 4                          | -   | No deviation          |
| 3.4  | Number of service delivery improvement intervention implemented as per the Public Service Regulations, 2016.   | 4                          | 4                          | 4                           | 15                     | 15                         | -   | No deviation          |
| 3.5  | Number of evidence based Policies developed/ reviewed.   | 8                          | 5                          | 5                           | 5                      | 6                          | 1   | Over Performance      |

### Reasons for all deviations

**3.5** Over performance was due to a need to develop departmental PMDS policy as per the directive from DPSA which indicated that all departments must develop their own PMDS policies.

### Strategy to overcome areas of under performance

None.

### Changes to planned targets

None.

## Sub-Programme 1.4: Financial Management

**Objective:** To provide effective support service (including monitoring and control) with regard to Budgeting, Provisioning and Procurement.

| SG 2: SO 2.3 Overall financial, human and technological management support provided. |  |                            |                            |                             |                        |                            |   |                       |
|--|--|----------------------------|----------------------------|-----------------------------|------------------------|----------------------------|---|-----------------------|
| Performance Indicator  |  | Actual Achievement 2015/16 | Actual Achievement 2016/17 | Actual Achievement 2017/178 | Planned Target 2018/19 | Actual Achievement 2018/19 | Deviation from planned target to actual achievement for 2018/19 | Comment on deviations |
| 4.1  | Number of days taken to pay suppliers in terms of the PFMA.  | 22                         | 17                         | 17                          | 30 days                | 16                         | -   | No deviation          |
| 4.2  | Number of credible Interim and Annual Financial Statements submitted on due date in accordance with the modified cash accounting guidelines. | 5                          | 4                          | 4                           | 4                      | 4                          | -   | No deviation          |
| 4.3  | Number of MTEF budget documents, In year Monitoring reports submitted to Provincial Treasury by the due date.                                | 15                         | 14                         | 15                          | 14                     | 14                         | -   | No deviation          |
| 4.4  | Number of reports compiled on management of contracts to assess supplier performance.  | 12                         | 12                         | 12                          | 12                     | 12                         | -   | No deviation          |

### Reasons for all deviations

None.

### Strategy to overcome areas of under performance

None.

### Changes to planned targets

None.

## Sub-Programme 1.5: Communication Services

**Objective:** To focus on internal and external communications of the department through written, verbal, visual and electronic media as well as marketing and advertising of the departmental services.

| SG 2: SO 2.2 Overall accountability, integration and implementation of strategy provided. |  |                            |                            |                             |                        |                            |   |                       |
|---|--|----------------------------|----------------------------|-----------------------------|------------------------|----------------------------|---|-----------------------|
| Performance Indicator   |  | Actual Achievement 2015/16 | Actual Achievement 2016/17 | Actual Achievement 2017/178 | Planned Target 2018/19 | Actual Achievement 2018/19 | Deviation from planned target to actual achievement for 2018/19 | Comment on deviations |
| 5.1   | A total number of people engaged in accordance with the integrated communication strategy. | 4                          | 4                          | 4                           | 6.5m                   | 6.5m                       | -   | No deviation          |
| 5.2   | A report on the implementation of the Customer Care Plan.                                  | 4                          | 4                          | 4                           | 4                      | 4                          | -   | No deviation          |

### Reasons for all deviations

None.

### Strategy to overcome areas of under performance

None.

### Changes to planned targets

None.

## LINKING PERFORMANCE WITH BUDGETS

The programme has achieved 16 out of 17 performance indicators and spent R474, 157 million against an allocated amount of R479, 070 million, resulting in a variance of R4, 913 million. The under expenditure is mainly due to delays in the delivery of ICT firewall devices procured which are highly security regulated and as such they are not easily released by overseas manufacturers.

In addition, a service provider for operating lease of machinery delayed in submitting invoices as a result some of them missed the last BAS run for the financial year. Furthermore, the operational commitments of the Office of the MEC (political oversight functioning and service delivery commitments) continued in the last month of the financial year resulting in funds not being fully spent.

| ADMINISTRATION             | 2018/2019                 |                          |                                | 2017/2018                 |                          |                                |
|----------------------------|---------------------------|--------------------------|--------------------------------|---------------------------|--------------------------|--------------------------------|
|                            | Final Appropriation R'000 | Actual Expenditure R'000 | (Over)/Under Expenditure R'000 | Final Appropriation R'000 | Actual Expenditure R'000 | (Over)/Under Expenditure R'000 |
| 1.1 Office of the MEC      | 11,315                    | 9,561                    | 1,753                          | 13,772                    | 13,766                   | 6                              |
| 1.2 Senior Management      | 47,901                    | 48,482                   | (581)                          | 49,498                    | 49,450                   | 48                             |
| 1.3 Corporate services     | 230,860                   | 228,444                  | 2,416                          | 210,279                   | 209,846                  | 433                            |
| 1.4 Financial Management   | 179,831                   | 179,210                  | 621                            | 172,033                   | 171,819                  | 214                            |
| 1.5 Communication services | 9,163                     | 8,459                    | 704                            | 9,464                     | 8,858                    | 606                            |
| <b>TOTAL</b>               | <b>479,070</b>            | <b>474,156</b>           | <b>4,914</b>                   | <b>455,046</b>            | <b>453,739</b>           | <b>1,307</b>                   |



## Programme 2: Sustainable Resource Management

**Objective:** To provide agricultural support services to farmers in order to ensure sustainable development and management of agricultural resources.

### List of Sub programmes

- Sub-Programme 2.1: Engineering Services.
- Sub-Programme 2.2: Land Care.
- Sub-Programme 2.3: Land Use Management.
- Sub-Programme 2.4: Disaster Management.

### List of strategic objectives

- **SO 1.2** Improved livestock production.
- **SO 1.3** Increased crop production.

| SUSTAINABLE RESOURCE MANAGEMENT  |                            |                         |                            |  |                      |
|--|----------------------------|-------------------------|----------------------------|--|----------------------|
| Strategic Objective  | Annual Achievement 2017/18 | Planned Targets 2018/19 | Actual Achievement 2018/19 | Deviation from planned targets to Actual Achievement | Comment on deviation |
| Provision of 466 agricultural infrastructure projects over a five year period. | 81                         | 109                     | 82                         | (27)   | Under Performance.   |

## Sub-Programme 2.1: Engineering Services

**Objective:** To provide engineering support (planning, development, monitoring and evaluation) with regard to irrigation technology, on-farm mechanization, value adding infrastructure, farm structures and resource conservation management.

| SG 1: SO 1.2 Improved livestock production.<br>SG 1: SO 1.3 Increased crop production. |  |                            |                            |                             |                        |                            |   |                       |
|--|--|----------------------------|----------------------------|-----------------------------|------------------------|----------------------------|---|-----------------------|
| Performance Indicator  |  | Actual Achievement 2015/16 | Actual Achievement 2016/17 | Actual Achievement 2017/178 | Planned Target 2018/19 | Actual Achievement 2018/19 | Deviation from planned target to actual achievement for 2018/19 | Comment on deviations |
| 1.1  | Number of agricultural infrastructure established.   | 110                        | 104                        | 81                          | 109                    | 82                         | (27)  | Under Performance     |
| 1.2  | Number of clients provided with engineering advice during official visits to enable clients to operate and maintain infrastructure machinery or equipment. | 1 201                      | 1 060                      | 1 048                       | 678                    | 902                        | 224   | Over Performance      |

### Reasons for all deviations

- 1.1** Under-performance is due to significant construction delays in O R Tambo & Alfred Nzo projects. Projects in O R Tambo stalled due to a court interdict by contesting bidder, while community construction projects did not progress at an expected rate. In Alfred Nzo, there was disruption of procurement processes by aggrieved local bidders that required reducing the scope of projects together with CIDB grading and a second re-advertising, resulting in projects rolling over to 2019/20 for completion.
- 1.2** Excessive demand for mechanization advice contributed to over-performance.

### Strategy to overcome areas of under performance

- 1.1** DRDAR will ensure that scope of projects include those of a lower CIDB grading where local smaller contractors have an opportunity to bid.

### Changes to planned targets

None.

## Sub-Programme 2.2: Land Care

**Objective:** To promote the sustainable use and management of natural agricultural resources by engaging in community based initiatives that support sustainability (social, economic and environmental), leading to greater productivity, food security, job creation and better well-being for all.

| SG 1: SO 1.2 Improved livestock production.<br>SG 1: SO 1.3 Increased crop production |  |                            |                            |                             |                        |                            |   |                       |
|---|--|----------------------------|----------------------------|-----------------------------|------------------------|----------------------------|---|-----------------------|
| Performance Indicator   |  | Actual Achievement 2015/16 | Actual Achievement 2016/17 | Actual Achievement 2017/178 | Planned Target 2018/19 | Actual Achievement 2018/19 | Deviation from planned target to actual achievement for 2018/19 | Comment on deviations |
| 2.1   | Number of awareness campaigns conducted on Land Care to promote conservation of natural resources.   | 17                         | 18                         | 24                          | 8                      | 9                          | 1   | Over Performance      |
| 2.2   | Number of capacity building exercises conducted within approved Land Care projects to empower beneficiaries/organised structures to implement conservation measures for natural resources. | 10                         | 22                         | 24                          | 16                     | 44                         | 28  | Over Performance      |
| 2.3   | <b>Number of hectares of agricultural land rehabilitated.</b>  | 6 433                      | 2 611                      | 2 219.6                     | 2 755                  | 10 573                     | 7 818   | Over Performance      |
| 2.4   | Number of beneficiaries adopting /practicing sustainable production technologies and practices for improved livelihoods.   | 912                        | 592                        | 733                         | 879*                   | 5 585                      | 4 706   | Over Performance      |
| 2.5   | <b>Number of green jobs created.</b>   | 1 203                      | 519                        | 412                         | 296*                   | 1012                       | 716   | Over Performance      |

### Reasons for all deviations

- 2.1 An additional awareness event was carried out on request during youth month in Sarah Baartman.
- 2.2 Over performance was due to an additional budget allocation for drought mitigation that required additional capacity building.
- 2.3 Over performance was due to an additional budget allocation for drought mitigation that included additional clearing of alien and encroached bush.
- 2.4 Over performance was due to an additional budget allocation for drought mitigation that included additional beneficiaries benefiting and adopting sustainable management.
- 2.5 Over performance was due to an additional budget allocation for drought mitigation that resulted to creation of additional jobs.

### Strategy to overcome areas of under performance

None.

### Changes to planned targets

None.

## Sub-Programme 2.3: Land Use Management

**Objective:** To promote the preservation and sustainable use of agricultural land through the administration of the Subdivision of Agricultural Land Act (SALA) and the Conservation of Agricultural Resources Act (CARA).

| SG 1: SO 1.2 Improved livestock production.<br>SG 1: SO 1.3 Increased crop production. |   |                            |                            |                             |                        |                            |   |                       |
|--|---|----------------------------|----------------------------|-----------------------------|------------------------|----------------------------|---|-----------------------|
| Performance Indicator  |   | Actual Achievement 2015/16 | Actual Achievement 2016/17 | Actual Achievement 2017/178 | Planned Target 2018/19 | Actual Achievement 2018/19 | Deviation from planned target to actual achievement for 2018/19 | Comment on deviations |
| 3.1  | Number of agro-ecosystem management plans developed.  | New PI                     | New PI                     | New PI                      | 5                      | 5                          | -   | No deviation          |
| 3.2  | Number of complaints attended to for agricultural land and boundary disputes in communal areas.                           | 92                         | 86                         | 52                          | 79                     | 50                         | (29)  | Under Performance     |
| 3.3  | Number of sites demarcated for development purposes in rural / communal areas.  | 5 346                      | 3 606                      | 1 715                       | 1 687                  | 1,615                      | (72)  | Under Performance     |
| 3.4  | Number of hectares of agricultural land protected through guiding subdivision/ rezoning/ change of agricultural land use. | 3 274                      | 954                        | 6 829.05                    | 2 580                  | 1,005                      | (1 575)   | Under Performance     |
| 3.5  | Number of farm management plans developed.  | 129                        | 189                        | 222                         | 166                    | 199                        | 33  | Over Performance      |
| 3.6  | Number of natural/ agricultural resources maps produced for planning and decision making purposes.                        | 315                        | 404                        | 377                         | 272                    | 438                        | 166   | Over Performance      |

### Reasons for all deviations

- 3.2.** This PI is demand driven and lesser submissions of complaints and conflicts were received.
- 3.3.** Under Performance- PI is demand driven and lesser approvals were received from DRDLR for demarcations of sites.
- 3.4.** Under Performance was due to lesser applications received. Agricultural land should be protected against development (sub-division), therefore less applications for sub-division for agricultural land is preferred.
- 3.5.** More requests were received than planned resulting to Over Performance.
- 3.6.** Over Performance- this PI is demand driven and this resulted in more applications received than anticipated.

## Strategy to overcome areas of under performance

- 3.2. The involvement of relevant stakeholders such as local municipality, traditional councillors and communities would contribute in reducing land disputes.
- 3.3. Liaise with DRDLR in fast tracking applications and monitor the progress in order to assist clients with their applications for demarcations of sites.
- 3.4. Performance indicator is demand driven. The department to create an awareness amongst the communities against undesirable development through act 70 of 1970.

## Changes to planned targets

None.

## Sub-Programme 2.4: Disaster Risk Management

**Objective:** To provide agricultural disaster risk management support services to clients / farmers.

| SG 1: SO 1.2 Improved livestock production.<br>SG 1: SO 1.3 Increased crop production. |   |                               |                               |                               |                           |                               |  |                          |
|--|---|-------------------------------|-------------------------------|-------------------------------|---------------------------|-------------------------------|--|--------------------------|
| Performance Indicator  |   | Actual Achievement<br>2015/16 | Actual Achievement<br>2016/17 | Actual Achievement<br>2017/18 | Planned Target<br>2018/19 | Actual Achievement<br>2018/19 | Deviation from<br>planned target to<br>actual achievement<br>for 2018/19 | Comment on<br>deviations |
| 4.1  | Number of disaster risk reduction services managed. | 2                             | 1                             | 1                             | 2                         | 2                             | -  | No deviation             |
| 4.2  | Number of disaster relief schemes managed.          | 1                             | 1                             | 1                             | 1                         | 1                             | -  | No deviation             |

### Reasons for all deviations

None.

### Strategy to overcome areas of under performance

None.

### Changes to planned targets

None.

## LINKING PERFORMANCE WITH BUDGETS

The performance on the 15 performance indicators included six (6) where over-performance is recorded, six (6) where under-performance is recorded and three (3) where no deviation occurred. The underspending during the quarter comprises Compensation of employees, (R3, 438,000) on account of Occupational dispensation progressions being behind schedule and resignations from the service as well as slower rate of new appointments.

The operating budget under goods and services shows underspending due to non-delivery of services caused by the late approval of Land Care Conditional Grant funding for the amended drought mitigation business plan by DAFF. Furthermore, delays in the virement of funds to capital in terms of the amended plan contributed to the under-performance. Capital expenditure shows overspending due to virement and spending of additional funds under capital. The over-performance and under-performance against set targets is indicative of changes in the landcare business plan while the over- and under-expenditure is also due to shifting and virement of funds to meet the requirements of the amended business plan.

| Sustainable Resource Management | 2018/2019                 |                          |                                | 2017/2018                 |                          |                                |
|---------------------------------|---------------------------|--------------------------|--------------------------------|---------------------------|--------------------------|--------------------------------|
|                                 | Final Appropriation R'000 | Actual Expenditure R'000 | (Over)/Under Expenditure R'000 | Final Appropriation R'000 | Actual Expenditure R'000 | (Over)/Under Expenditure R'000 |
| 2.1 Engineering Services        | 61,274                    | 60,397                   | 877                            | 58,370                    | 58,325                   | 45                             |
| 2.2 Land Care                   | 48,418                    | 35,640                   | 12,778                         | 17,412                    | 13,843                   | 3,569                          |
| 2.3 land Use management         | 53,125                    | 52,440                   | 685                            | 48,762                    | 49,127                   | (365)                          |
| 2.4 Disaster Risk Management    | 91                        | 23                       | 68                             | -                         | -                        | -                              |
| <b>TOTAL</b>                    | <b>162,908</b>            | <b>148,500</b>           | <b>14,408</b>                  | <b>124,747</b>            | <b>121,295</b>           | <b>3,249</b>                   |

## Programme 3: Farmer Support and Development

**Objective:** To provide support to all farmers through agricultural development programmes.

### List of sub programmes

- Sub-Programme 3.1: Farmer Settlement and Development.
- Sub-Programme 3.2: Extension and Advisory Services.
- Sub-Programme 3.3: Food Security.

### List of strategic objectives

- **SO 1.2** Improved livestock production.
- **SO 1.3** Increased crop production.

| FARMER SUPPORT DEVELOPMENT    |                            |                         |                            |  |                      |
|-------------------------------|----------------------------|-------------------------|----------------------------|--|----------------------|
| Strategic Objective           | Annual Achievement 2017/18 | Planned Targets 2018/19 | Actual Achievement 2018/19 | Deviation from planned targets to Actual Achievement | Comment on deviation |
| Increased food production.    | 34 727                     | 55 000                  | 23 085                     | (31 915)   | Under-performance    |
| Supporting household gardens. | 21 062                     | 25 000                  | 17 734                     | (7 266)  | Under-performance    |



## Sub-Programme 3.1: Farmer Settlement and Development

**Objective:** To provide support to smallholder and commercial producers for sustainable agricultural development.

| SG 1: SO 1.2 Improved livestock production.<br>SG 1: SO 1.3 Increased crop production. |  |                            |                            |                            |                        |                            |   |                       |
|--|--|----------------------------|----------------------------|----------------------------|------------------------|----------------------------|---|-----------------------|
| Performance Indicator  |  | 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 2018/19 | Comment on deviations |
| 1.1  | Number of smallholder producers supported.   | 2 357                      | 2 911                      | 3 457                      | 2 719                  | 1837                       | (882)   | Under Performance     |
| 1.2  | Number of agricultural infrastructure development initiatives completed that contribute to increased agricultural production levels and /or efficiencies for food security and economic development. | 182                        | 225                        | 176                        | 87                     | 167                        | 80  | Over Performance      |
| 1.3  | Number of jobs created in support of rural development in previously disadvantaged farming areas.  | 1 018                      | 818                        | 1 182                      | 837                    | 863                        | 26  | Over Performance      |

### Reasons for all deviations

- 1.1** The overall under performance is a result of Alfred Nzo targeting 706 smallholders which were not achieved due to the local service provider protests and OR Tambo 325 smallholders for fencing sites was not achieved due to court interdict.
- 1.2** Amathole redirected funds from Amathole piggery which was not performing and used the funds to procure fencing material, shearing shed material, dip tank renovation and dip material.
- OR Tambo performance includes achievements per sub-project while these were planned as packaged projects. Chris Hani used savings to procure fencing material, wind turbines, windmills, irrigation repairs and additional dam scooping
- 1.3** Over performance is primarily due to Joe Gqabi and Chris Hani.
- o Joe Gqabi's over performance is due to projects which should have been completed in 2017/18 financial year were completed in the year under review (Wellaway Shearing Shed construction 12 jobs) and (Nkalweni and Lady Grey Multipurpose Sheds 22 additional jobs).

- o Chris Hani also contributed to the over performance where three (3) additional jobs were created during the Gxwalibomvu construction while Bolotwa project created five (5) additional jobs.

### **Strategy to overcome areas of under performance**

- 1.1 In case of bigger projects, advert conditions must compel the winning Bidder to sub-contract local contractors for exposure and opportunity to upgrade their CIBD grading. In turn this will fast track the implementation of the departmental Local Economic Development policy (LED).

Conduct road shows in order to orientate service providers on departmental policies and relevant legislations.

Department to follow its procurement and supply chain policies/processes to the latter without fail in order to minimise possible litigation.

Enforce smarter tracking of contractor progress by enforcing work schedules, tighter contract management and in-turn timely replacement of contractors.

Conduct proper evaluation of the entire infrastructure delivery value chain to identify bottlenecks, and weaknesses in the system. The evaluation will also include identification of risks and mitigation measures.

### **Changes to planned targets**

None.

## Sub-Programme 3.2: Extension and Advisory Services

**Objective:** To provide extension and advisory services to farmers.

| SG 1: SO 1.2 Improved livestock production.<br>SG 1: SO 1.3 Increased crop production |   |                            |                            |                            |                        |                            |   |                       |
|---|---|----------------------------|----------------------------|----------------------------|------------------------|----------------------------|---|-----------------------|
| Performance Indicator   |   | 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 2018/19 | Comment on deviations |
| 2.1   | Number of smallholder producers supported with agricultural advice.   | 1 709                      | 1 521                      | 1 794                      | 1 606                  | 1 864                      | 258   | Over performance      |
| 2.2   | Number of Commodities supported with technical or generic business advice to enhance farming outputs.   | 7                          | 7                          | 9                          | 8*                     | 8                          | -   | No deviation          |
| 2.3   | Number of performance reports on the implementation of prioritised agricultural commodities that are supported through the Extension Recovery Plan (ERP). | 4                          | 4                          | 4                          | 8*                     | 7                          | (1)   | Under performance     |

*\*This figure (\*8) is not cumulative as it represents the same number of commodity groups supported throughout the year.*

### Reasons for all deviations

- 2.1** Set targets for 2018/19 period were exceeded due to growing interest by famers in seeking advice and strategies to account for the persistent dry conditions impacting negatively on agricultural production.
- 2.3** Field Crops, Vegetables, Fruit, Livestock, Animal Fibre, Piggery, Poultry are commodities that were reported in terms of their performance during 2018/19 except for the aquaculture that had limited extension activities to account for economic considerations.

### Strategy to overcome areas of under performance

- 2.3** Capacitate more Agricultural Advisors through extension services to have in depth understanding of commercialised aquaculture production to ensure economic viability of the industry, particularly for the previously disadvantaged communities in the coastal belt areas like O.R Tambo, Amathole and Western districts.

### Changes to planned targets

None.

## Sub-Programme 3.3: Food Security

**Objective:** To support, advise and coordinate the implementation of National policy on Food and Nutrition Security.

| SG 1: SO 1.2 Improved livestock production.<br>SG 1: SO 1.3 Increased crop production |  |                            |                            |                            |                        |                            |   |                       |
|---|--|----------------------------|----------------------------|----------------------------|------------------------|----------------------------|---|-----------------------|
| Performance Indicator   |  | 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 2018/19 | Comment on deviations |
| 3.1   | Number of households supported with agricultural food production initiatives.  | 8 653                      | 10 112                     | 21 101                     | 25 000                 | 18 288                     | (6 712)   | Under-performance     |
| 3.2   | Number of food security status reports compiled to assess the contribution of agriculture in ensuring food security. | 4                          | 4                          | 4                          | 4                      | 4                          | -   | No deviation          |
| 3.3   | Number of hectares planted for food production.  | 21 064                     | 50 713                     | 34 727                     | 55 000                 | 18 946                     | (36 054)  | Under-performance     |
| 3.4   | Number of hectares supported to horticultural crops to produce for export and for commercial purposes.               | 1 036                      | 2165                       | 2 269                      | 767                    | 580                        | (187)   | Under-performance     |
| 3.5   | Number of hectares planted to fodder crops to support livestock.   | 1 209                      | 547                        | 37                         | 730                    | 221                        | (509)   | Under-performance     |
| 3.6   | Number of hectares planted to industrial crops (Hemp, chicory, canola etc.   | 47                         | 78                         | 91                         | 120                    | 40                         | (80)  | Under-performance     |
| 3.7   | Number of livestock enterprises supported to increase production and for value addition.                             | New PI                     | New PI                     | 81                         | 80                     | 93                         | 13  | Over-performance      |
| 3.8   | Number of tons produced from hectares of maize planted.  | New PI                     | 23 710                     | 88 651                     | 191 200                | 27 560                     | (163 640)   | Under-performance     |

*\*The number of tons are calculated as crop estimates as per Technical Indicator Description(TID) in the Annual Performance Plan (APP).*

## Reasons for all deviations

- 3.1** Drought conditions that prevailed during the growing season had a negative impact on mainly vegetable production thereby reducing the number of households supported.
- 3.3** The beginning of summer rainfall season was delayed by the incessant drought and that led to a shortened planting season and the redirecting of the remaining budget to drought relief efforts for livestock farmers.
- 3.4** During the initial attempt to get the suppliers from the database by asking for quotations over the telephone, there was no response by the service providers. The Department had to re-advertise and the response was towards the end of the fourth quarter. The delivery was therefore delayed, hence the under-performance.
- 3.5** Establishment of fodder was not completed due to delayed rains, hence planting could not take place in Sarah Baartman and Chris Hani
- 3.6** The appropriate planting seasons for chicory lies during the first and fourth quarter. Conditions only became favourable during the fourth quarter for planting chicory in Amathole. Sarah Baartman decided not to plant chicory due to prevailing drought conditions.
- 3.7** The over performance was due partnership agreements with private sector institutions on livestock development, resulting to increased livestock production capacity.
- 3.8** The management practices by communal farmers led to the underperformance in the tons harvested.

## Strategy to overcome areas of under performance

**3.1, 3.3, 3.4, 3.5, 3.6 & 3.8** - The use of drought resistant cultivars (developed together with ARC) will be promoted and targeting of high potential areas for dryland cropping will be high priority.

## Changes to planned targets

None

## LINKING PERFORMANCE WITH BUDGETS

- The programme has achieved 6 out of 14 performance indicators and spent R793, 762million against an allocated amount of R883, 282 million. The underperformance is mainly due to the delayed finalization of recruitment of 120 unemployed graduates. Furthermore, the allocation for mechanization under the cropping programme could not be utilized as there were no rains and tractor owners declined to till dry soil. The allocation for drought intervention supplies could not be spent due to defaulting of three contracted suppliers.
- Planned R5.2 million planned for projects carried out by Grain SA could not be paid due to issues of non-compliance with procurement processes.
- Allocated funds planned for three districts for protective clothing could not be spent due to service provider's inability to comply with the LED strategy.

| FARMER SUPPORT DEVELOPMENT          | 2018/2019                 |                          |                                | 2017/2018                 |                          |                                |
|-------------------------------------|---------------------------|--------------------------|--------------------------------|---------------------------|--------------------------|--------------------------------|
|                                     | Final Appropriation R'000 | Actual Expenditure R'000 | (Over)/Under Expenditure R'000 | Final Appropriation R'000 | Actual Expenditure R'000 | (Over)/Under Expenditure R'000 |
| 3.1 Farmer Settlement               | 242,559                   | 224,356                  | 18,203                         | 213,540                   | 209,891                  | 3,649                          |
| 3.2 Extension and Advisory services | 423,084                   | 417,940                  | 5,144                          | 409,942                   | 409,201                  | 741                            |
| 3.3 Food Security                   | 167,638                   | 151,466                  | 16,172                         | 162,547                   | 161,349                  | 1,198                          |
| <b>TOTAL</b>                        | <b>833,282</b>            | <b>793,762</b>           | <b>39,519</b>                  | <b>786,029</b>            | <b>780,441</b>           | <b>5,588</b>                   |

## Programme 4: Veterinary Services

**Objective:** To provide veterinary services to clients in order to ensure healthy animals, safe animal products and wellbeing of animals and the public.

### List of Sub-Programme

- Sub-Programme 4.1: Animal Health.
- Sub-Programme 4.2: Export Control.
- Sub-Programme 4.3: Veterinary Public Health.
- Sub-Programme 4.4: Veterinary Laboratory Services.

### List of strategic Objectives

- **SO 1.2** Improved livestock production.

| VETERINARY SERVICES  |                            |                         |                            |  |                      |
|--|----------------------------|-------------------------|----------------------------|--|----------------------|
| Strategic Objective  | Annual Achievement 2017/18 | Planned Targets 2018/19 | Actual Achievement 2018/19 | Deviation from planned targets to Actual Achievement | Comment on deviation |
| 2.3 million animals provided with veterinary services in order to improve access to affordable animal product and fire production. | 1 640 134                  | 1 659 710               | 1 474 138                  | (185 572)  | Under performance    |

### Sub-Programme 4.1: Animal Health

**Objective:** To facilitate and provide animal health services, in order to protect the animals and public against identified zoonotic and diseases of economic importance, and primary animal health and welfare programme / projects; and to allow for the export of animals and animal products.

| SG 1: SO 1.2 Improved livestock production. |   |                            |                            |                            |                        |                            |   |                       |  |
|---|---|----------------------------|----------------------------|----------------------------|------------------------|----------------------------|---|-----------------------|--|
| Performance Indicator                       |   | 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 2018/19 | Comment on deviations |  |
| 1.1   | Number of visits to epidemiological units for veterinary interventions.   | 10 091                     | 14 012                     | 13 810                     | 12 526                 | 13 859                     | 1 333   | Over performance      |  |
| 1.2   | Number of animals vaccinated against controlled animal diseases according to Animal Disease Act (Act 35 of 1984).                           | 1 577 925                  | 1 857 490                  | 1 644 230                  | 1 659 710              | 1 474 138                  | (185 572)                                       | Under performance     |  |
| 1.3   | Number of official veterinary movement documents issued to facilitate movement of animals and animal products for disease control purposes. | 2 309                      | 2 300                      | 2 306                      | 1 409                  | 1 342                      | (67)  | Under performance     |  |
| 1.4   | Number of animals sampled/ tested for disease surveillance purposes.  | 186 037                    | 165 409                    | 112 417                    | 162 833                | 79 234                     | (83 599)  | Under performance     |  |
| 1.5   | Number of treatments applied to sheep for the control of sheep scab to improve the quality and quantity of the wool clip.                   | 7 968 206                  | 8 329 734                  | 8 619 799                  | 7 712 724              | 8 698 636                  | 985 912   | Over performance      |  |
| 1.6   | Number of treatments applied to animals for external parasites control.   | 4 110 932                  | 4 295 127                  | 4 394 238                  | 4 067 137              | 4 418 235                  | 351 098   | Over performance      |  |



## Reasons for all deviations

- 1.1 The outbreak of rabies in the province resulted in some epidemiological units visited more than once for disease control purposes.
- 1.2 Under performance is due to poor handling facilities and the poor condition of animals as a result of drought that makes it difficult for animals to be herded to dipping facilities for inoculation in some districts.
- 1.3 The outbreak of Foot and Mouth Disease (FMD) resulted in loss of FMD free status for South Africa the Country and therefore many trading countries posed a precautionary ban on movement of animals and animal products.
- 1.4 Eastern Cape veterinary laboratories are not testing for controlled diseases due to lack of SANAS accreditation and only a limited number of samples were tested for screening. Samples for diagnosis of disease outbreaks were submitted to another laboratory as routine monitoring for controlled diseases at Provincial Laboratories was suspended until achievement of SANAS accreditation.
- 1.5 The weather conditions have improved from the previous period of drought and with improved grazing, more animals could be brought to the treatment station.
- 1.6 The warm, moist weather conditions during the year resulted in increased tick burden which in return caused many livestock owners to bring their cattle to the dip tank for the control of ticks thus preventing tick borne diseases.

## Strategy to overcome areas of under performance

- 1.2. & 1.4 Concentrated effort to achieve accreditation of at least one Veterinary Laboratory by focusing most resource where there is a potential for quick success such as Grahamstown Laboratory.
- 1.3. Development of movement control and individual animal identification system.

## Changes to planned targets

None.

## Sub-Programme 4.2: Export Control

**Objectives:** To facilitate the export of animals and animal products through certification of health status

| SG 1: SO 1.2 Improved livestock production. |  |                            |                            |                            |                       |                            |   |                       |
|---|--|----------------------------|----------------------------|----------------------------|-----------------------|----------------------------|---|-----------------------|
| Performance Indicator                       |  | Actual Achievement 2015/16 | Actual Achievement 2016/17 | Actual Achievement 2017/18 | Annual Target 2018/19 | Actual Achievement 2018/19 | Deviation from planned target to actual achievement for 2018/19 | Comment on deviations |
| 1.1   | Number of export control certificates issued.  | 2 240                      | 3 390                      | 3 965                      | 3 390                 | 4,213                      | 823   | Over Performance      |
| 1.2   | Number of samples collected for residue monitoring at export establishments.                     | 70                         | 57                         | 18                         | 61                    | 91                         | 30  | Over Performance      |
| 1.3   | Number of reports on Veterinary Early Warning preparedness and rapid response services rendered. | 12                         | 12                         | 12                         | 12                    | 12                         | -   | No Deviation          |
| 1.4   | Number of outreach events supported to capacitate the communities, public and staff.             | 25                         | 31                         | 24                         | 22                    | 28                         | 6   | Over Performance      |
| 1.5   | Number of reports on early warning advisories issued.  | 12                         | 12                         | 12                         | 12                    | 12                         | -   | No Deviation          |

### Reasons for all deviations

- 1.1 The performance indicator is demand driven and the take over from DAFF of export of wool from the province has contributed to the over performance.
- 1.2 Sample grid from DAFF were received after targets were set based on the achievement of the previous years, hence the over performance.
- 1.4. Over performance due to extra requests to support outreach events.

### Strategy to overcome areas of under performance

None.

### Changes to planned targets

None.

## Sub-Programme 4.3: Veterinary Public Health

**Objective:** To promote the safety of meat and meat products.

| SG 1: SO 1.2 Improved livestock production. |  |                            |                            |                            |                        |                            |   |                       |
|---|--|----------------------------|----------------------------|----------------------------|------------------------|----------------------------|---|-----------------------|
| Performance Indicator                       |  | 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 2018/19 | Comment on deviations |
| 1.1   | Number of abattoirs registered as per Meat Safety Act (Act 40 of 2000).  | 107                        | 104                        | 17                         | 108                    | 99                         | (9)   | Under Performance     |
| 1.2   | Number of abattoir inspections conducted as per Meat Safety Act (Act 40 of 2000).  | 826                        | 974                        | 925                        | 960                    | 958                        | (2)   | Under Performance     |
| 1.3   | Number inspections of facilities processing animal products and by-products.   | 286                        | 374                        | 396                        | 325                    | 358                        | 33  | Over Performance      |
| 1.4   | Number of interactions on illegal slaughter to respond to Section 7 of the meat Safety Act (Act 40 of 2000).             | 1 460                      | 1 527                      | 1 539                      | 1 531                  | 1 551                      | 20  | Over Performance      |
| 1.5   | Number of samples collected to monitor the safety of meat produced at abattoirs as per Meat Safety Act (Act 40 of 2000). | 2 504                      | 3 165                      | 3 445                      | 2 961                  | 2 929                      | (32)  | Under Performance     |
| 1.6   | <b>Average percentage of compliance of all operating abattoirs in the Province to the meat safety legislation.</b>       | 91.9%                      | 90.7%                      | 91.5%                      | 80%                    | 94,5%                      | 14,5%   | Over Performance      |

### Reasons for all deviations

- 1.1:** Some of the planned abattoirs to be registered did not submit applications for registration.
- 1.2. & 1.5** Chemical risk in Amathole offices for four months over the first and second quarters resulted in challenges in issuing trip authorisation, hence the under-performance.
- 1.3:** Following the outbreak of listeriosis, facilities processing animal product were closely monitored.
- 1.4:** More interactions on illegal slaughter were conducted in order to curb the rampant illegal slaughter activities in the Province.
- 1.6.** Following the resolution of the Amathole offices chemical risk, officials were able to catch up on work that had not been done in the previous period. Over performance is a reflection of concerted effort put by officials to ensure that abattoirs are compliant to meat safety legislation.

### Strategy to overcome areas of under performance

- 1.1.** The abattoirs will be encouraged to stay registered even if their economic situation is dire in case the situation changes midyear.
- 1.2 & 1.5.** The challenges experienced of chemical risk in Amathole district offices has been resolved and therefore no under performances are anticipated.

### Changes to planned targets

None.

## Sub-Programme 4.4: Veterinary Laboratory Services

**Objective:** To provide veterinary diagnostic laboratory and investigative services that support and promote animal health and production towards the provision of safe food.

| SG 1: SO 1.2 Improved livestock production. |   |                            |                            |                            |                        |                            |   |                       |
|---|---|----------------------------|----------------------------|----------------------------|------------------------|----------------------------|---|-----------------------|
|   | Performance Indicator   | 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 2018/19 | Comment on deviations |
| 1.1   | Number of specimen tested for diagnostic purposes.  | 108 746                    | 121 371                    | 82 397                     | 121 371                | 40,377                     | (80 994)  | Under performance     |
| 1.2   | Number of laboratory tests performed according to prescribed standards.                                     | New PI                     | 56 624                     | -                          | 56 624                 | -                          | (56 624)  | Under performance     |
| 1.3   | Number of primary animal health care (PAHC) interactions held to minimize the impact of disease occurrence. | 3 867                      | 4 915                      | 5 945                      | 4 915                  | 6,125                      | 1 210   | Over performance      |

### Reasons for all deviations

- 1.1 Fewer samples were submitted during the year because the Eastern Cape veterinary laboratories are not testing for controlled diseases due to lack of SANAS accreditation. Field officials were therefore informed not to submit samples for routine monitoring for controlled diseases to the laboratories.
- 1.2 The tests performed (93 678) do not meet the prescribed standards as the labs have no SANAS accreditation or DAFF approval.
- 1.3 Treatment of animals against diseases is a demand driven service hence there is variation in PAHC interactions for each individual vet and between different vets from month to month. In this case an overall increase occurred. Receipt of fresh drug deliveries during the second quarter also helped increase the PAHC interactions. The over performance is also attributed to the increase in the number of CCS vets from 23 in the 3rd quarter to 28 in the 4th quarter.

### Strategy to overcome areas of under performance

- 1.1&1.2 The process of accreditation for Grahamstown Laboratory is in an advanced stage and is expected to be granted in the 1st quarter of 2019/2020 financial year. Queenstown and Middelburg laboratories are in the process of submitting their applications for SANAS accreditation.

### Changes to planned targets

None.

## LINK PERFORMANCE INDICATORS WITH THE BUDGETS

The programme has achieved 12 out of 20 performance indicators and spent R316, 136 million against an allocated amount of R326 659 million. The underperformance is mainly due to lack of SANAS accreditation of our Laboratories as well as poor handling facilities and poor conditions of animals as a result of drought.

Budget under expenditure was due to the expiry of RT10 contract which was later extended resulting in increased lead time for purchasing of these veterinary supplies and late deliveries which missed the last payment run. In addition, funds allocated to the Middelburg lab could not be spent due to delays in the approval of the application for accreditation by SANAS.

| VETERINARY SERVICES          | 2018 / 2019               |                          |                                | 2017 / 2018               |                          |                                |
|------------------------------|---------------------------|--------------------------|--------------------------------|---------------------------|--------------------------|--------------------------------|
|                              | Final Appropriation R'000 | Actual Expenditure R'000 | (Over)/Under Expenditure R'000 | Final Appropriation R'000 | Actual Expenditure R'000 | (Over)/Under Expenditure R'000 |
| 4.1 Animal Health            | 273,339                   | 269,632                  | 3,707                          | 260,462                   | 260,337                  | 125                            |
| 4.2 Export Control           | 10,146                    | 8,694                    | 1,452                          | 9,475                     | 9,403                    | 72                             |
| 4.3 Veterinary Public Health | 16,678                    | 15,784                   | 894                            | 15,106                    | 14,955                   | 151                            |
| 4.4 Veterinary Laboratories  | 26,495                    | 22,026                   | 4,469                          | 21,007                    | 20,488                   | 519                            |
| <b>TOTAL</b>                 | <b>326,659</b>            | <b>316,136</b>           | <b>10,523</b>                  | <b>306,050</b>            | <b>305,183</b>           | <b>867</b>                     |

## Programme 5: Research and Technology Development Services

**Objective:** To provide expert and needs based research, development and technology transfer impacting on development objectives.

### List sub programmes

- Sub- Programme 5.1: Research.
- Sub-Programme 5.2: Technology Transfer Services.
- Sub-Programme 5.3: Infrastructure Services.

### List Strategic Objectives

- **SO 1.2:** Improved livestock production.
- **SO 1.3:** Increased crop production.

| Research and Technology Development Services |                            |                         |                            |  |                      |
|--|----------------------------|-------------------------|----------------------------|--|----------------------|
| Strategic Objective                          | Annual Achievement 2017/18 | Planned Targets 2018/19 | Actual Achievement 2018/19 | Deviation from planned targets to Actual Achievement | Comment on deviation |
| Research projects implemented.               | 60                         | 63                      | 63                         | -  | No deviation         |

## Sub Programme 5.1: Research

**Objective:** To improve the agricultural production through conducting, facilitating and coordinating medium to long term research and technology development.

| SG 1: SO 1.2 Improved livestock production.<br>SG 1: SO 1.3 Increased crop production. |  |                            |                            |                             |                        |                            |   |                       |
|--|--|----------------------------|----------------------------|-----------------------------|------------------------|----------------------------|---|-----------------------|
| Performance Indicator  |  | Actual Achievement 2015/16 | Actual Achievement 2016/17 | Actual Achievement 2017/178 | Planned Target 2018/19 | Actual Achievement 2018/19 | Deviation from planned target to actual achievement for 2018/19 | Comment on deviations |
| 1.1  | Number of research projects implemented to improve agricultural production.  | 70                         | 70                         | 60                          | 63                     | 63                         | -   | No deviation          |
| 1.2  | Number of profiling reports conducted for promotion of sustainable rural livelihoods in identified areas.  | 4                          | 3                          | 7                           | 7                      | 7                          | -   | No deviation          |
| 1.3  | Time taken to analyse plant, soil and water samples and provision of results to the clients to make informed decisions (three weeks per client). | 4                          | 3                          | 3                           | 3 weeks                | 3                          | -   | No deviation          |
| 1.4  | Number of spatial data disseminated to end users for planning purposes.  | 207                        | 229                        | 182                         | 200                    | 211                        | 11  | Over performance      |
| 1.5  | Number of aquaculture projects supported.  | New PI                     | New PI                     | New PI                      | 4                      | 2                          | (2)   | Under performance     |

### Reasons for all deviations

- 1.4 Ad-hoc requests exceeded initial projection for the quarter.
- 1.5 The under-performance is due to small-scale fisheries not rolled out by DAFF.

### Strategy to overcome areas of under performance

- 1.5 Target setting to be based on programs initiated by the Department.

### Changes to planned targets

None.

## Sub-Programme 5.2: Technology Transfer Services

Objective: To disseminate information on research and technology developed to clients, peers and scientific community.

| SG 1: SO 1.2 Improved livestock production.<br>SG 1: SO 1.3 Increased crop production. |   |                            |                            |                             |                        |                            |   |                       |
|--|---|----------------------------|----------------------------|-----------------------------|------------------------|----------------------------|---|-----------------------|
| Performance Indicator  |   | Actual Achievement 2015/16 | Actual Achievement 2016/17 | Actual Achievement 2017/178 | Planned Target 2018/19 | Actual Achievement 2018/19 | Deviation from planned target to actual achievement for 2018/19 | Comment on deviations |
| 1.1  | Number of scientific papers published.  | 4                          | 3                          | 9                           | 5                      | 16                         | 11  | Over performance      |
| 1.2  | Number of research presentations made at peer reviewed events.  | 24                         | 34                         | 56                          | 34                     | 57                         | 23  | Over performance      |
| 1.3  | Number of research presentations made at technology transfer events in order to impart knowledge to stakeholders.   | 18                         | 37                         | 40                          | 37                     | 35                         | (2)   | Under performance     |
| 1.4  | Number of demonstration trials conducted with farmers in order to impart knowledge and skills on farming practices. | 5                          | 10                         | 10                          | 10                     | 8                          | (2)   | Under performance     |
| 1.5  | Number of information packs developed for dissemination to farmers and the general public.                          | 12                         | 8                          | 10                          | 10                     | 10                         | -   | No deviation          |
| 1.6  | Evaluation report submitted on the functionality of the Agricultural Information System.                            | 1                          | 1                          | 1                           | 1                      | 1                          | -   | No deviation          |

### Reasons for all deviations

- 1.1 The long term research projects producing results and the improved turn-around time from journal reviewers resulted in more papers published in the financial year.
- 1.2 The presentation in scientific congresses was boosted by the contribution of internship program implemented by Department, these interns attended congresses and presented their work.
- 1.3 The presentation in technology transfer events is a demand driven activity and during the year there were fewer request for this from extension services.
- 1.4 The demonstration trials are driven by request from farmers and extension officers and fewer requests to conduct demonstrations were received.

### Strategy to overcome areas of under performance

- 1.3 & 1.4 The indicators that we under achieved are those driven by demand therefore this can be addressed by setting targets conservatively.

### Changes to planned targets

None.



## Sub-Programme 5.3: Infrastructure Support Services

**Objective:** To manage and maintain research infrastructure facilities for the line function to perform research and technology transfer functions, i.e. experimental farms.

| SG 1: SO 1.2 Improved livestock production.<br>SG 1: SO 1.3 Increased crop production |  |                               |                               |                                |                           |                               |  |                          |
|---|--|-------------------------------|-------------------------------|--------------------------------|---------------------------|-------------------------------|--|--------------------------|
| Performance Indicator   |  | Actual Achievement<br>2015/16 | Actual Achievement<br>2016/17 | Actual Achievement<br>2017/178 | Planned Target<br>2018/19 | Actual Achievement<br>2018/19 | Deviation from<br>planned target to<br>actual achievement<br>for 2018/19 | Comment on<br>deviations |
| 1.1   | Number of research infrastructure managed. | 7                             | 7                             | 7                              | 7                         | 7                             | -  | No deviation             |

### Reasons for all deviations

None.

### Strategy to overcome areas of under performance

None.

### Changes to planned targets

None.

## LINKING PERFORMANCE WITH BUDGETS

The programme has achieved 9 out of 12 performance indicators and spent R133, 530 million against an allocated amount of R135, 758 million. Under expenditure is due to service providers who failed to deliver animal feed purchased. Furthermore, compensation of employees was under spent due to natural attrition.

|   | 2018/2019                 |                          |                                | 2017/2018                 |                          |                                |
|---|---------------------------|--------------------------|--------------------------------|---------------------------|--------------------------|--------------------------------|
|   | Final Appropriation R'000 | Actual Expenditure R'000 | (Over)/Under Expenditure R'000 | Final Appropriation R'000 | Actual Expenditure R'000 | (Over)/Under Expenditure R'000 |
| <b>RESEARCH AND TECHNOLOGY DEVELOPMENT SERVICES</b> |                           |                          |                                |                           |                          |                                |
| 5.1 Research  | 127,681                   | 126,766                  | 915                            | 115,468                   | 115,381                  | 87                             |
| 5.2 Technology Transfer Services                    | 6,424                     | 5,483                    | 941                            | 6,945                     | 6,623                    | 322                            |
| 5.3 Infrastructure Support Services                 | 1,653                     | 1,281                    | 372                            | 1,497                     | 1,486                    | 11                             |
| <b>TOTAL</b>  | <b>135,758</b>            | <b>133,530</b>           | <b>2,228</b>                   | <b>123,910</b>            | <b>123,490</b>           | <b>420</b>                     |

## Programme 6: Agricultural Economic Services

**Objective:** To provide timely and relevant agricultural economic services to ensure equitable participation in the economy.

### List of sub programmes

- Sub-Programme 6.1: Production Economics and Marketing Support
- Sub-Programme 6.2: Agro-Processing Support
- Sub-Programme 6.3: Macroeconomics Support

### List strategic objectives

- **SO 1.2** Improved livestock production.
- **SO 1.3** Increased crop production

| Agricultural Economic Services  |                            |                         |                            |  |                      |
|---|----------------------------|-------------------------|----------------------------|--|----------------------|
| Strategic Objective   | Annual Achievement 2017/18 | Planned Targets 2018/19 | Actual Achievement 2018/19 | Deviation from planned targets to Actual Achievement | Comment on deviation |
| Support to agri-business with the goal of establishing farmers to achieve a commercial farmer status. | 256                        | 219                     | 412                        | 193  | Over performance     |

## Sub-Programme 6.1: Agri-Business Support and Development

**Objective:** To provide production economics and marketing services to agri-businesses.

| SG 1: SO 1.2 Improved livestock production.<br>SG 1: SO 1.3 Increased crop production |  |                               |                               |                                |                           |                               |  |                          |
|---|--|-------------------------------|-------------------------------|--------------------------------|---------------------------|-------------------------------|--|--------------------------|
| Performance Indicator   |  | Actual Achievement<br>2015/16 | Actual Achievement<br>2016/17 | Actual Achievement<br>2017/178 | Planned Target<br>2018/19 | Actual Achievement<br>2018/19 | Deviation from<br>planned target to<br>actual achievement<br>for 2018/19 | Comment on<br>deviations |
| 1.1   | Number of agri-businesses supported with marketing services.           | 353                           | 349                           | 256                            | 219                       | 412                           | 193  | Over performance         |
| 1.2   | Number of agri-businesses supported with production economic services. | 3 700                         | 5 483                         | 5 617                          | 3 641                     | 3236                          | (405)  | Under performance        |

### Reasons for all deviations

- 1.1 Responses from workshops and information days that were conducted throughout the districts by DRDAR and other departments as from last financial year contributed increased demand for services greater than that projected for the year.
- 1.2 The under-performance relates to a greater emphasis in the requests from farmers on marketing than on production.

### Strategy to overcome areas of under performance

- 1.2 Under performance to be addressed through greater attention given to adjusting the projection to the revised indicator for 2019/20 based on past performance and improved understanding of the revised indicator.

### Changes to planned targets

None.

## Sub-Programme 6.2: Agro-Processing Support

**Objective:** To facilitate agro-processing initiatives to ensure participation in the value chain.

| SG 1: SO 1.2 Improved livestock production.<br>SG 1: SO 1.3 Increased crop production |  |                               |                               |                                |                           |                               |  |                          |  |
|---|--|-------------------------------|-------------------------------|--------------------------------|---------------------------|-------------------------------|--|--------------------------|--|
| Performance Indicator   |  | Actual Achievement<br>2015/16 | Actual Achievement<br>2016/17 | Actual Achievement<br>2017/178 | Planned Target<br>2018/19 | Actual Achievement<br>2018/19 | Deviation from<br>planned target to<br>actual achievement<br>for 2018/19 | Comment on<br>deviations |  |
| 1.1   | Number of agro-processing initiatives supported. | New PI                        | New PI                        | New PI                         | 7                         | 10                            | 3  | Over performance         |  |

### Reasons for all deviations

- 1.1 Over performance is due to increased demand for technical support additional to that planned for the quarter.

### Strategy to overcome areas of under performance

None.

### Changes to planned targets

None.

## Programme 6.3: Macroeconomics Support

**Objective:** To provide economic and statistical information on the performance of the agricultural sector in order to inform planning and decision making.

| SG 1: SO 1.2 Improved livestock production.<br>SG 1: SO 1.3 Increased crop production. |                                      |                               |                               |                                |                           |                               |  |                          |
|--|--------------------------------------|-------------------------------|-------------------------------|--------------------------------|---------------------------|-------------------------------|--|--------------------------|
| Performance Indicator  |                                      | Actual Achievement<br>2015/16 | Actual Achievement<br>2016/17 | Actual Achievement<br>2017/178 | Planned Target<br>2018/19 | Actual Achievement<br>2018/19 | Deviation from<br>planned target to<br>actual achievement<br>for 2018/19 | Comment on<br>deviations |
| 1.1  | Number of economic reports compiled. | New PI                        | New PI                        | New PI                         | 34                        | 46                            | 12   | Over performance         |

### Reasons for all deviations

- 1.1 Over-performance is due to an additional work carried out in Joe Gqabi for vegetable production and school feeding scheme for Eastern Cape Development Corporation and Department of Education respectively.

### Strategy to overcome areas of under performance

None.

### Changes to planned targets

None.

## LINKING PERFORMANCE WITH BUDGETS

The programme has achieved 3 out of 4 performance indicators and spent R87, 931 million against an allocated amount of R88,765 million. Under expenditure service is due to computers not being procured on time and licensing for economic software packages delayed due amendments that were not finalised.

| AGRICULTURAL ECONOMIC SERVICES                   | 2018/2019                    |                             |                                      | 2017/2018                    |                             |                                      |
|--|------------------------------|-----------------------------|--------------------------------------|------------------------------|-----------------------------|--------------------------------------|
|  | Final Appropriation<br>R'000 | Actual Expenditure<br>R'000 | (Over)/Under<br>Expenditure<br>R'000 | Final Appropriation<br>R'000 | Actual Expenditure<br>R'000 | (Over)/Under<br>Expenditure<br>R'000 |
| <b>6.1</b> Agri-Business Support and Development | 60,980                       | 60,406                      | 574                                  | 48,749                       | 48,714                      | 35                                   |
| <b>6.2</b> Macroeconomics Support                | 27,785                       | 27,525                      | 260                                  | 25,538                       | 25,538                      | -                                    |
| <b>TOTAL</b>                                     | <b>88,765</b>                | <b>87,931</b>               | <b>834</b>                           | <b>74,287</b>                | <b>74,252</b>               | <b>35</b>                            |

## Programme 7: Structured Agricultural Education and Training

**Objective:** To facilitate and provide structured and vocational agriculture forestry and fisheries education and training in line with the National Education and Training Strategy for Agriculture, Forestry and Fisheries (NETSAFF) in order to establish a knowledgeable, prosperous and competitive sector.

### List Sub-Programmes

- Sub-Programme 7.1: Higher Education and Training.
- Sub-Programme 7.2: Agricultural Skills Development.

### Strategic Objectives

- **SO 1.2** Improved livestock production.
- **SO 1.3** Increased crop production.

| Structured Agricultural Education and Training   |                            |                         |                            |  |                      |
|--|----------------------------|-------------------------|----------------------------|--|----------------------|
| Strategic Objective  | Annual Achievement 2017/18 | Planned Targets 2018/19 | Actual Achievement 2018/19 | Deviation from planned targets to Actual Achievement | Comment on deviation |
| Conducted training and development of 16 000 farmers in livestock management, crop production and extension advisory services. | 2 649                      | 2 350                   | 2 832                      | 482  | Over performance     |



## Sub-Programme 7.1: Higher Education and Training

**Objective:** To provide tertiary Agriculture, Forestry and Fisheries education and training from NQF levels 5 to applicants who meet minimum requirements.

| SG 1: SO 1.2 Improved livestock production.<br>SG 1: SO 1.3 Increased crop production. |  |                            |                            |                             |                        |                            |   |                       |  |
|--|--|----------------------------|----------------------------|-----------------------------|------------------------|----------------------------|---|-----------------------|--|
| Performance Indicator  |  | Actual Achievement 2015/16 | Actual Achievement 2016/17 | Actual Achievement 2017/178 | Planned Target 2018/19 | Actual Achievement 2018/19 | Deviation from planned target to actual achievement for 2018/19 | Comment on deviations |  |
| 1.1  | Number of students enrolled to complete accredited Higher Education and Training (HET) qualifications. | 514                        | 543                        | 578                         | 578                    | 578                        | -   | No deviation          |  |
| 1.2  | Number of students graduated from Agricultural Training Institutes.                                    | 100                        | 111                        | 138                         | 130                    | 129                        | (4)   | Under performance     |  |

### Reasons for all deviations

1.2 Four students from Fort Cox did not meet the qualification requirements.

### Strategy to overcome areas of under performance

1.2 The college will strengthen extra academic activities, such as tutorials to bridge the knowledge gap in students who are lagging behind.

### Changes to planned targets

None.

## Sub-Programme 7.2: Agricultural Skills Development

**Objective:** To provide formal and non-formal training on NQF levels 1 to 4 through structured vocational education and training programmes.

| SG 1: SO 1.2 Improved livestock production.<br>SG 1: SO 1.3 Increased crop production |  |                            |                            |                             |                        |                            |   |                       |
|---|--|----------------------------|----------------------------|-----------------------------|------------------------|----------------------------|---|-----------------------|
| Performance Indicator   |  | Actual Achievement 2015/16 | Actual Achievement 2016/17 | Actual Achievement 2017/178 | Planned Target 2018/19 | Actual Achievement 2018/19 | Deviation from planned target to actual achievement for 2018/19 | Comment on deviations |
| 1.1   | Number of participants trained in skills development programmes in the sector.   | 2 259                      | 2 043                      | 2 649                       | 2 350                  | 2,832                      | 482   | Over performance      |
| 1.2   | Number of Educators capacitated in agricultural science related fields to improve their understanding of the sector needs.                                 | 94                         | 88                         | 25                          | 80                     | 80                         | -   | No deviation          |
| 1.3   | Number of school going learners exposed to various fields in the agriculture and rural development sector in order to attract new entrants to the sectors. | 288                        | 255                        | 242                         | 200                    | 243                        | 43  | Over performance      |
| 1.4   | Number of out of school youth participated /trained in learnership programme.  | 170                        | 212                        | 170                         | 170                    | 542                        | 372   | Over performance      |
| 1.5   | Number of farms/projects mentored according to different commodities in order to make them profitable.   | New PI                     | New PI                     | 29                          | 40                     | 154                        | 114   | Over performance      |
| 1.6   | Number of Farm-Workers completing accredited and/ or non-accredited training to develop skilled Farm-Workers.  | 191                        | 188                        | 200                         | 200                    | 220                        | 20  | Over performance      |
| 1.7   | Number of infrastructure programmes implemented in Agricultural Colleges developed to improve the farmer training capacity.                                | 2                          | 2                          | 2                           | 2                      | 2                          | -   | No deviation          |

## Reasons for all deviations

- 1.1 The over-performance in PI 1.4 contributed to overall performance as a sum total of all trained farmers in order to address the backlog due under-performance in the previous quarters. TARDI especially, had to put an additional effort to the 3rd quarter backlog due to lack of accommodation in students' residence. It was also established that SMMEs needed specialised training to reduce levels of harmful bacteria in food and food substances.
- 1.3 Due to the increased awareness of the role of TARDI, many schools are requesting that TARDI participate in the career exhibitions organised by the school.
- 1.4 Learnerships that commenced in 2017 had to continue as multi-year offerings from April 2018 as breaks in December and March become unavoidable for learning programmes that span 8 months or longer.
- 1.5 Anticipated mentorship activities were affected by transfers that could not be effected to some Commodity Group partners.
- 1.6 High interest on the training provided led to more farm workers participating on the training that was provided.

## Strategy to overcome areas of under performance

None.

## Changes to planned targets

None.

## LINKING PERFORMANCE WITH BUDGETS

The Program managed to spend 96% of the allocated funds in respect of 8 out of 9 performance indicators that the program is responsible for. The Program performed commendably in 8 of the 9 (2 from 7.1 and 7 from 7.2) performance indicators that it was tasked to achieve.

This constitutes 80% success rate. The under expenditure on training was due to the late approval for limited bidding procurement which was approved by Provincial Treasury in August 2018. All other trainings managed to catch up, most affected was the 8 month learnership for 316 youths. The rollover for the funds has been requested as the funds had been committed and contracts signed with the learners.

| STRUCTURED AGRICULTURAL EDUCATION AND TRAINING | 2018/2019                 |                          |                                | 2017/2018                 |                          |                                |
|--|---------------------------|--------------------------|--------------------------------|---------------------------|--------------------------|--------------------------------|
|  | Final Appropriation R'000 | Actual Expenditure R'000 | (Over)/Under Expenditure R'000 | Final Appropriation R'000 | Actual Expenditure R'000 | (Over)/Under Expenditure R'000 |
| 7.1 Higher Education and Training.             | 57 218                    | 57 218                   | 0                              | 54 795                    | 54 795                   | 0                              |
| 7.2 Agricultural Skills Development.           | 109 818                   | 104 544                  | 5 274                          | 94 942                    | 91 468                   | 3 474                          |
| <b>TOTAL</b>                                   | <b>167 036</b>            | <b>161 762</b>           | <b>5 274</b>                   | <b>149 737</b>            | <b>146 263</b>           | <b>3 474</b>                   |

## Programme 8: Rural Development.

**Objective:** To coordinate the development programmes by stakeholders in rural areas

### List of sub-programs

- Sub-programme 8.1: Rural Development Coordination.
- Sub-programme 8.2: Social Facilitation.

### List the strategic objectives

- **SO 1.1** Rural development initiatives facilitated and coordinated.

| Rural Development Coordination   |                            |                         |                            |  |                      |
|--|----------------------------|-------------------------|----------------------------|--|----------------------|
| Strategic Objective  | Annual Achievement 2017/18 | Planned Targets 2018/19 | Actual Achievement 2018/19 | Deviation from planned targets to Actual Achievement | Comment on deviation |
| Facilitate and coordinate the implementation of development initiatives through agencies, private sector, government and NGOs. | 4                          | 8                       | 8                          | -  | No deviation         |

## Sub-Programme 8.1: Rural Development Coordination

**Objective:** To initiate, plan and monitor development in specific rural areas (CRDP sites) across the three spheres of government in order to address needs that have been identified.

| SG 1: SO 1.1 Rural development initiatives facilitated and coordinated. |   |                            |                            |                             |                        |                            |   |                       |
|---|---|----------------------------|----------------------------|-----------------------------|------------------------|----------------------------|---|-----------------------|
| Performance Indicator   |   | Actual Achievement 2015/16 | Actual Achievement 2016/17 | Actual Achievement 2017/178 | Planned Target 2018/19 | Actual Achievement 2018/19 | Deviation from planned target to actual achievement for 2018/19 | Comment on deviations |
| 1.1   | Number of oversight reports consolidated on rural development projects supported through ECRDA. | New PI                     | 4                          | 4                           | 4                      | 4                          | -   | No deviation          |
| 1.2   | Number of Outcome 7 reports consolidated and submitted.   | 4                          | 4                          | 4                           | 4                      | 4                          | -   | No deviation          |
| 1.3   | Number of IGR sessions conducted.   | 4                          | 4                          | 4                           | 4                      | 4                          | -   | No deviation          |

### Reasons for all deviations

None.

### Strategy to overcome areas of under performance

None.

### Changes to planned targets

None.

## Sub- Programme 8.2 Social Facilitation

**Objective:** To engage communities on priorities and to institutionalise and support community organisational structures (NGOs etc.)

| SG 1: SO 1.1 Rural development initiatives facilitated and coordinated. |   |                            |                            |                             |                        |                            |   |                       |  |
|---|---|----------------------------|----------------------------|-----------------------------|------------------------|----------------------------|---|-----------------------|--|
| Performance Indicator   |   | Actual Achievement 2015/16 | Actual Achievement 2016/17 | Actual Achievement 2017/178 | Planned Target 2018/19 | Actual Achievement 2018/19 | Deviation from planned target to actual achievement for 2018/19 | Comment on deviations |  |
| 1.1   | Number of basic infrastructure projects implemented using innovations and appropriate technologies. | 5                          | 6                          | 4                           | 8                      | 8                          | -   | No deviation          |  |

### Reasons for all deviations

None.

### Strategy to overcome areas of under performance

None.

### Changes to planned targets

None.

## LINKING PERFORMANCE WITH BUDGETS

The programme has achieved 4 out of 4 performance indicators and spent R189,793 million against an allocated amount of R192,688 million. The under expenditure was caused by delays in processing RATU water harvesting projects and spring protection.

|   | 2018/2019                 |                          |                                | 2017/2018                 |                          |                                |
|---|---------------------------|--------------------------|--------------------------------|---------------------------|--------------------------|--------------------------------|
|   | Final Appropriation R'000 | Actual Expenditure R'000 | (Over)/Under Expenditure R'000 | Final Appropriation R'000 | Actual Expenditure R'000 | (Over)/Under Expenditure R'000 |
| <b>RURAL DEVELOPMENT COORDINATION</b>   |                           |                          |                                |                           |                          |                                |
| 8.1 Development planning and monitoring | 191,224                   | 188,885                  | 2,339                          | 191,354                   | 191,258                  | 96                             |
| 8.2 Social Facilitation                 | 1,464                     | 908                      | 556                            | 1,658                     | 1,618                    | 40                             |
| <b>TOTAL</b>                            | <b>192,688</b>            | <b>189,793</b>           | <b>2,895</b>                   | <b>193,012</b>            | <b>192,876</b>           | <b>136</b>                     |



## 5. TRANSFER PAYMENTS

### 5.1 Transfer payments to Public Entities

| Name of Public Entity | Services rendered by the public entity | Amount transferred to the public entity R'000 | Amount spent by the public entity R'000 | Achievements of the public entity  |
|-----------------------|--|---|---|--|
| ECRDA                 | ECRDA Operations & Programmes          | R167 975                                      | R167 975                                | The ECRDA has achieved 70% of performance targets and a clean audit report. Programmes include the RED Hubs, Forestry maintenance and expansion, Livestock and Renewable Energy solutions implemented. |
|                       | Magwa Tea Estate                       |   |   | 596 tons was produced on the Magwa tea estate and 77 tons of tea was produced at the Majola estate.<br>The sale value made from tea amounted to R16.7million and R1.9million respectively.             |
|                       | Amajingqi Macadamia                    |   |   | 267ha have been planted. 89ha of 3year old trees bearing their first crop – harvesting commenced in March 2019. Water tanks have been installed.   |

### 5.2 Transfer payments to all organizations other than public entities

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 | Compliance with s 38 (1) (j) of the PFMA | Amount transferred (R'000) | Amount spent by the entity (R'000) | Reasons for the funds unspent by the entity |
|--------------------|----------------------|---------------------------------------|--|----------------------------|------------------------------------|---|
| Fort Cox College   | Agricultural College | Salaries                              | Yes                                      | 57 218                     | 57 218                             | -   |

The table below reflects the transfer payments which were budgeted for in the period 1 April 2018 to 31 March 2019 but no transfer payments were made.

| Name of transferee | Type of organisation | Purpose for which the funds were to be used | Amount budgeted for (R'000) | Amount transferred (R'000) | Reasons why funds were not transferred |
|--------------------|----------------------|---|-----------------------------|----------------------------|--|
| Not applicable     | -                    | -   | -                           | -                          | -                                      |

## 6. CONDITIONAL GRANTS

### 6.1 Conditional grants and earmarked funds paid

None.

### 6.2 Conditional grants and earmarked funds received

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

#### COMPREHENSIVE AGRICULTURAL SUPPORT PROGRAMME GRANT:

| Department who transferred the grant       | Department of Agriculture, Forestry and Fisheries  |
|--|--|
| Purpose of the grant                       | <ul style="list-style-type: none"> <li>To provide effective agricultural support services, promote and facilitate agricultural development by targeting beneficiaries of land restitution and redistribution, and other previously disadvantaged producers who have acquired land through private means, and are engaged in value-adding enterprises domestically, or involved in export.</li> <li>To address damage to infrastructure caused by floods.</li> </ul>  |
| Expected outputs of the grant              | <ul style="list-style-type: none"> <li>Number of subsistence, smallholder and commercial farmers supported through CASP.</li> <li>Number of youth and women farmers supported through CASP.</li> <li>Number of black commercial farmers supported.</li> <li>Number of on-off farm infrastructure provided</li> <li>Number of beneficiaries of CASP supported with SA GAP certification.</li> <li>Number of beneficiaries of CASP trained on farming methods.</li> <li>Number of beneficiaries of CASP with markets identified.</li> <li>Number of extension personnel recruited and maintained in the system.</li> <li>Number extension officers upgrading qualifications in various institutions.</li> <li>Agricultural colleges upgrading infrastructure.</li> <li>Agricultural Information Management System (AIMS) implemented in all 9 provinces.</li> </ul>  |
| Actual outputs achieved                    | <ul style="list-style-type: none"> <li>Number of subsistence - <b>392</b> smallholder <b>620</b> and commercial farmers <b>44</b> supported through CASP.</li> <li>Number of youth and women farmers supported through CASP – <b>405</b>.</li> <li>Number of black commercial farmers supported – <b>44</b>.</li> <li>Number of on-off farm infrastructure provided – <b>84</b>.</li> <li>Number of beneficiaries of CASP supported with SA GAP certification – <b>0</b>.</li> <li>Number of beneficiaries of CASP trained on farming methods –<b>2832</b>.</li> <li>Number of beneficiaries of CASP with markets identified –<b>582</b>.</li> <li>Number of extension personnel recruited and maintained in the system –<b>13</b> advisers and <b>8</b> Senior Advisers.</li> <li>Number extension officers upgrading qualifications in various institutions –<b>10</b> UFS Honours in Extension science.</li> <li>Agricultural colleges upgrading infrastructure – <b>2</b>.</li> <li>Agricultural Information Management System (AIMS) implemented in all 9 provinces.</li> </ul> |
| Amount per amended DORA                    | R284 140 000. 00   |
| Amount received                            | R284 140 000. 00   |
| Reasons if amount as per DORA not received | N/A  |
| Amount spent by the department             | R261 705 000. 00   |

| Department who transferred the grant             | Department of Agriculture, Forestry and Fisheries  |
|--|--|
| Reasons for the funds unspent                    | <ul style="list-style-type: none"> <li>The delays in construction of shearing sheds in Engcobo and Intsika Yethu by EN trading brought about under expenditure of R 4 344 567.9. This contract was cancelled and later reinstated due to merits found on the contractors appeal. Even after the reinstatement, the contractor's progress was not satisfactory and the matter is being dealt with contractually. Unfortunately this happened after the adjustment period and when it was too late to do anything.</li> <li>Social Challenges and Volatile environment at Qamata also contributed to under spending. When DRDAR thought the challenges were resolved and contractors instructed to resume the works the challenges erupted again and last minute re-directing of funds had to be done in budget to procure equipment and production inputs for Ncorha. Savings were then realised and no further procurement was done due to time constraints.</li> <li>The under expenditure on training was due to the late approval for limited bidding procurement which was approved by Provincial Treasury in August 2018. All other trainings managed to catch up, most affected was the 8 month learnership for 316 youths. The rollover for the funds has been requested as the funds had been committed and contracts signed with the learners.</li> </ul> |
| Reasons for deviation on performance             | <ul style="list-style-type: none"> <li>Court order in OR Tambo for KSD and Nquza Hill sites as a result of litigation by unsuccessful bidders led to under-performance on smallholders supported.</li> <li>Similarly in Alfred Nzo, the protests by service providers demanding 60% of the work to be tailor made for Alfred Nzo service providers led to delays in service delivery and inturn under-performance on smallholder farmers targeted for support.</li> </ul>  |
| Measures taken to improve performance            | <ul style="list-style-type: none"> <li>In-depth analysis and improvement of the departmental LED policy to accommodate reasonable service provider demands. Conduct road shows in order to orientate service providers on departmental policies and relevant legislation.</li> <li>Enforce smarter tracking of contractor progress by enforcing work schedules and tighter contract management and in-turn timely replacement of contractors.</li> <li>Conducting proper evaluation of the entire infrastructure delivery value chain to identify bottlenecks, and weaknesses in the system. The evaluation will also include identification of risks and mitigation measures.</li> </ul>  |
| Monitoring mechanism by the receiving department | Physical site visits are conducted quarterly by the transferring officer and Quarterly reporting meetings are also held.   |

### EXPANDED PUBLIC WORKS PROGRAMME GRANT:

The table below details the conditional grants and earmarked funds received during the period 1 April 2018 to 31 March 2019.

| Department who transferred the grant | Department roads and Public Works  |
|--------------------------------------|--|
| Purpose of the grant                 | <p>To incentivize provincial departments to expand work creation efforts through the use of labor intensive delivery methods in the following identified focus areas, in compliance with the EPWP guidelines:</p> <ul style="list-style-type: none"> <li>road maintenance and the maintenance of buildings;</li> <li>low traffic volume roads and rural roads;</li> <li>other economic and social infrastructure;</li> <li>tourism and cultural industries;</li> <li>sustainable land based livelihoods; and</li> <li>Waste management.</li> </ul> |
| Expected outputs of the grant        | 176 people employed and receiving income through the EPWP.   |
| Actual outputs achieved              | 891 people employed and receiving income through the EPWP.   |
| Amount per amended DORA (R'000)      | R2 502 000. 00   |
| Amount received (R'000)              | R2 502 000. 00   |

|   |  |
|---|--|
| <b>Department who transferred the grant</b>             | <b>Department roads and Public Works</b>   |
| <b>Reasons if amount as per DORA was not received</b>   | N/A  |
| <b>Amount spent by the Department (R'000)</b>           | 100 % spent  |
| <b>Reasons for the funds unspent by the entity</b>      | N/A  |
| <b>Reasons for deviations on performance</b>            | Additional jobs funded through Land care reported under EPWP that increased the performance. |
| <b>Measures taken to improve performance</b>            | N/A  |
| <b>Monitoring mechanism by the receiving department</b> | Site visits. Monthly and quarterly reporting.  |

**ILIMA / LETSEMA CONDITIONAL GRANT:**

|   |   |
|---|---|
| <b>Department who transferred the grant</b>             | <b>Department of Agriculture, Forestry and Fisheries</b>  |
| <b>Purpose of the grant</b>                             | To assist vulnerable South African farming communities achieve an increase in agricultural production and increased income, invest in infrastructure that unlocks agricultural production and supply government markets with agricultural products thus releasing them from poverty.      |
| <b>Expected outputs of the grant</b>                    | 25,000 Households supported with agricultural food production initiatives.<br>55,000 hectares planted for food production.<br>300 hectares planted to fodder crops to support livestock<br>120 hectares planted to industrial crops i.e. chicory.   |
| <b>Actual outputs</b>                                   | 18 288 Households supported with agricultural food production initiatives.<br>18 946 hectares planted for food production.<br>580 hectares planted to fodder crops to support livestock.<br>40 hectares planted to industrial crops i.e. chicory.   |
| <b>Amount per amended DORA (R'000)</b>                  | R71 263 000. 00   |
| <b>Amount received (R'000)</b>                          | R71 263 000. 00   |
| <b>Reasons if amount as per DORA was not received</b>   | None.   |
| <b>Amount spent by the Department (R'000)</b>           | R67 382 000.00  |
| <b>Reasons for the funds unspent by the entity</b>      | During the planting season, unfavourable climatic conditions of low rainfall occurred over a very large portion of the Eastern Cape and as a result thereof, the farmers were unable to establish the cropping area which had been projected and funds were therefore not fully utilized. |
| <b>Reasons for deviations on performance</b>            | During the planting season, unfavourable climatic conditions of low rainfall occurred over a very large portion of the Eastern Cape and as a result thereof, the farmers were unable to establish the cropping area which had been projected and funds were therefore not fully utilized. |
| <b>Measures taken to improve performance</b>            | Use of the drought resistant cultivars and target high potential areas.   |
| <b>Monitoring mechanism by the receiving department</b> | The Extension officers at Ward level have identified, and based on their submissions, Ilima/ Letsema monthly financial report, quarterly financial report and annual reports are submitted as per DORA.   |

**LAND CARE GRANT:**

|   |   |
|---|---|
| <b>Department who transferred the grant</b>             | <b>Department of Agriculture Forestry and Fisheries</b>   |
| <b>Purpose of the grant</b>                             | To promote sustainable use and management of natural resources by engaging in community based initiatives that support the pillars of sustainability (social, economic and environmental), leading to greater productivity, food security, job creation and better well-being for all.  |
| <b>Expected outputs of the grant</b>                    | 2 755 Hectares of arable land protected and rehabilitated.<br>750 ha of land under Conservation Agriculture.<br>Number of Junior Care participants involved in the programme.<br>16 Capacity building initiatives conducted for land care.<br>8 Awareness campaigns conducted and attended by land care.<br>2 459 ha of land where weeds and invader plants are under control.<br>65 Kilometers of fence erected.<br>296 Green jobs created.      |
| <b>Actual outputs achieved</b>                          | 10 573 Hectares of arable land protected and rehabilitated.<br>1 005 ha of land under Conservation Agriculture.<br>Number of Junior Care participants involved in the programme.<br>44 Capacity building initiatives conducted for land care.<br>9 Awareness campaigns conducted and attended by land care.<br>2 459 ha of land where weeds and invader plants are under control.<br>55 Kilometers of fence erected.<br>1 012 Green jobs created. |
| <b>Amount per amended DORA (R'000)</b>                  | R46 916 000. 00   |
| <b>Amount received (R'000)</b>                          | R46 916 000. 00   |
| <b>Reasons if amount as per DORA was not received</b>   | N/A   |
| <b>Amount spent by the Department (R'000)</b>           | R34 138 000. 00   |
| <b>Reasons for the funds unspent by the entity</b>      | Second appropriation Drought mitigation funds late availability for spending due to amendment to business plan for drought mitigation. R 8 806 submitted for roll-over form suppliers not being able to deliver in time for payments.   |
| <b>Reasons for deviations on performance</b>            | The over-performance stems from the receipt of additional R 3 950 000 in the second appropriation that meant the performance emanating from this additional budget was not projected in the annual performance plan (APP).<br>Under- performance in the kilometres of fencing completed stems from poor rate of work in the community works projects using wage payments rates and not task based work rates.                                     |
| <b>Measures taken to improve performance</b>            | A shift to task based remuneration rates for community construction projects to be instituted to incentivize expedient works rates.   |
| <b>Monitoring mechanism by the receiving department</b> | Site visits, monthly and quarterly reports.   |

## CONDITIONAL GRANT DISASTER RISK MANAGEMENT

Disaster funds received in the period under review are an amount of R20 million under the CASP and an amount of R36, 950 million under the Land Care conditional grant. These are reported within under the respective tables for these grants.

|  |     |
|--|-----|
| Department who transferred the grant             | N/A |
| Purpose of the grant                             | N/A |
| Expected outputs of the grant                    | N/A |
| Actual outputs achieved                          | N/A |
| Amount per amended DORA (R'000)                  | N/A |
| Amount received (R'000)                          | N/A |
| Reasons if amount as per DORA was not received   | N/A |
| Amount spent by the Department (R'000)           | N/A |
| Reasons for the funds unspent by the entity      | N/A |
| Reasons for deviations on performance            | N/A |
| Monitoring mechanism by the receiving department | N/A |

## 7. DONOR FUNDS

### 7.1 Donor Funds Received

|  |     |
|--|-----|
| Name of donor                          | N/A |
| Full amount of the funding             | N/A |
| Period of the funding                  | N/A |
| Purpose of the funding                 | N/A |
| Expected outputs                       | N/A |
| Actual outputs achieved                | N/A |
| Amount received (R'000)                | N/A |
| Amount spent by the department (R'000) | N/A |
| Reasons for the funds unspent          | N/A |
| Monitoring mechanism by the donor      | N/A |

## 8. CAPITAL INVESTMENT

### 8.1 Capital investments, maintenance and asset management plan

| Infrastructure Projects               | 2018/19             |                    |                           | 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>     | 101 277             | 85 138             | 16 139                    | 162 735             | 131 145            | 31 590                    |
| <b>Existing infrastructure assets</b> | 21 888              | 25 596             | (3 708)                   | 10 004              | 7 089              | 3 923                     |
| - Upgrades and additions              | 21 371              | 17 748             | 3 623                     | 7 089               | 7 089              | -                         |

| Infrastructure Projects                          | 2018/19             |                    |                           | 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                     |
| - Rehabilitation, renovations and refurbishments | 517                 | 1 314              | (797)                     | -                   | -                  | -                         |
| - Maintenance and repairs                        | -                   | 6 534              | (6 534)                   | 3 923               | -                  | 3 923                     |
| <b>Infrastructure transfer</b>                   | -                   | -                  | -                         | 21 958              | 21 958             | -                         |
| - Current  | -                   | -                  | -                         | -                   | -                  | -                         |
| - Capital  | 43 690              | 43 690             | -                         | 21 958              | 21 958             | -                         |
| <b>Total</b>                                     | <b>166 855</b>      | <b>180 020</b>     | <b>12 431</b>             | <b>185 697</b>      | <b>160 192</b>     | <b>35 513</b>             |







**MR. B. DAYIMANI**  
COO: RURAL DEVELOPMENT

# PART C: GOVERNANCE



## I INTRODUCTION

Commitment by the department to maintain the highest standards of governance is fundamental to the management of public finances and resources. Users want assurance that the department has good governance structures in place to effectively, efficiently and economically utilise state resources which are funded by the taxpayer.

## 2 RISK MANAGEMENT

The department continues to review the Risk Management Policy, which reflects the Accounting Officer's stance on ERM related matters. The ERM Strategy not only serves to complement the Risk Management Policy, but is also an important governance document supporting management and other employees in their operational activities, as it incorporates the Risk Management Methodology, responsibilities of management and other employees, among other things.

### Risk Assessment and Development of Risk Registers

The department conducted Risk Assessments for the programmes to identify the key risks. The risks were prioritized and consolidated into a Risk Register, which was approved. The department developed the following registers: Strategic Risk Register and Operational Risk Register. The approved Risk Register was forwarded to Internal Audit to develop their risk based Internal Audit Plan for 2019/2020.

### The Risk Management Committee (RMC)

The cross-functional nature of the RMC is central to its effectiveness. Chaired by an independent specialist, the RMC reflects the various matters that relate to risk and deliberates on the department's operational activities, including potential improvements to the ERM Strategy and mitigating plans. The fact that the department has reached a level of maturity where risk treatment plan reports are deliberated on, is evident based on the value added by this committee.

For the year under review, the Committee held four meetings and approved the following Risk Management Strategic documents: Enterprise Risk Management Framework and Policy, Enterprise Risk Management Methodology and Strategy, Enterprise Risk Management Implementation Plan, Strategic and Operational Risk Registers. The documents were taken through a process of review within various functional components of the Department.

### A collaborative Approach to Risk Management

A collaborative approach has been established between Risk Management and Internal Audit to share information and reports to enable us to identify new or emerging risks. Internal Audit has conducted a follow-up audit on Risk Management to check whether the action plans were implemented for the identified weaknesses. Furthermore, risk management reports are presented at the Audit Committee meetings on a quarterly basis regarding the implementation of risk activities in the department.

### Progress in terms of ERM

All the 8 Programmes of the department have been risk-profiled and risk management is steadily improving. Deliberations on the prioritized risks for each programme as well as the department's Strategic

Risk Register, present a good opportunity for implementation plans to be assessed for both adequacy and effectiveness. The appointment of Risk Owners and Risk Champions and their involvement in all ERM related activities also contributes positively towards strengthening the mitigating plans and enhancing organizational planning and performance. Furthermore, Risk Management is a standing item on the agenda of Top Management to enhance monitoring.

The Risk Management unit, in collaboration with management and the Risk Management Committee, have quarterly interactions to review the risk management reports. The objective is to ensure the risk profile of each programme remains current. The collaborative approach also presents an opportunity to exchange ideas on emerging risks, allowing DRDAR to promptly identify them and formulate mitigating plans in response to them.

### 3 FRAUD AND CORRUPTION

#### TYPES OF ANTI CORRUPTION CASES INVESTIGATED

| Type                  | Number   |
|-----------------------|----------|
| Corruption            | 1        |
| Fraud                 | -        |
| Financial Misconducts | -        |
| Maladministration     | -        |
| <b>Total</b>          | <b>1</b> |

#### Nature of offences as per the total number of cases reported.

| Nature of Cases       | Number   |
|-----------------------|----------|
| Fraud & Corruption    | 1        |
| Forged Signature      | -        |
| Tender Irregularities | -        |
| Nepotism              | -        |
| Payroll Fraud         | -        |
| Procurement Fraud     | -        |
| Travel Claims         | -        |
| Financial Misconduct  | -        |
| Maladministration     | -        |
| <b>TOTAL</b>          | <b>1</b> |

**Status of cases:**

| Type   | Status   | Number   |
|--|--|----------|
| SAPS Anti-corruption unit                                    | Nil  | -        |
| Departmental Anti-corruption unit                            | Investigation conducted revealed no evidence to support the allegation | 1        |
| Closed files   | Investigation complete   | 1        |
| Pending cases still need to be finalised and closed          | There are no pending cases   | -        |
| Recommended cases for finalisation to the Accounting Officer | The leaking of information cases was completed                         | 1        |
| <b>Total</b>   |  | <b>1</b> |

**Pending cases still not finalised:**

| Type   | Year | Number |
|--|------|--------|
| Fraud and Corruption investigated by the Department's Crime Prevention Unit and Special Investigation Unit | 2007 | -      |
|  | 2008 | -      |
|  | 2009 | -      |
|  | 2010 | -      |
|  | 2011 | -      |
|  | 2012 | -      |
|  | 2013 | -      |
|  | 2014 | -      |
|  | 2015 | -      |
|  | 2016 | -      |
|  | 2017 | -      |
|  | 2018 | -      |
|  | 2019 | -      |

**CHALLENGES FACED REGARDING THE CASES REPORTED (HOTLINE / DEPARTMENT)**

The challenge is that more often than not, information provided is usually vague and incomplete, which makes it very difficult to follow. This makes the investigation long and complex.

## 4 MINIMISING CONFLICT OF INTEREST

Employees are encouraged to declare their financial interests yearly. SMS, MMS, OSD, Finance and SCM employees are disclosing their financial interests. Gifts received by employees are declared and recorded on the gift register.

## 5 CODE OF CONDUCT

Commitment by the department to maintain the highest standards of governance is fundamental to the management of public finances and resources. In enhancing harmonious relations in the workplace. During the reporting period, awareness sessions on the Code of Conduct for the Public Service, Sexual Harassment and other Labour Related Codes and policies regulating conduct in the workplace were held successfully. The department continued in monitoring the implementation of disciplinary measures to address internal controls. Two hundred and ten (210) departmental employees were reached, covered and capacitated for the information sessions.

The above efforts contributed to maintaining and promoting a high standard of professional ethics in the workplace in terms of Section 195 (1)(a) of the Constitution of the Republic dealing with “Basic values and Principles governing public administration” and towards the effective, efficient and economical utilization of the state resources which are funded by the taxpayer as well as delivering services impartially, fairly, equitably and without bias. The majority of SMS Members from all programmes are trained on “How to chair disciplinary hearings” and represent the Employer when the provisions of the Code of Conduct are violated.

This intervention sought to promote exemplary conduct in the public service administration.

## 6 HEALTH AND SAFETY AND ENVIRONMENTAL ISSUES

The Department strives to ensure compliance with all Health and Safety legislation by conducting risk assessments, health and safety audits, appointing all Programme Managers as Section 16 (2) delegates, health and safety representatives, first aiders and establishing health and safety committees.

The nature of work in DRDAR may pose many threats to the health and safety of personnel for many reasons including the manual requirements of the job, exposure to the weather, noise or vibration, contact with animals and the possibility of contracting zoonotic diseases and exposure to hazardous chemicals or substances.

The Department continues to ensure compliance with the Occupational Health and Safety Act (OHSA), which is enforced through a Departmental Risk register to monitor compliance to the OHSA. A total of thirty-eight (38) inspections were conducted in various offices at Head Office and in the districts, three (3) construction sites that were not fully compliant with the Act in certain instances. The findings have been compiled and forwarded to the relevant directorates for remedial action.

A total number of 204 employees participated in occupational health and safety education. The fumigation incident using a hazardous substance was investigated which resulted in an air monitoring survey being conducted and 116 exposed employees subjected to medical surveillance.

The Occupational Health and Safety Act requires capacitation of employees on occupational health and safety as a result Seventy-nine (79) Veterinary Service employees were trained on Hazardous Biological Agents (HBA). The purpose of the training was to ensure that employees are aware of hazards that they are exposed to and what precautions they should implement. Training of one hundred and twenty-three (123) fire marshals to assist in cases of emergency where a fire breaks out to prevent severe injuries to the employees that might be incurred as a result of the fire.

## 7 PORTFOLIO COMMITTEE

The Department met with the Portfolio Committee on 13th and 15th November 2018 to discuss the Annual Report and Financial Oversight Reports. The Portfolio Committee met on 23 November 2018 to finalise and adopt the report. The report was finalized and adopted on 23 November 2018.

### RESOLUTIONS/RECOMMENDATIONS OF PORTFOLIO COMMITTEE ON DRDAR'S HALF YEAR FINANCIAL AND PERFORMANCE OVERSIGHT REPORT FOR 2018

#### Programme I:Administration

| FINDINGS  | RECOMMENDATIONS   | RESPONSES FROM DRDAR   |
|---|---|--|
| a) The Department has obtained a qualified audit opinion with findings in audit outcomes after assessment by the Auditor-General. This is an indication that there is regression compared to the previous financial year. | 1) An audit improvement plan - with clear roles and responsibilities that will improve the current situation and consequence management processes as provided by sections 38(1)(g) and (h) of the PFMA Act 1 of 1999 - must be submitted to the Committee within 30 days. | <ul style="list-style-type: none"> <li>The department, supported by the Auditor General, conducted a workshop on performance information for all role-players including districts. The objective of the workshop was to educate role players on validation and reconciliation of population lists, proper record keeping systems and to discuss and solve challenges experienced at different levels of operations.</li> <li>Management also spent time analysing issues raised by AG, this resulted in a comprehensive Audit Intervention Plan (AIP) being developed.</li> <li>Progress on implementation of the AIP is done on a monthly basis by management and Treasury. It is also assessed on a quarterly basis by Internal Audit and Risk Management Committees. Progress on implementation of AIP is a standing agenda item in branch management meetings where progress is monitored.</li> <li>High audit risks are included in the annual audit plan and risk registers.</li> <li>All cases were presented to the Irregular Expenditure Committee and after evaluation of presented cases, all cases were recommended to the Head of Department for appropriate action. The actions include condonement where circumstances are beyond the control of the officials and in cases where officials were found to be negligent, losses are recovered from officials.</li> </ul> |

| FINDINGS  | RECOMMENDATIONS   | RESPONSES FROM DRDAR  |
|---|---|---|
| (a) The recommendations of the departmental internal audit on their assessment of the departmental programmes are not sufficiently responded to or implemented accordingly. | 2) The Department must ensure that the recommendations of the internal audit are adhered to by all the programmes in order to improve the audit outcomes. | The Tracking Tool that tracks all Internal Audit reported findings will be a standing item in all Executive and Top Management meetings to ensure effective monitoring and implementation. Consequence management will be applicable in the event of non-compliance.  |
| (b) Procurement processes followed by the Department are sometimes parallel and non-compliant to procurement policies and regulations.                                      | 3) The Department must at all times comply with the stipulated procurement policies and regulations and consequence management must be effected.          | Adherence to Procurement Regulations and Policies and Contract Management will be ensured.  |
| (d) The Department is still not adhering to the 30 day-policy when paying service providers.  | 4) The Department must, within 30 days, submit to the Committee the reasons for deviation as well as its plan on how this will be rectified.              | <ul style="list-style-type: none"> <li>• The Department is committed to paying service providers within the legislated 30 days, this is confirmed by the monthly payment cycle reports received from Provincial Treasury. The report as at 31 March 2018 indicated that DRDAR paid 90% of its suppliers within 17 days.</li> <li>• There are instances where service providers are not paid within 30 days due to: incorrect invoices; incorrect banking details; expired tax clearance certificates. The following measures have been implemented to address this: <ul style="list-style-type: none"> <li>- The department is using an automated invoice tracking system and workshops are being held to capacitate all relevant officials including districts to prevent such reoccurrence.</li> <li>- Close monitoring of accruals with age analysis is presented monthly at the Budget Advisory Committee to address challenges experienced.</li> <li>- Close monitoring of expenditure against budget to ensure that adequate budget is available including reprioritisation during second appropriation.</li> <li>- The Department also conducts awareness campaigns to sensitise service providers to comply with all applicable prescripts, i.e.: SARS tax compliance certificates and updated banking details on Central Supplier Database.</li> </ul> </li> <li>• The reason for late payment is that the budget for Fleet and Telkom was inadequate as a result of increased departmental events, pressure on government vehicles due to slow delivery of subsidised vehicles as well as accruals from the previous financial year.</li> </ul> |

| FINDINGS  | RECOMMENDATIONS   | RESPONSES FROM DRDAR   |
|---|---|--|
| (e) There are delays in terms of the filling of vacancies. This negatively affects the state of service delivery. | 5) The Department must, as a matter of urgency, ensure that all vacancies are filled. A plan with clear measures that will be applied to expedite the process, must be submitted to the Committee within 30 days. | i. The development of DRDAR Annual Recruitment Plan is based on the CoE savings that are realized from the posts that became vacant due to attrition.<br><br>ii. The submission of the Annual Recruitment Plan to the PCMT is inclusive of a detailed project plan. The milestones to be achieved as per the project plan include the following: - <ul style="list-style-type: none"> <li>• Upon the approval of the DRDAR ARP, decentralization of response handling process of applications to Districts e.g. master listing.</li> <li>• To deal with overwhelming responses to the Department's post advertisement, the Head Office personnel will deploy HR personnel from the Districts.</li> <li>• Application of stricter rules concerning adherence to closing dates of adverts, with specific reference to posted applications.</li> <li>• The master listing and appointment of selection committees to be done concurrently to avoid delays.</li> <li>• HR will elevate communique of delays caused by chairpersons of selection committees to the HOD for consequence management.</li> <li>• Quality assurance of appointment submissions to be done by DD: HRA prior to approval by delegated authority.</li> <li>• Procurement of SAQA Verisearch System to enable the Department to conduct qualification verification has been budgeted for in the next financial year.</li> <li>• The e-recruitment being developed by OTP &amp; DPSA will assist in curbing delays in the process in the near future.</li> </ul> |
| (f) The awarding of business contracts to close relatives of the departmental officials is a serious concern.     | 6) The Department must ensure that the provisions of Treasury Regulations 16A.8.3 and 4 are complied with so that bidders are adjudicated without bias.   | i. Declarations of Interest completed by all services providers on submission of bids or quotations. Evaluation and Adjudication done on bids that are compliant.  |



| FINDINGS   | RECOMMENDATIONS  | RESPONSES FROM DRDAR  |
|--|--|---|
| (g) Monitoring of Programme spending patterns is lacking and this results in programmes underspending. | 7) The Department must double its efforts in ensuring that the programme performance monitoring systems are strengthened so as to ensure that there is compliance with the accepted norms and standards. | <p>i. On a monthly basis, the Budget Advisory Committee of the department holds a meeting where spending patterns are presented and discussed. In these meetings, Programme Managers are required to give account of their deviations of actual expenditure from projected spending. They are also required to give planned corrective measures.</p> <p>ii. This process has been intensified by taking the accounting further down to District Directors in whose areas these expenditures are taking place. They are required to give a more detailed account of the variances by projects and also indicate planned interventions per each case.</p> |

## Programme 2: Sustainable Resource Management

| FINDINGS  | RECOMMENDATIONS  | RESPONSES FROM DRDAR   |
|---|--|--|
| (a) The awarding of business contracts to close relatives of departmental officials is a serious concern.   | 1) The Department must ensure that the provisions of Treasury Regulations 16A.8.3 and 4 are complied with so that bidders are adjudicated without bias.  | i. Declarations of Interest completed by all services providers on submission of bids or quotations. Evaluation and Adjudication done on bids that are compliant.  |
| (b) There is an imbalance between the set targets, performance and expenditure, the programme has incurred an under-expenditure of R45 000 but has over-performed the set targets on establishing agricultural infrastructure and on the number of clients who were provided with engineering advice. | (2) The Department must always ensure that its target setting is scientific and aligned to the allocated budget in order to avoid the contradiction of over-performance and under-spending.  | ii. The performance targets going forward, are to be reviewed and adjustments made where necessary.  |
| (c) The Land Care budget was underspent, even though soil erosion and fencing of fields and pastures are still a challenge.   | (3) The Department must develop a clear action plan that will deal specifically with these challenges. It must also submit a report in this regard to the Committee within 30 days. The Department is encouraged to increase the budget for soil erosion in an effort to create more jobs. | iii. The underspending is to be addressed by closer monitoring of expenditure patterns as well as greater scrutiny of service providers to eliminate the risk of late or non-delivery that leads to underspending. A report on the challenges of soil erosion and fencing of fields and pasture is to be submitted within 30 days. |

### Programme 3: Farmer Support Development

| FINDINGS  | RECOMMENDATIONS  | RESPONSES FROM DRDAR  |
|---|--|---|
| (a) The programme has underspent its budget allocation by R5 588 million and this has a huge impact on service delivery.                      | (1) The Department must develop a plan with clear measures to be put into place in order to ensure that the allocated budget for this programme is utilised within the financial year as intended. It must also submit a report in this regard to the Committee within 30 days.  | i. The recommendation is accepted. To avoid under expenditure, the department will plan the projects a year in advance of the implementation year with timeframes that will be adhered to and closely monitored by the project managers of the various districts. The department's engineering sub-program will also monitor very closely the contracts, specifications and schedules signed between the service providers and the department to avoid poor performance by service providers which result in under expenditure. Poor performing service provider will be penalised. |
| (b) There is poor coordination with regard to the implementation of programmes between the National Department and the Provincial Department. | (2) Cooperation between the National Department and the Provincial Department in regards to service delivery projects in the province must be strengthened and well-coordinated so as to avoid overlapping of programme implementation. The relevant programme must be involved when implementation is done provincially by the National Department. | ii. The recommendation is noted. The national department is in a process of coordinating the two national departments (DAFF & DRDLR) for smooth running in order to avoid duplication in delivery of services. DRDAR & DRDLR signed a Memorandum of Agreement to facilitate the coordination of the departmental programs and activities.<br><br>DAFF Deputy Director General – Agrarian Reform & DRDAR Chief Operations Officer (COO) are co-facilitating the collaboration to foster for collaboration and cooperation on the delivery of programs in the province.               |

### Programme 4: Veterinary Services

| FINDINGS   | RECOMMENDATIONS  | RESPONSES FROM DRDAR   |
|--|--|--|
| (a) There is an under-performance in terms of the number of animals sampled/tested for disease surveillance purposes; out of 170 772 which were targeted, only 112 417 were tested.  | (1) The Department must, within 30 days, submit a plan to the Committee on how this under-performance on the set targets will be improved.   | i. The accreditation of the Grahamstown lab is envisaged to be achieved by March 2019 and this will present an opportunity for more samples to be collected and tested, thereby addressing the underperformance. |
| (b) The Department under-performed on its set targets in terms of the number of abattoir inspections conducted. Only 925 was achieved out of 990 targeted. This is attributed to the shortage of government vehicles and the slow pace of delivery of replacement subsidized vehicles. | (2) An action plan to expedite the pace at which the replacement of subsidized vehicles are delivered in order to address this under-performance, must be submitted to the Committee within 30 days. | ii. The recommendation is noted and the Department is working hard with the service provider in resolving challenges that led to delays in delivery of replacement vehicles.                                     |

| FINDINGS  | RECOMMENDATIONS   | RESPONSES FROM DRDAR  |
|---|---|---|
| (c) The set targets in the Veterinary Laboratory Services sub-programme were not met due to the fact that the provincial laboratories are not SANAS accredited. | (3) The Department must double its efforts in ensuring that all the provincial laboratories meet the required norms and standards in order for them to qualify for SANAS accreditation. A progress report in this regard must be submitted to the Committee within 30 days. | iii. The comment is noted and the accrediting body, SANAS, has already inspected Grahamstown Laboratory on the 23 <sup>rd</sup> and 24 <sup>th</sup> of October 2018. The outcome of the assessment is promising as SANAS has recommended its accreditation subject to clearing of identified non-conformances by end of January 2019, of which are within the capacity of the Department to address. |
| (d) The ownership of the Mbizana Abattoir has not yet been resolved and the abattoir is still not functioning.  | (4) The Department must, as a matter of urgency, engage all the affected stakeholders and find an amicable solution to this problem. A progress report on the matter must be submitted to the Committee within 30 days.   | iv. The recommendation is noted and a meeting will be arranged with both the local and district municipalities in Alfred Nzo district to establish ownership and map up a way forward.  |

### Programme 5: Research and Technology Development Services

| FINDINGS   | RECOMMENDATIONS   | RESPONSES FROM DRDAR  |
|--|---|---|
| (a) Information on the number of improved livestock introduced for animal genetic improvement of the herd was not disclosed.   | (1) The Department must, within 30 days, submit to the Committee the required information and also ensure that the Genetic Improved Breeds programme is sustained and spread across the province.                                     | i. The Department has distributed 202 cattle to projects across all districts during the financial year. This was achieved through the partnership with Nguni Cattle Development Trust.<br><br>The Department ensures the expansion of the genetic improvement by involving it as part of commercialisation of 200 black smallholder farmers. Twenty-five percent (25%) of the budget set aside for this project will be used to procure pregnant heifers. The NCDT will continue its program of introducing bulls in communal and smallholder farmers. |
| (b) The Department allocated funds to Tshabo REDHub and supplied cattle to Masiphathisane Livestock Cooperative in Mphashe Local Municipality without conducting thorough research on the suitability of the soil. | (2) The Department must always ensure that all the decisions regarding the type of crop to be planted or suitable livestock breeding in a newly established project are preceded by a research report before the allocation of funds. | ii. The new catalytic projects will be implemented with support of expert advice from the Research Program.<br><br>The livestock development program will also focus on the adaptability and further ensure involvement of veterinary service on the delivery of new animals in an area to make sure that animals are blocked against the prevalent diseases of the area.   |

## Programme 6: Agricultural Economics Services

| FINDINGS  | RECOMMENDATIONS  | RESPONSES FROM DRDAR   |
|---|--|--|
| (a) There is a concern that there is a recurring underspending in Agri-Business Support and Development.  | (1) Monitoring of the programmes spending patterns must be strengthened in order to ensure that the allocated budget for this programme is utilised within the financial year as intended. | i. The underspending (R35 000 (.01%) is to be addressed by closer monitoring of expenditure patterns as well as greater scrutiny of service providers to eliminate risk of late or non-delivery that leads to underspending. |
| (b) Target setting in this programme is not scientific; there is over-performance due to low target setting and the previous financial year's targets are not used as a baseline. | (2) The Department must ensure that there is alignment between targets, performance and expenditure and the previous year's targets must be used as a baseline.                            | ii. The performance targets going forward, are to be reviewed with due consideration of past performance, planned forward activities and external factor that could affect these and adjustments made where necessary.       |

## Programme 7: Structured Agricultural Education and Training

| FINDINGS   | RECOMMENDATIONS   | RESPONSES FROM DRDAR  |
|--|---|---|
| (a) The Department has underperformed on its set targets in terms of the number of educators capacitated in agricultural science-related fields; only 25 out of 80 was achieved and in terms of the number of farms/projects mentored according to different commodities only 29 out of 40 was achieved. | (1) The Department must always ensure that it performs according to its plans and that it has an action plan on strategies in place to prevent this under-performance in future. A report in this regard should be submitted to the Committee within 30 days.   | i. The matter is receiving serious attention. During the Association of Agricultural Educators (ASAE) mini-conference that took place at the beginning of 2018, the matter of commitment to capacitation of agricultural science educators received attention. Educators voiced their frustration at lack of continuity in the implementation of programmes that are beneficial to their development and capacitation, especially when there is a change of guard. The matter of strengthening of inter-departmental relations was attended to when DRDAR and DoE met during the second quarter of 2018.<br><br>Two initiatives were deliberated on: <ul style="list-style-type: none"> <li>• Release of educators when DRDAR responds to requests for capacitation</li> <li>• Representation of DoE in inter-sectoral collaborations for example in the Provincial Education Training Forum for Agriculture, Forestry and Fisheries (PETFAFF) that seeks to align sector partner plans for improved implementation.</li> </ul> |
| (b) There is a challenge of poor financial management and reporting at Fort Cox College. This can be attributed to the fact that the institution does not have a SCM Unit, an Internal Audit Function and Audit Committee in place.  | (2) The College must ensure that it establishes a fully-fledged SCM Unit, Internal Audit and Audit Committee in accordance with the provisions of the PFMA and Treasury Regulations to address all the challenges encountered. A report in this regard must be submitted to the Committee within 30 days. | ii. The College will strive to establish a functional SCM Unit that meets the prescripts of the PFMA. Due to staffing limitations the functions of the Internal Audit are currently outsourced through accredited Audit firms. The Audit will be addressed with the appointment of a fully-fledged Council.   |

| FINDINGS   | RECOMMENDATIONS  | RESPONSES FROM DRDAR   |
|--|--|--|
| <p>(c) The Fort Cox Council composition does not meet the requirements of sections 7(1) (b), (d), (g) and (h) of the Eastern Cape Fort Cox Institute Interim Provision Act no. 7 of 2015.</p> <ul style="list-style-type: none"> <li>Section 7(1)(b) states that the Council must be appointed by the MEC and must consist of three members from the Department, nominated by the MEC.</li> <li>Section 7(1)(d) states that the Council must be appointed by the MEC and must consist of six other members who must be persons who have been chosen by virtue of their qualifications, skills, expertise, experience and knowledge in the field of agriculture, forestry, rural development, law, financial management and business.</li> <li>Section 7(1)(g) states that the Council must be appointed by the MEC and must consist of one member of the Provincial Agriculture and Training Forum (PAETF).</li> <li>Section 7(1)(h) provides that the Council must be appointed by the MEC and must consist of one member of the community to serve as an ex-officio member.</li> </ul> | <p>(3) The Department must, as a matter of urgency, ensure that the composition of the College Council complies with the regulations of the Act and that a progress report be submitted to the Committee within 30 days.</p> | <p>iii. This matter is currently receiving the attention of the Hon. MEC, who in the meantime has appointed an interim structure while he is overseeing the appointment of a structure that meets the provisions of the Act.</p> |

## Programme 8: Rural Development Coordination

| FINDINGS   | RECOMMENDATIONS   | RESPONSES FROM DRDAR  |
|--|---|---|
| <p>(a) Despite the Portfolio Committee's recommendation that the Department should stop funding the projects that are self-sustainable, the Department has transferred R10 million to the Ncera Macadamia project.</p> | <p>(1) The Department must, within 30 days, submit to the Committee a detailed report explaining why the recommendations of the Committee were not adhered to.</p>  | <p>i. DRDAR to respond as they allocated the funding and then instructed ECRDA to transfer the funds.</p>   |
| <p>(b) The report presented to the Committee by the programme was not specific about the wards in which the service delivery projects were implemented.</p>  | <p>(2) The Department must include in the report, the wards in which the service delivery projects were implemented. A list of all the wards where projects were implemented in the 2017/18 financial year must be submitted to the Committee within 30 days.</p> | <p>ii. ECRDA will in future, endeavour to include the Wards and all their projects being implemented. ECRDA GIS Unit will lead this initiative of Ward Identification. For the Rural Development Programme for identification of wards.</p> |
| <p>(c) There is still reluctance by small scale farmers to sell their livestock because they are not aware about the financial and economic benefits.</p>  | <p>(3) The Department must conduct awareness campaigns and educative programmes that seek to educate small scale farmers in the rural areas about the advantages and benefits of selling their livestock.</p>   | <p>iii. ECRDA is continuing with the awareness campaigns in all targeted communal areas. Workshops are being held and meetings with livestock marketing agencies are being held with the communities.</p>                                   |
| <p>(d) ECRDA incurred irregular expenditure due to the fact that proper tender processes were not followed.</p>  | <p>(4) The Department must closely monitor the entity to ensure that there is compliance with Treasury Regulations 16.A (Supply Chain Management). A report stipulating reasons for deviation must be submitted to the Committee within 30 days.</p>              | <p>iv. ECRDA is compiling the report on the matter and it will be submitted to the Portfolio Committee as requested.</p>  |

| FINDINGS   | RECOMMENDATIONS   | RESPONSES FROM DRDAR   |
|--|---|--|
| (e) Four out of six forestry projects are not registered with the South African Revenue Service and therefore are not tax compliant. This makes it difficult for them to be supported financially by the Department. | (5) The Department must, within 30 days, submit to the Committee an action plan on how it will address this challenge.  | v. ECRDA is working on modalities to capacitate the projects and have them registered with SARS for compliance. Resources to do this has been a challenge and options are being looked into in order to overcome the current challenge.  |
| (f) Despite the Portfolio Committee's recommendation that the Department must revert the R37 million to Tshabo, the Department only invested R6 million in the project.  | (6) A detailed report on how this matter will be addressed, with inclusion of stipulated timeframes on when the amount will be reverted to Tshabo project, must be submitted to the Committee within 30 days.   | vi. ECRDA has reworked the Tshabo Enterprise budget and will be submitting to the office of the MEC for onward engagement with Treasury.   |
| (g) The community of Tshabo has not yet been consulted about the change of the crop farming to flora and snails.   | (7) An urgent meeting with all the stakeholders must be convened to address the matter with community members before the actual implementation of the project. The Committee should be furnished with a report on the resolutions of that meeting within 30 days. | vii. The community is aware of the change and series of meetings have been held to update them on the current status. Another meeting is scheduled for the 19 <sup>th</sup> December at which the ECRDA CEO will be meeting all the Tshabo RED Hub leadership including the Traditional Authorities. |

### General Findings:

| FINDINGS   | RECOMMENDATIONS  | RESPONSES FROM DRDAR  |
|--|--|---|
| (a) There is no correlation between the set targets, performance and expenditure.                                  | (1) The Department must improve on planning and ensure that target setting is rational and informed by the budget allocation.  | i. The Department is conducting regular quarterly review sessions where performance is evaluated and aligned to expenditure.  |
| (b) There is a lack of monitoring of spending patterns of the departmental programmes; resulting in underspending. | (2) The Department must strengthen its monitoring and financial control systems and measures must be put in place to ensure that the allocated funds are utilised within the financial year as intended. | ii. On a monthly basis the Budget Advisory Committee of the department holds a meeting where spending patterns are presented and discussed. In these meetings, Programme Managers are required to give account of their deviations of actual expenditure from projected spending. They are also required to give planned corrective measures.<br><br>This process has been intensified by taking the accounting further down to District Directors in whose areas these expenditures are taking place. They are required to give a more detailed account of the variances by project and also indicate planned interventions per each case. |
| (c) Compliance to the Treasury Regulations by the programmes and entities is still a challenge.                    | (3) The Department must ensure that the Treasury Regulations are adhered to by all the programmes and the entity in order to improve the audit outcomes.   | iii. The Department adheres to Treasury Regulations and further consults with Treasury as and when necessary.   |
| (d) Service providers who were awarded contracts are either delaying completion of projects or abandoning sites.   | (4) The Department should ensure that there is thorough screening before service providers are awarded contracts and must closely monitor them during the implementation phase.                          | iv. The recommendation is noted. The Department will closely monitor the compliance with the CIDB and LED Framework.  |

| FINDINGS  | RECOMMENDATIONS   | RESPONSES FROM DRDAR  |
|---|---|---|
| (e) The overall under-expenditure in this Department is not acceptable as it negatively affects service delivery. | (5) Agriculture is the backbone of the province; therefore, the Department must be at the forefront of its primary obligation to boost the economy of the province by spending the entire allocated budget efficiently and effectively. For this reason, any underspending processes in any programme compromises these important objectives. | v. The recommendation is noted. The Department will endeavour to spend its entire allocation in the current financial year. |
| (f) Recommendations of the Portfolio Committee are not implemented.   | (6) Recommendations by the Portfolio Committee must be taken seriously and be implemented.  | vi. The recommendation is accepted and will be implemented.   |

## RESOLUTIONS / RECOMMENDATIONS OF PORTFOLIO COMMITTEE ON DRDAR FINANCIAL OVERSIGHT REPORT

### Programme I: Administration

| FINDINGS  | RECOMMENDATIONS   | RESPONSES FROM DRDAR  |
|---|---|---|
| a) The Department underspent its projections for the period under review by R118 534 million and this negatively affects the state of service delivery.                               | 1) The Department must put in place plans and measures to recover the under-expenditure in the remaining six months of the financial year.  | i. The recommendation is acknowledged. The department has already put measures in place to ensure that all the budget will be spent. Current spending trends are confirming that. For example, the under expenditure for this programme as at 30 <sup>th</sup> September 2018, was R15.2 million. As at 30 November 2018 the under expenditure has improved to R13.7 million. It will continue to decline until none is left by year-end.   |
| b) There are delays in terms of the filling of vacancies. Currently there are 221 vacant posts and this negatively impacts on service delivery as the Department is personnel driven. | 2) The Department must, as a matter of urgency, ensure that all the vacant funded posts are filled. A plan to fast track the process must be submitted to the Committee within 30 days. | ii. The development of DRDAR Annual Recruitment Plan is based on the CoE savings that are realized from the posts that became vacant due to attrition.<br>The submission of the Annual Recruitment Plan to the PCMT is inclusive of a detailed project plan. The milestones to be achieved as per the project plan include the following:- <ul style="list-style-type: none"> <li>• Upon the approval of the DRDAR ARP Decentralization of response handling process of applications to Districts e.g. master listing.</li> <li>• To deal with overwhelming response to Department's adverts, the Head Office personnel will deploy HR personnel from the Districts.</li> <li>• Application of stricter rules concerning adherence to closing date of advert, with specific reference to posted applications</li> <li>• The master listing and appointment of selection committees to be done parallel to avoid delays.</li> <li>• HR will elevate communique of delaying chairpersons of selection committees to the HOD for consequence management.</li> <li>• Quality assurance of appointment submissions to be done by DD: HRA prior approval by delegated authority.</li> <li>• Procurement of SAQA Verisearch System to enable the department to conduct qualification verification has been budget for in the next financial year.</li> <li>• The e-recruitment being developed by OTP &amp; DPSA will assist in curbing delays in the process in the near future.</li> </ul> |



| FINDINGS  | RECOMMENDATIONS   | RESPONSES FROM DRDAR   |
|---|---|--|
| c) The Department has achieved the set targets without any deviation in both sub-programmes 1 and 2 but incurred under and over-expenditure respectively. | 3) The Department must improve on its planning by ensuring that there is logic in the setting of targets and that there is always a significant relationship between planning, performance and expenditure. | iii. The department acknowledges the finding and it will strive to improve planning with emphasis on historical data and key cost drivers. |

## Programme 2: Sustainable Resource Management

| FINDINGS  | RECOMMENDATIONS   | RESPONSES FROM DRDAR   |
|---|---|--|
| a) There is a contradiction between over-performance that is reported in almost all the performance indicators in the Land Care sub-programme and under-expenditure incurred.   | 1) The Department must always ensure that there is a significant relationship between planning, performance and expenditure.  | i. The Department appreciates the recommendation and will closely monitor the alignment.   |
| b) Delays in the procurement processes and completion of work by contractors within the stipulated time-frames resulted in under-performance on the targeted agricultural infrastructure to be established. This can be attributed to the ineffectiveness of the Project Management Unit. | 2) The Project Management Unit must closely monitor the contractors to ensure that they adhere to the stipulated time-frames and contractors must be screened to ensure that tenders are not awarded to those that are listed on the database of tender defaulters. | ii. The recommendation of the committee is noted. In future, the Project Management Unit working with the Engineering Services and Contract Management Units will monitor contracted service providers appointed for the construction of infrastructure. Works are inspected against set targets and where there are delays, necessary penalties will be imposed prior to interim and final payments or contracts cancelled where necessary. |

## Programme 3: Farmer Support Development

| FINDINGS   | RECOMMENDATIONS   | RESPONSES FROM DRDAR   |
|--|---|--|
| a) The Farmer Support sub-programme has underspent by R34 835 on its projections for the period under review and this negatively affects service delivery.         | 1) The Department must improve on its spending patterns and submit to the Committee its plan to recover this under-expenditure in the remaining six months. | i. The Programme has revised its projections during the November 2018 adjustment process, which will enable the Department to spend its budget before the end of March 2019.   |
| b) Late delivery of fertilizer in Amatole District led to late planting, resulting in a decrease of the number of tons of maize produced.                          | 2) The Department must closely monitor the service providers and ensure that inputs are procured and delivered in good time.                                | ii. The Department appointed service providers to supply production inputs for a period of three years in order to avoid delays of having to go on tender on a yearly basis.   |
| c) There is an under-performance of 331 in terms of the number of smallholder producers supported. This is due to the contractor who did not adhere to timeframes. | 3) The Department must outline a clear monitoring mechanism of service provider compliance and submit it to the Committee within 30 days.                   | iii. The recommendation of the committee is noted. In future, Project Management Unit working Engineering Services and Contract Management Units will monitor contracted service providers appointed for the construction of infrastructure. Works are inspected against set targets and where there are delays, necessary penalties will be imposed prior to interim and final payments or contracts cancelled where necessary. |

## Programme 4: Veterinary Services

| FINDINGS  | RECOMMENDATIONS   | RESPONSES FROM DRDAR  |
|---|---|---|
| a) The programme has incurred an under-expenditure of R6 293 million in its projections for the period under review.  | 1) The Department must within 30 days submit to the Committee its plan to recover the under-expenditure in the remaining six months.  | i. The under-expenditure was partly as a result of failure to pay performance bonuses and pay progression for level 1 to 12 and delayed appointments. The performance bonuses and pay progressions have since been paid.<br>Secondly, the delayed delivery of equipment for the Queenstown Veterinary Labs contributed to the under-expenditure. The equipment has since been delivered.  |
| b) The Department under-performed on the number of abattoirs which were registered as per section 8 of the Meat Safety Act No. 40 of the year 2000 due to non-compliance. | 2) The Department must within 30 days submit its plan to Committee on how this under-performance on the set targets will be improved. | ii. Targets for abattoir registrations are set based on the previous year's registrations. During the course of the year, some abattoirs decided not to renew their registration certificates, probably due to economic downturn and compliance issues. The Department has no control over this turn of events as abattoirs are privately owned. The targets will be revised accordingly. |

## Programme 5: Research and Technology Development Services

| FINDINGS   | RECOMMENDATIONS  | RESPONSES FROM DRDAR  |
|--|--|---|
| c) The Research sub-programme has underspent on its projections by R874 000. | 1) The Department must ensure that programmes budget spending is closely monitored to avoid this under-expenditure. A plan to recover this under-spending within the remaining six months must be submitted to the Committee within 30 days. | i. Under expenditure was caused by delayed delivery of items procured by our service providers. Going forward we have already requested our service providers to ensure that deliveries are made immediately after receiving order or on the agreed delivery dates. |

## Programme 6: Agricultural Economics Services

| FINDINGS  | RECOMMENDATIONS  | RESPONSES FROM DRDAR   |
|---|--|--|
| a) The programme has underspent its projections for the period under review by R10 304 million.   | 1) The Department must within 30 days submit its plan on how this under-expenditure will be recovered in the remaining six months of the financial year. | i. The underspending stems from the second trench of funds to be transferred for the Magwa Tea business rescue process that is re-scheduled for payment in third quarter.                |
| b) The Department underperformed on the number of agri-businesses which were supported with production economic services; the target was 2 004 of which only 1 715 were achieved. | 2) The Department must put in place measures to ensure that the under-performed set targets will be improved upon in the remaining six months.           | ii. The recommendation is noted and close attention will be given to improving the performance in the remaining six months through follow-up on enquiry responses from awareness events. |

## Programme 7: Structured Agricultural Education and Training

| FINDINGS  | RECOMMENDATIONS   | RESPONSES FROM DRDAR  |
|---|---|---|
| <p>a) The Department under-performed in almost all performance indicators in the Further Education and Training sub-programme. This is attributed to the newly piloted SCM processes.</p> | <p>1) The Department must ensure that the newly piloted SCM process is well implemented and a plan to address this under-performance must be submitted to the Committee within 30 days.</p>                         | <p>i. Subsequent to the implementation of the newly piloted procurement processes training commenced and the catch plan has been implemented leading to a slight over performance in the third quarter.</p>   |
| <p>b) There is also under-performance in terms of the number of educators capacitated in agricultural science-related fields. This is attributed to poor planning.</p>                    | <p>2) The Department must improve its planning and ensure that the targeted schools are informed in good time about the intended training and that scheduled times be adjusted according to their availability.</p> | <p>ii. The matter is receiving serious attention. During the Association of Agricultural Educators (ASAE) mini-conference that took place at the beginning of 2018, the matter of commitment to capacitation of agricultural science educators received attention. Educators voiced their frustration at lack of continuity in the implementation of programmes that are beneficial to their development and capacitation, especially when there is a change of guard. The matter of strengthening of inter-departmental relations was attended to when DRDAR and DoE met during the second quarter of 2018. Two initiatives were deliberated on:</p> <ul style="list-style-type: none"> <li>• Release of educators when DRDAR responds to requests for capacitation</li> </ul> <p>Representation of DoE in inter-sectoral collaborations for example in the Provincial Education Training Forum for Agriculture, Forestry and Fisheries (PETFAFF) that seek to align sector partner plans for improved implementation.</p> |

## Programme 8: Rural Development Coordination

| FINDINGS   | RECOMMENDATIONS  | RESPONSES FROM DRDAR   |
|--|--|--|
| a) Innovation and appropriate technology was not implemented in terms of the basic infrastructure.                               | 1) The Department must submit within 30 days to the Committee a detailed report on the reasons why this was not implemented as planned. A plan to improve the situation within this financial year must be attached. | i. In the year under review, the innovation and appropriate technology on basic infrastructure projects were implemented fully as a result there was over performance of two projects due to the plight of communities in accessing water.                             |
| b) The Magwa and Majola Tea Estates rescue process is still underway and is reported to be bearing economic and social benefits. | 2) The Committee commends the work of the business rescue practitioner and further requests a detailed action plan with time lines to be submitted within 30 days.   | ii. For the two Estates, the department through its entity is continuously engaging the communities - CPAs, Traditional Leaders and potential investors. The action plan was attached.   |
| c) The recovery rate of loans is still a challenge.  | 3) ECRDA must develop a loan recovery plan which will ensure that the disbursed loans will be recovered within the stipulated time-frames. It must submit such plan to the Committee within 30 days.                 | iii. The recommendation by the committee is acknowledged. ECRDA is guided by the two policy instruments namely the Credit Policy and Collection Policy in granting and collecting loans that have been granted. The two documents were attached for ease of reference. |

### General Findings

| GENERAL FINDING   | GENERAL RECOMMENDATION  | RESPONSES FROM DRDAR   |
|---|---|--|
| a) The linkage between planning, performance and budget allocation is lacking and this can be attributed to poor planning.  | 1) The Department must improve on its planning to ensure that the set targets are performed according to the allocated budget.                    | i. The Department is conducting regular quarterly review sessions where performance is evaluated and aligned to expenditure. |
| b) Monitoring of programmes spending patterns is lacking, resulting in under-spending and under-performance.  | 2) The Department must closely monitor the spending patterns of its programmes to avoid this underspending.                                       | ii. The recommendation is accepted and M&E is strengthened at all levels.  |
| c) The Department is experiencing challenges in terms of the monitoring of the implementation of projects, resulting in projects not being completed within the stipulated time-frames. | 3) The Department must outline clear monitoring mechanisms of projects and report the performance after each milestone in project implementation. | iii. The project management unit is fully operational and supported by Engineering Services to comply.                       |

## RESOLUTIONS / RECOMMENDATIONS OF PORTFOLIO COMMITTEE ON DRDAR FINANCIAL OVERSIGHT REPORT

### 8 SCOPA RESOLUTIONS

| Resolution No.                                 | Subject (Finding)  | Details (Recommendation)   | Response by the department  | Resolved (Yes/ No) |
|--|--|--|---|--------------------|
| <b>Regression in Audit Opinion for 2017/18</b> | The Department had obtained a clean audit opinion in 2016/17. The performance of the Department has regressed resulting in an unqualified opinion with findings. | The Accounting Officer must ensure that internal controls are strengthened, corrective measures are implemented as outlined in the Audit Intervention Plan and implementation of recommendations by governance structures. | <p>The department, supported by the Auditor General, conducted a workshop on performance information for all role-players including districts. The objective of the workshop was to educate role players on validation and reconciliation of population lists, proper record keeping systems and to discuss and solve challenges experienced at different levels of operations.</p> <p>Management also spent time analysing issues raised by AG, which resulted in a comprehensive Audit Intervention Plan (AIP) being developed, monitored and submitted monthly to Provincial Treasury.</p> <p>Progress on implementation of the AIP is done on a monthly basis by management and Treasury. It is also assessed on a quarterly basis by Internal Audit, the Risk Management and Audit Committees.</p> <p>Progress on implementation of AIP is a standing agenda item in branch management meetings where progress is monitored.</p> <p>Potential audit risks are included in the annual audit plan and risk registers.</p> <p>All cases of Irregular, Fruitless and Wasteful expenditure were presented to the Committee and after evaluation, the cases were recommended to the Head of Department for appropriate actions. The actions include:</p> | <b>Yes</b>         |

| Resolution No.  | Subject (Finding)  | Details (Recommendation)   | Response by the department   | Resolved (Yes/No) |
|---|--|--|--|-------------------|
|   |  |  | <ul style="list-style-type: none"> <li>• condonement where circumstances are beyond the control to the officials;</li> <li>• And in cases where officials were found to be negligent, losses are recovered from officials.</li> <li>• Disciplinary actions are also recommended by the Committee if such cases are irregular.</li> </ul> | Yes               |
| <b>Fruitless and wasteful expenditure</b>   | The Effective steps were not taken to prevent fruitless and wasteful expenditure of R1048 000 disclosed in note 26.1 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 fruitless and wasteful expenditure was caused by interest charged by suppliers due to the late payment of invoices. | The Accounting Officer must take proactive steps to prevent fruitless and wasteful expenditure as required by provisions of Section 38 (1) (c) of the PFMA and disciplinary action must be taken against the officers responsible for the fruitless and wasteful expenditure. Evidence of such action must be presented to the Committee. In addition, the Member of the Executive Council must be made aware of these transgressions as he/she is the one who is accountable by law to the Legislature. | The reoccurrence of fruitless, irregular and wasteful expenditure has been mitigated by proper management of budget allocation to prevent the accrual of interest.<br><br>All other items of fruitless and wasteful expenditure, i.e. traffic fines, damage to vehicles, etc are recovered from the relevant officials.                  | Yes               |
| <b>Late payment of suppliers / service providers</b>  | Payments were not made within 30 days or an agreed period after receipt of an invoice, as required by Treasury Regulation 8.2.3.   | Due diligence should be exercised upon receipt of invoices such that payments are made within the 30 days period.  | The recommendation is noted. The department ensures close monitoring of expenditure against the budget to ensure that adequate budget is available, including reprioritization during second appropriation.  | Yes               |
| <b>Poor planning resulting in budget depleted before commitment and liabilities are met</b> | The Committee found that there was poor planning within the Department, this is displayed by budget depleting before all commitments and liabilities were met.   | The Accounting Officer must ensure that there is adequate financial planning as well as regular monitoring on all projects of the Department in order to reduce depleting of budget before all liabilities are met.  | The Department regularly monitors expenditure against the budget to ensure adequate budget availability including reprioritization.  | YES               |

| Resolution No.   | Subject (Finding)  | Details (Recommendation)  | Response by the department  | Resolved (Yes/No) |
|--|--|---|---|-------------------|
| <b>Poor and ineffective record keeping resulting in unreliable reporting on achievements</b>                 | The Department did not have an adequate record keeping system to enable reliable reporting on the achievement of certain indicators with respect to Land care, Programme 2 failing to submit all documents requested which led to a disclaimer for the Programme and Programme 3 submitting incomplete information during audit. | Accounting Officer must ensure that there is proper records management in the Department, consequence management must be applied to all those responsible for non-submission of documents during the audit.                               | The department has introduced a proper record-keeping system for all programmes, whereby original quarterly reports and evidence files are kept in the districts and all copies at Head Office under lock and key.                          | <b>YES</b>        |
| <b>Inconsistencies in the districts were only being detected during the validation process for the audit</b> | The Committee found that there were inconsistencies between what was happening in the districts and validation was only done by the provincial office during the audit with the districts.   | The Department must ensure that there is continuous monitoring and quality assurance of the work done by the districts, adherence to Standard Operation Procedures put in place and quality checks to avoid validation done during audit. | After the end of each quarter, a team of officials from each programme together with Monitoring & Evaluation officials visit districts in order to conduct validation of the quarterly performance records.<br><br>SOPs have been developed | <b>YES</b>        |

## 9 PRIOR MODIFICATION TO AUDIT REPORTS

The Department took all the matters raised by the Auditor General seriously by strengthening monitoring of the implementation of the Audit Intervention Plan. Management continues to recognise Internal Audit and Audit Committee as well as Risk Management Committee as strategic partners in the accountability chain by;

- Ensuring that these governance structures are appropriately resourced,
- Improved turnaround time to implement and respond to the findings and recommendation of the structures.

The department is confident that it will maintain the audit status as in the previous financial year the department received unqualified opinion with no material findings

## 10 INTERNAL CONTROL UNIT (ICU)

During the year under review, Internal Control Unit reviewed and monitored the implementation of audit action plans to address internal control deficiencies that were identified by the Office of Auditor-General. Successful implementation of the Audit Intervention Plan reviewed by Provincial Treasury monthly resulted with completed action plans as at 31 March 2019. Audit Intervention Plans were also submitted to the Audit committee and Risk Management Committee quarterly.

The Audit Intervention Plan is also a standing item in the agenda on the monthly Top Management meetings held by the department. Enforcement of compliance with relevant prescripts and periodical review of internal controls and maintenance of Financial BAS systems are always an on-going process. Due to the stringent controls introduced and the quarterly awareness programmes provided to all district offices by The Compliance Manager (Head Office) and hence the irregular, fruitless and wasteful expenditures of the department is always minimal.

## 11 INTERNAL AUDIT AND AUDIT COMMITTEES

Internal Audit provides management with independent, objective assurance and consulting services designed to add value and continuously improve the operations of the Department. It assists the Department to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of Governance, Risk Management and Control processes.

The following key activities are performed in this regards:

- Assess and make recommendations for improving the governance processes in achieving the department's objectives;
- Evaluate the adequacy and effectiveness and contribute to the improvement of the risk management process;
- Assist the Accounting Officer in maintaining efficient and effective controls by evaluating those controls to determine their effectiveness and efficiency, and by developing recommendations for enhancement or improvement.



Internal Audit activities were carried out in line with the approved internal audit plan as approved by the Audit Committee. The development of the approved plan has taken into account the risk profile of the Department to ensure that the work of internal audit is addressing the Department's operations in line with the set objectives.

The Audit Committee is established as a statutory and oversight committee in terms of section 38(1)(a)(ii) of the PFMA and Treasury Regulation, providing independent oversight over governance, risk management and control processes in the Department, which includes oversight and review of the following:

- Internal Audit function;
- External Audit function (Auditor General of South Africa – AGSA);
- Departmental Accounting and reporting;
- Departmental Accounting policies;
- AGSA management and audit report;
- Departmental In year Monitoring;
- Departmental Risk Management;
- Internal Control;
- Pre-determined objectives;
- Ethics and Forensic Investigations.

## 12 AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2019.

### Background

The Audit Committee is established as a statutory committee in terms of section 38(1)(a)(ii) of the Public Finance Management Act and Treasury Regulation 3.1.13. The committee has adopted an audit committee charter and has fulfilled its responsibilities in line with its charter.

## Membership and attendance

The Audit Committee consists of the members listed hereunder and meets at least four times per annum as per its approved terms of reference. During the current year nine meetings were held. The members and their attendance of the meetings held are as follows:

| Name                | Qualifications   | Internal or external | Chairperson/ Ordinary member | Date appointed   | Expiry Date | No. of Meetings attended |
|---------------------|--|----------------------|------------------------------|------------------|-------------|--------------------------|
| Mr M. Mbedhli       | B Tech – Internal Audit  | External             | Chairperson                  | 1 August 2017    | Resigned    | 4                        |
| Mr Bayethe          | High Education Diploma<br>Bachelor of AgEconomics Degree<br>Project Management Diploma<br>MBA Honours Degree | External             | Ordinary member              | 1 August 2017    | Resigned    | 3                        |
| Ms T Cumming        | B.Comm<br>CTA<br>CA (SA)   | External             | Chairperson                  | 01 August 2017   | N/A         | 9                        |
| Adv Gugwini - Peter | Bachelor of Laws degree (LLB)  | External             | Ordinary member              | 01 August 2017   | N/A         | 8                        |
| Dr N Khewu          | Masters in Philosophy: Applied Ethics  | External             | Member                       | 21 November 2018 | N/A         | 4                        |
| Mr M Baza           | B.Juris (Private and Criminal Law)   | External             | Ordinary member              | 21 November 2018 | N/A         | 5                        |
| Mr L Mabombo        | B.Comm (Accounting)  | External             | Ordinary member              | 21 November 2018 | N/A         | 4                        |

## Audit Committee Responsibility

The Audit Committee reports that it has complied with the responsibilities arising from **Section 38 (1) (a) (ii)** of the **Public Finance Management Act and Treasury Regulation 3.1**. The Committee also reports that it has adopted an 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.

## The Effectiveness of Internal Control

In line with PFMA and King IV Report on Corporate Governance requirements, Internal Audit provides the Audit Committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors, it was noted that matters were reported indicating deficiencies in the system of internal control or deviations there from. Accordingly, we can report that the system of internal control was not entirely effective for the year under review.

## The quality of in year management and monthly/quarterly reports submitted in terms of the PFMA and the Division of Revenue Act

The Audit Committee is satisfied with the content and quality of the quarterly financial reports prepared and issued by the Accounting Officer of the Department during the year under review.

The Audit Committee is not satisfied with the content and quality of quarterly performance reports, due to the inherent control weaknesses in the performance management system and portfolio of evidence.

## Evaluation of Financial Statements and Annual Performance Report

The Audit Committee has:

- Reviewed and discussed the unaudited annual financial statements to be included in the annual report with management;
- Reviewed and discussed the unaudited information on pre-determined objectives to be included in the annual report with management;
- Reviewed for changes in accounting policies and practices;
- Advised management that the financial statements and performance report may not be free from material misstatements due to the failure of internal controls during the preparation process;
- Reviewed the Department's compliance with legal and regulatory provisions; and
- Received and considered reports from the internal auditors.

Following its review of the unaudited Annual Financial Statements (AFS) and Pre-Determined Objectives (PDO) for the year ended 31 March 2019, the Audit Committee recommended, that they be submitted to the Auditor General South Africa for auditing.

## Internal Audit

The Audit Committee evaluated the Internal Audit Activity's performance with an overall scoring percentage result as good. The Internal Audit Activity has continued to strengthen the department's control environment and assisted in the achievement of objectives.

The Committee approved a risk-based three year rolling strategic internal audit plan and an annual audit coverage plan for the period 1 April 2018 to 31 March 2021 covering the following key audit activities:

| Type                             | Total Planned Audits | Total Completed |
|----------------------------------|----------------------|-----------------|
| Regularity and Compliance Audits | 18                   | 18              |
| Performance Audits               | 2                    | -               |
| Information Technology Audits    | 1                    | 1               |
| Ad hoc audits                    | -                    | -               |
| <b>TOTAL</b>                     | <b>21</b>            | <b>19</b>       |

### The table below depicts the total completed audit projects as defined in the audit plan

| Finance                         | Administration                  | Core Business  | Governance                |
|---------------------------------|---------------------------------|--|---------------------------|
| Asset Management Review         | Performance Information         | Performance audit: Food Security                                       | Risk Management follow up |
| Interim Financial Statements    | Annual Report                   | Structured Agricultural Education                                      | MPAT                      |
| Financial Management            | Communication and Customer Care | Transfer Payments (i.e. Fort Cox and ECRDA)                            | Governance follow up      |
| Annual Financial Statements     |                                 | Conditional Grants Comprehensive Agricultural Support Programme (CASP) |                           |
| Salary Administration (Payroll) |                                 | Disaster Risk Management Consulting Engagement                         |                           |
|                                 |                                 | Underutilisation of IT systems   |                           |

The Audit Committee has approved that the IT General Controls and the Performance audit on Agricultural Economics Services per the approved internal audit plan for 2018/19 be deferred to 2019/20. There has been lack of implementation by management over the findings that have been raised by internal audit, resulting in non-implementations and weak control environment.

### Risk Management

The Head of Department established the Risk Management Committee (RMC) to exercise certain responsibilities, as set out in the approved RMC Charter.

The RMC is chaired by an external Chairperson who brings a lot of valuable experience in Governance matters. The RMC reviewed risk management processes during the year. The following policy related documents on Risk Management were approved, such as, Risk Management Policy and Framework; Risk Management Strategy, Risk Management Committee Charter and Risk Management Implementation Plan. The Risk Appetite Framework and Business Continuity Plan are yet to be completed and approved.

The Head of Department committed management of the Department to comply with all relevant Corporate Governance processes. Risk management and Internal Audit of the department reports at an appropriate level (administratively report to the Head of Department and functionally to the Audit Committee). All governance structures were established, such as Risk Management and IT Governance Committees.

There is a noticeable increase in risk management awareness in the Department, however there appears to be a challenge in the capacity of the unit, integration and reporting processes. For risk management maturity of the Department to improve, it is critical that recommendation made by the RMC are implemented timely by management and effective monitoring of implementation take place. Some risks were unassured due to inherent nature to business, transversal nature and ineffective controls to reduce the risks. The following serve as examples:

- Uncontrolled animal disease outbreaks;
- Failure to meet the accreditation requirements;
- Delays in filling of critical posts;

- Inadequate prevention of loss damage or unlawful access to information;
- Ageing cabling on shared buildings;
- Inadequate systems development capacity;
- Low adoption of research results;
- Unsustainable agri-businesses;
- Destruction of research infrastructure by the surrounding communities;
- Ineffective management of employer/employees relations; and
- Loss of production potential of agricultural land.

## ICT Governance

Significant progress has been made over strengthening internal controls in respect of the ICT control environment. There is a low level of residual risk exposure due to effective and efficient operation of controls, which provides management with reasonable assurance that risks will be mitigated and that process objectives will be achieved.

Although, most components of the Corporate Governance of ICT Policy Framework (CGICT) have been addressed, the Audit Committee highlighted the risks of not having the Business Continuity Management Program in place and a tested Disaster Recovery Plan. The Committee further noted that, although the IT Steering committee is in place, it is not yet fully effective due to non-attendance by some of the key stakeholders in the Department and this needs urgent management intervention.

Other than matters stated above, there is nothing of significance that has come to the attention of the committee indicating any material breakdown in the functioning and controls within the department.

## Auditor-General South Africa

The Audit Committee has met with the Auditor General of South Africa to discuss the Audit Strategy at the commencement of the audit and has planned to meet at the conclusion of the audit to ensure that there are no unresolved issues.

## Appreciation

The Committee would like to take this opportunity to express its sincere appreciation to the Member of Executive Council, Head of Department, the management of the Department, Internal Audit, Provincial Treasury and the AG (SA) for their support and co-operation during the year under review.



**Mrs T Cumming**

Audit Committee Chairperson  
Eastern Cape Department of Rural Development and Agrarian Reform  
31 May 2019





**MS. Z. MAKINA**  
DDG: ADMIN

# PART D: HUMAN RESOURCE MANAGEMENT



## I. INTRODUCTION

The role of department's human resource chief directorate is to ensure that its most important asset, that is, its human capital is being nurtured and supported through the creation and management of programs, policies, and procedures, and by fostering a positive work environment through effective employee-employer relations.

## 2. OVERVIEW OF HUMAN RESOURCES

Employees are a key pillar in achieving the strategic objectives of the Department. Therefore, human resource planning aims to ensure that the Department has the right people, with the right skills, at the right place at the right time, all the time.

HR planning is currently being utilised to identify optimal strategies for HR management functions, such as recruitment, retention, learning, development, employment relations and employment equity, amongst others.

### Set HR priorities for the year under review and the impact of these priorities

To ensure that department's future human resource needs are met, the following HR priorities were identified and implemented to address the recognised gaps in current and future human resource requirements:

| No | HR Priority  | Impact  |
|----|--|---|
| 1. | Development of an organisational structure that is aligned to the service delivery model that provides framework which clearly determines the nature, scope, extent and level of work that constitute the manner in which the agriculture and rural development services must be provided. | Enhance service delivery efficiencies and effectiveness.  |
| 2. | Build an appropriately sized, adequately competent and sufficiently skilled human capital that will enhance service delivery.  | Skilled workforce to improve departmental performance.  |
| 3. | Implement a planned approach to reduce the level of skills gaps and shortages that are being experienced in the following occupational classifications i.e. Specialist Agricultural Scientists, Veterinarians, Agricultural Engineers etc.   | Increase the supply of critical and scarce skills to the department.  |
| 4. | Implement employee development practices such as job shadowing, mentoring of younger employees among others to encounter loss institutional memory due to staff turnover.  | Preserved institutional memory through documented process and procedures.   |
| 5. | Implementation of employment equity specific measures that will ensure adherence of 50% of females in SMS level and 2% for people living with disabilities.  | Diverse organisation to increase quality of performance.<br>Fair representation of people with disability in the workplace.     |
| 6. | Develop a wellness culture in the Department that will ensure employees achieve optimum levels of performance whilst feeling cared for and supported in their respective workplace.  | Decrease poor performance due to absenteeism.   |
| 7. | Enhancing and maintenance of sound labour relations in the Department.   | Capacitated workforce that is able to apply the applicable policies, procedures and legislation pertaining to Labour Relations. |



## Challenges faced by the Department

The department has to contend with increasing budget constraints and this enforces department to continue prioritising the filling of critical posts at the coalface of service delivery out of savings that have been realised through natural attrition.

The department experiences challenges in attracting critical and scarce skills in Specialist Agricultural Scientists, Veterinarians, and Agricultural Engineers. The department is characterized by high staff turnover due to aging workforce.

Non-adherence to set Employment Equity goals and targets, as per Employment Equity Plan, as well as national targets of 50% for women in senior management service (SMS) and 2% for people with disabilities.

## Future HR plans / goals

An appropriate organizational structure has been developed to ensure effective response to the agricultural economic transformation strategy. This will have a positive influence in HR Planning, by assisting in upskilling, correctly placing employees and appropriately utilising them according to their skills and competencies.

The role of Human Resources is to improve the employees' performance through employee training initiative which are essential in ensuring that the future performance of an employee and investing in their potential skills. Training will be delivered to ensure that employees are up to date in their respective areas as determined by the needs of the department.

The Department will continue prioritising attraction and retention of dire skills shortages, especially in the highly technical and specialised occupations. Further maintain measures to develop, transfer and retain skills through bursaries, internships and learnerships) aimed at addressing the core, critical and scarce skills.

Developing a wellness culture in the Department to ensure that employees achieve optimum levels of performance whilst feeling cared for and supported in their respective work environment. The Department will continue implementing employment equity specific focussed measures i.e. Training intervention aimed at females on Middle Management levels in order to create a pool of suitable candidates for filling of Senior Management posts.

### 3. HUMAN RESOURCES OVERSIGHT STATISTICS

#### 3.1 Personnel related expenditure

The following tables summarise the final audited personnel related expenditure by programme and by salary bands. In particular, it provides an indication of the following:

- amount spent on personnel; and
- Amount spent on salaries, overtime, homeowner's allowances and medical aid.

**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 Expenditure (R'000) | Personnel Expenditure as a % of total expenditure | Average personnel cost per employee (R'000) |
|--|---------------------------|-------------------------------|------------------------------|---|---|---|
| Administration                           | 474 156                   | 311 464                       | 2 265 050                    | -   | 65,7  | 402,408                                     |
| Sustainable resource manage              | 148 500                   | 93 642                        | 99 567                       | -   | 63,1  | 541,283                                     |
| Farmer support & development             | 793 762                   | 359 057                       | 734 648                      | -   | 45,2  | 514,408                                     |
| Veterinary services                      | 316 136                   | 241 233                       | 238 846                      | -   | 76,3  | 470,24                                      |
| Research & techno development services   | 133 530                   | 108 875                       | 545 537                      | -   | 81,5  | 358,141                                     |
| Agricultural economics services          | 87 931                    | 28 016                        | 39 549                       | -   | 31,9  | 667,048                                     |
| Structured agriculture education & train | 161 762                   | 59 575                        | 467 029                      | -   | 36,8  | 344,364                                     |
| Rural development coordination           | 189 793                   | 16 515                        | 12 656                       | -   | 8,7   | 500,5                                       |
| <b>TOTAL</b>                             | <b>2 305 570</b>          | <b>1 218 377</b>              | <b>4 402 882</b>             | <b>-</b>  | <b>52,8</b>                                       | <b>449,586</b>                              |

**Table 3.1.2 Personnel costs by salary band for the period 1 April 2018 and 31 March 2019**

| Salary band                              | Personnel Expenditure (R'000) | % of total personnel cost | No. of employees | Average personnel cost per employee (R'000) |
|--|-------------------------------|---------------------------|------------------|---|
| Lower skilled (Levels 1-2)               | 48 270                        | 2,80                      | 261              | 184 943                                     |
| Skilled (level 3-5)                      | 107 502                       | 6,20                      | 462              | 232 688                                     |
| Highly skilled production (levels 6-8)   | 516 707                       | 30,00                     | 1208             | 427 738                                     |
| Highly skilled supervision (levels 9-12) | 478 057                       | 27,80                     | 650              | 735 472                                     |
| Senior and Top management (levels 13-16) | 65 064                        | 3,80                      | 52               | 1 251 231                                   |
| Abnormal Appointments                    | 2 777                         | 0,20                      | 77               | 36 065                                      |
| <b>TOTAL</b>                             | <b>1 218 377</b>              | <b>70,80</b>              | <b>2710</b>      | <b>449 586</b>                              |

**Table 3.1.3 Salaries, Overtime, Home Owners Allowance and Medical Aid by programme for the period 1 April 2018 and 31 March 2019**

| Programme                                  | Basic Salaries   |                                    | Overtime       |                                    | Home Owners Allowance |                               | Medical Aid    |                                       |
|--|------------------|------------------------------------|----------------|------------------------------------|-----------------------|-------------------------------|----------------|---------------------------------------|
|  | Amount (R'000)   | Salaries as a % of personnel costs | Amount (R'000) | Overtime as a % of personnel costs | Amount (R'000)        | HOA as a % of personnel costs | Amount (R'000) | Medical aid as a % of personnel costs |
| Administration                             | 268 622          | 86,2                               | 980            | 0,3                                | 10 995                | 3,5                           | 14 914         | 4,8                                   |
| Sustainable resource management            | 81 237           | 86,8                               | 0              | 0                                  | 2 506                 | 2,7                           | 3 718          | 4                                     |
| Farmer support & development               | 308 625          | 86                                 | 0              | 0                                  | 10 417                | 2,9                           | 16 717         | 4,7                                   |
| Veterinary services                        | 207 519          | 86                                 | 30             | 0                                  | 7 603                 | 3,2                           | 11 581         | 4,8                                   |
| Technology research & development services | 93 485           | 85,9                               | 2415           | 2,2                                | 5 486                 | 5                             | 6 204          | 5,7                                   |
| Agricultural economics                     | 24 373           | 87                                 | 0              | 0                                  | 655                   | 2,3                           | 938            | 3,3                                   |
| Structured agricultural training           | 51 287           | 86,1                               | 1306           | 2,2                                | 2 715                 | 4,6                           | 3 031          | 5,1                                   |
| Rural development coordination             | 14 788           | 89,5                               | 0              | 0                                  | 488                   | 3                             | 628            | 3,8                                   |
| <b>TOTAL</b>                               | <b>1 049 936</b> | <b>86,2</b>                        | <b>4 731</b>   | <b>0,4</b>                         | <b>40 865</b>         | <b>3,4</b>                    | <b>57 731</b>  | <b>4,7</b>                            |

**Table 3.1.4 Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band for the period 1 April 2018 and 31 March 2019**

| Salary Bands                             | Salaries         |                                    | Overtime       |                                    | Home Owners Allowance |                               | Medical Aid    |                                       |
|--|------------------|------------------------------------|----------------|------------------------------------|-----------------------|-------------------------------|----------------|---------------------------------------|
|  | Amount (R'000)   | Salaries as a % of personnel costs | Amount (R'000) | Overtime as a % of personnel costs | Amount (R'000)        | HOA as a % of personnel costs | Amount (R'000) | Medical aid as a % of personnel costs |
| Skilled (level 1-2)                      | 33 076           | 68,5                               | 1 690          | 3,5                                | 4 316                 | 8,9                           | 4 753          | 9,8                                   |
| Skilled (level 3-5)                      | 79 016           | 73,5                               | 1 869          | 1,7                                | 7 040                 | 6,5                           | 8 175          | 7,6                                   |
| Highly skilled production (levels 6-8)   | 476 096          | 92,1                               | 662            | 0,1                                | 18 682                | 3,6                           | 30 661         | 5,9                                   |
| Highly skilled supervision (levels 9-12) | 402 910          | 84,3                               | 510            | 0,1                                | 8 965                 | 1,9                           | 13 493         | 2,8                                   |
| Senior management (level 13-16)          | 56 061           | 86,2                               | -              | -                                  | 1 862,00              | 2,9                           | 649            | 1                                     |
| Abnormal Appointment                     | 2 777            | 100                                | -              | -                                  | -                     | -                             | -              | -                                     |
| <b>Total</b>                             | <b>1 049 936</b> | <b>86,2</b>                        | <b>4 731</b>   | <b>0,4</b>                         | <b>40 865</b>         | <b>3,4</b>                    | <b>57 731</b>  | <b>4,7</b>                            |

## 3.2 Employment and Vacancies

The tables in this section summarise the position with regard to employment and vacancies.

**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 | Number of employees additional to the establishment |
|--------------|---|------------------------|--------------|---|
| Programme 1  | 780                                       | 697                    | 10,6         | 77  |
| Programme 2  | 200                                       | 173                    | 13,5         | -   |
| Programme 3  | 764                                       | 698                    | 8,6          | -   |
| Programme 4  | 586                                       | 513                    | 12,5         | -   |
| Programme 5  | 344                                       | 304                    | 11,6         | -   |
| Programme 6  | 45  | 42                     | 6,7          | -   |
| Programme 7  | 204                                       | 173                    | 15,2         | -   |
| Programme 8  | 38  | 33                     | 13,2         | -   |
| <b>TOTAL</b> | <b>2961</b>                               | <b>2633</b>            | <b>11,1</b>  | <b>77</b>   |

**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 | Number of employees additional to the establishment |
|-----------------------------------|---|------------------------|--------------|---|
| Interns                           | -   | 77                     | -            | 77  |
| Lower skilled (1-2)               | 477                                       | 422                    | 11,5         | -   |
| Skilled (3-5)                     | 405                                       | 352                    | 13,1         | -   |
| Highly skilled production (6-8)   | 1 486                                     | 1 346                  | 9,4          | -   |
| Highly skilled supervision (9-12) | 533                                       | 460                    | 13,7         | -   |
| Senior management (13-16)         | 60  | 53                     | 11,7         | -   |
| <b>TOTAL</b>                      | <b>2 961</b>                              | <b>2 633</b>           | <b>11,1</b>  | <b>77</b>   |

**Table 3.2.3 Employment and vacancies by critical occupations as on 31 March 2019**

| Critical Occupations            | Number of Posts | Number of Posts Filled | Vacancy Rate | Number of Posts Filled Additional to the Establishment |
|---------------------------------|-----------------|------------------------|--------------|--|
| Artisans                        | 47              | 40                     | 14,9         | -  |
| Agriculture advisors            | 615             | 559                    | 9,1          | -  |
| Animal Health Technicians       | 444             | 396                    | 10,8         | -  |
| Engineering Technicians         | 27              | 23                     | 14,8         | -  |
| Engineers                       | 8               | 6                      | 25           | -  |
| Meat Inspectors                 | 25              | 23                     | 8            | -  |
| Scientist                       | 65              | 57                     | 12,3         | -  |
| Scientific Technicians          | 34              | 33                     | 2,9          | -  |
| State Veterinarian Technologist | 12              | 11                     | 8,3          | -  |
| State Veterinarians             | 54              | 38                     | 29,6         | -  |
| <b>TOTAL</b>                    | <b>1331</b>     | <b>1186</b>            | <b>10,9</b>  | <b>-</b>   |

### 3.3 Filling of SMS Posts

**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 |
|---------------------|----------------------------------|----------------------------------|-----------------------|----------------------------------|-----------------------|
| Executing Authority | 1                                | 1                                | 100                   | -                                | -                     |
| Head of Department  | 1                                | -                                | -                     | 1                                | 100                   |
| Salary Level 15     | 3                                | 3                                | 100                   | -                                | -                     |
| Salary Level 14     | 13                               | 13                               | 100                   | -                                | -                     |
| Salary Level 13     | 41                               | 36                               | 87.8                  | 5                                | 12.2                  |
| <b>TOTAL</b>        | <b>59</b>                        | <b>53</b>                        | <b>89.8</b>           | <b>6</b>                         | <b>10.2</b>           |

**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 |
|---------------------|----------------------------------|----------------------------------|-----------------------|----------------------------------|-----------------------|
| Executive Authority | 1                                | 1                                | 100                   | -                                | -                     |
| Salary Level 16     | 1                                | 1                                | 100                   | -                                | 100                   |
| Salary Level 15     | 3                                | 3                                | 100                   | -                                | -                     |
| Salary Level 14     | 13                               | 13                               | 100                   | -                                | -                     |
| Salary Level 13     | 41                               | 37                               | 90.2                  | 4                                | 9.8                   |
| <b>TOTAL</b>        | <b>59</b>                        | <b>55</b>                        | <b>93.2</b>           | <b>4</b>                         | <b>6.8</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 filled in 6 months of becoming vacant | Number of vacancies per level not filled in 6 months but filled in 12 months |
| Executive Authority                  | -   | -   | -  |
| Salary Level 16 (Head of Department) | 1   | -   | -  |
| Salary Level 15                      | -   | -   | -  |
| Salary Level 14                      | -   | -   | -  |
| Salary Level 13                      | 2   | -   | 1  |
| <b>TOTAL</b>                         | <b>3</b>  | <b>-</b>  | <b>1</b>   |

**Table 3.3.4: Reasons for not having complied with the filling of funded vacant SMS - Advertised posts within six months and filled within 12 months after becoming vacant for the period 1 April 2018 and 31 March 2019**

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

The posts were advertised, however not filled within six months. One (1) position could not be filled due to non-availability of suitable candidates. The recruitment of HOD position is the competency of the Office of the Premier.

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

No suitable candidate could be found.

**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 |
|--|
| N/A refer to table 3.3.4.                              |

| Reasons for vacancies not filled within six months |
|--|
| N/A  |

### 3.4 Job Evaluation

Within a nationally determined framework, executing authorities may evaluate or re-evaluate any job in their organisation. In terms of the Regulations, all vacancies on salary levels 9 and higher must be evaluated before they are filled. The following table summarises the number of jobs that were evaluated during the year under review. The table also provides statistics on the number of posts that were upgraded or downgraded.

**Table 3.4.1: Job Evaluations by Salary band for the period 1 April 2018 and 31 March 2019**

| Salary Band                       | Number of Posts on approved establishment | Number of Jobs Evaluated | % of Posts Evaluated by Salary Bands | Posts upgraded |                      | Posts downgraded |                      |
|-----------------------------------|---|--------------------------|--------------------------------------|----------------|----------------------|------------------|----------------------|
|                                   |   |                          |                                      | Number         | % of posts Evaluated | Number           | % of posts Evaluated |
| Lower skilled (1-2)               | 477                                       | -                        | -                                    | -              | -                    | -                | -                    |
| Skilled (3-5)                     | 405                                       | -                        | -                                    | -              | -                    | -                | -                    |
| Highly skilled production (6-8)   | 1486                                      | -                        | -                                    | -              | -                    | -                | -                    |
| Highly skilled supervision (9-12) | 533                                       | -                        | -                                    | -              | -                    | -                | -                    |
| Senior management (13-16)         | 60  | -                        | -                                    | -              | -                    | -                | -                    |
| <b>TOTAL</b>                      | <b>2961</b>                               | -                        | -                                    | -              | -                    | -                | -                    |

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

**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**

| Gender       | African | Asian | Coloured | White | Total |
|--------------|---------|-------|----------|-------|-------|
| Female       | -       | -     | -        | -     | -     |
| Male         | -       | -     | -        | -     | -     |
| <b>TOTAL</b> | -       | -     | -        | -     | -     |

|                                    |   |
|------------------------------------|---|
| <b>Employees with a disability</b> | - |
|------------------------------------|---|

The following table summarises the number of cases where remuneration bands exceeded the grade determined by job evaluation. Reasons for the deviations are provided in each case.

**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 |
|--|---------------------|----------------------|--------------------|----------------------|
| -  | Nil                 | -                    | -                  | -                    |
| -  | Nil                 | -                    | -                  | -                    |
| Total number of employees whose salaries exceeded the level determined by job evaluation |                     |                      |                    | Nil                  |
| Percentage of total employed   |                     |                      |                    | Nil                  |

**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**

| Gender | African | Asian | Coloured | White | Total |
|--------|---------|-------|----------|-------|-------|
| Female | -       | -     | -        | -     | -     |
| Male   | -       | -     | -        | -     | -     |
| Total  | -       | -     | -        | -     | -     |

|                             |   |   |   |   |   |
|-----------------------------|---|---|---|---|---|
| Employees with a disability | - | - | - | - | - |
|-----------------------------|---|---|---|---|---|

|   |     |
|---|-----|
| Total number of Employees whose salaries exceeded the grades determined by job evaluation | Nil |
|---|-----|

### 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 and critical occupations.

**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 at beginning of period (1 April 2018) | Appointments and transfers into the Department | Terminations and transfers out of the Department | Turnover rate |
|--|---|--|--|---------------|
| Lower skilled (Levels 1-2)               | 293   | 2  | 6  | 2             |
| Skilled (Levels 3-5)                     | 470   | 15   | 46   | 9,8           |
| Highly skilled production (Levels 6-8)   | 1 255   | 26   | 66   | 5,3           |
| Highly skilled supervision (Levels 9-12) | 670   | 18   | 51   | 7,6           |
| Senior Management Service Band A         | 38  | 1  | 5  | 13,2          |
| Senior Management Service Band B         | 13  | -  | -  | -             |
| Senior Management Service Band C         | 3   | -  | -  | -             |
| Senior Management Service Band D         | 2   | 2  | 1  | 50            |
| <b>TOTAL</b>                             | <b>2 744</b>  | <b>64</b>                                      | <b>175</b>                                       | <b>6,4</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 at beginning of period (1 April 2018) | Appointments and transfers into the department | Terminations and transfers out of the department | Turnover rate |
|---------------------------------|---|--|--|---------------|
| Artisans                        | 47  | 1  | 4  | 8,52          |
| Agriculture advisors            | 615   | 3  | 33   | 5,4           |
| Animal Health Technicians       | 444   | 2  | 47   | 10,6          |
| Engineering Technicians         | 27  | -  | 2  | 7,4           |
| Engineers                       | 8   | -  | 5  | 62,50         |
| Meat Inspectors                 | 25  | -  | -  | 0,00          |
| Scientist                       | 65  | 1  | 2  | 3,1           |
| Scientific Technicians          | 34  | -  | 1  | 2,9           |
| State Veterinarian Technologist | 12  | 4  | 1  | 8,3           |
| State Veterinarians             | 54  | 3  | 7  | 13            |
| <b>TOTAL</b>                    | <b>1 331</b>  | <b>14</b>                                      | <b>102</b>                                       | <b>7,7</b>    |

The table below identifies the major reasons why staff left the Department.

**Table 3.5.3: Reasons why staff left the Department for the period 1 April 2018 and 31 March 2019**

| Termination Type   | Number      | % of Total Terminations |
|--|-------------|-------------------------|
| Death  | 32          | 1,17                    |
| Resignation  | 36          | 1,31                    |
| Expiry of contract   | 5           | 0,18                    |
| Dismissal – operational changes                                      | -           | -                       |
| Dismissal – misconduct   | -           | -                       |
| Dismissal – inefficiency   | -           | -                       |
| Discharged due to ill health   | 3           | 0,11                    |
| Retirement   | 93          | 3,39                    |
| Transfers to other Public Service Departments                        | 6           | 0,22                    |
| <b>TOTAL</b>   | <b>175</b>  | <b>6,38</b>             |
| <b>Total number of employees who left as a % of total employment</b> | <b>6.38</b> |                         |



The following tables provide a summary of promotions by critical occupation and salary band.

**Table 3.5.4: Promotions by critical occupation for the period 1 April 2018 and 31 March 2019**

| Occupation                      | Employees (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 progression as a % of employees by occupation |
|---------------------------------|--------------------------|------------------------------------|---|---|---|
| Artisans                        | 47                       | -                                  | -   | -   | -   |
| Agriculture advisors            | 615                      | 8                                  | 1,30  | -   | -   |
| Animal Health Technicians       | 444                      | 1                                  | 0,23  | -   | -   |
| Engineering Technicians         | 27                       | -                                  | -   | -   | -   |
| Engineers                       | 8                        | 2                                  | 25  | 2   | 25  |
| Meat Inspectors                 | 25                       | -                                  | -   | -   | -   |
| Scientist                       | 65                       | 42                                 | 64,6  | 42  | 64,6  |
| Scientific Technicians          | 34                       | -                                  | -   | -   | -   |
| State Veterinarian Technologist | 12                       | -                                  | -   | -   | -   |
| State Veterinarians             | 54                       | 2                                  | 3,70  | -   | -   |
| <b>TOTAL</b>                    | <b>1 331</b>             | <b>55</b>                          | <b>4,13</b>   | <b>44</b>   | <b>3,31</b>   |

**3.5.5: Table 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 progression as a % of employees by salary band |
|--|--------------------------|------------------------------------|---|---|--|
| Lower skilled (Levels 1-2)               | 293                      | 1                                  | 0,3   | 52  | 17,8   |
| Skilled (Levels 3-5)                     | 470                      | 3                                  | 0,6   | 265   | 56,4   |
| Highly skilled production (Levels 6-8)   | 1 255                    | 4                                  | 0,3   | 649   | 51,7   |
| Highly skilled supervision (Levels 9-12) | 670                      | 11                                 | 1,6   | 347   | 51,8   |
| Senior management (Levels 13-16)         | 56                       | 1                                  | 1,8   | -   | -  |
| <b>TOTAL</b>                             | <b>2 744</b>             | <b>20</b>                          | <b>0,73</b>   | <b>1 313</b>  | <b>47,9</b>  |

### 3.6 Employment Equity

**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 Category                  | Male         |           |          |           |  | Female       |           |          |           |  | Total        |
|--|--------------|-----------|----------|-----------|--|--------------|-----------|----------|-----------|--|--------------|
|  | African      | Coloured  | Indian   | White     |  | African      | Coloured  | Indian   | White     |  |              |
|  |              |           |          |           |  |              |           |          |           |  |              |
| Professionals                          | 264          | 1         | 1        | 17        |  | 228          | 3         | 1        | 15        |  | 530          |
| Technicians & Associate Professionals  | 582          | 5         | 1        | 19        |  | 412          | 4         | 1        | 15        |  | 1 039        |
| Labourers & Related Workers            | 265          | 7         | -        | -         |  | 164          | 5         | -        | -         |  | 441          |
| Plant & Machine Operators & Assemblers | 32           | -         | -        | -         |  | -            | -         | -        | -         |  | 32           |
| Service & Sales Workers                | 54           | 3         | -        | -         |  | 40           | -         | -        | -         |  | 97           |
| Clerks                                 | 91           | 3         | -        | 1         |  | 300          | 11        | 1        | 10        |  | 417          |
| Senior Managers                        | 15           | 1         | -        | 2         |  | 18           | -         | 1        | -         |  | 37           |
| Craft, Related Trade Workers           | 39           | -         | -        | -         |  | 1            | -         | -        | -         |  | 40           |
| <b>TOTAL</b>                           | <b>1 342</b> | <b>20</b> | <b>2</b> | <b>39</b> |  | <b>1 163</b> | <b>23</b> | <b>4</b> | <b>40</b> |  | <b>2 633</b> |
| <b>Employees with disabilities</b>     | <b>7</b>     | <b>-</b>  | <b>-</b> | <b>-</b>  |  | <b>7</b>     | <b>-</b>  | <b>-</b> | <b>-</b>  |  | <b>14</b>    |

**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 Band   | Male         |           |          |           |  | Female       |           |          |           |  | Total        |
|---|--------------|-----------|----------|-----------|--|--------------|-----------|----------|-----------|--|--------------|
|   | African      | Coloured  | Indian   | White     |  | African      | Coloured  | Indian   | White     |  |              |
|   |              |           |          |           |  |              |           |          |           |  |              |
| Top Management  | 2            | -         | -        | 1         |  | 1            | -         | -        | -         |  | 4            |
| Senior Management   | 23           | 1         | 1        | 1         |  | 20           | -         | 1        | 1         |  | 48           |
| Professionally qualified and experienced specialists and mid-management   | 234          | 1         | 1        | 28        |  | 152          | 3         | 2        | 15        |  | 436          |
| Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents | 675          | 5         | -        | 9         |  | 700          | 9         | 1        | 23        |  | 1 422        |
| Semi-skilled and discretionary decision making  | 291          | 11        | -        | -         |  | 151          | 8         | -        | 1         |  | 462          |
| Unskilled and defined decision making   | 117          | 2         | -        | -         |  | 139          | 3         | -        | -         |  | 261          |
| <b>TOTAL</b>  | <b>1 342</b> | <b>20</b> | <b>2</b> | <b>39</b> |  | <b>1 163</b> | <b>23</b> | <b>4</b> | <b>40</b> |  | <b>2 633</b> |

**Table 3.6.3: Recruitment for the period 1 April 2018 to 31 March 2019**

| Occupational Band  | Male              |          |          |          | Female    |          |          |          | Total     |
|--|-------------------|----------|----------|----------|-----------|----------|----------|----------|-----------|
|  | African           | Coloured | Indian   | White    | African   | Coloured | Indian   | White    |           |
|  | Senior Management | 2        | 1        | -        | -         | -        | -        | -        |           |
| Professionally qualified, experienced specialists & mid-management                         | 12                | -        | -        | 1        | 10        | -        | -        | -        | 23        |
| Skilled technical, academically qualified workers, junior management, supervisors, foremen | 9                 | -        | -        | -        | 13        | -        | -        | -        | 22        |
| Semi-skilled and discretionary decision making   | 13                | -        | -        | -        | 2         | -        | -        | -        | 15        |
| Unskilled and defined decision making  | -                 | -        | -        | -0       | 1         | -        | -        | -        | 1         |
| <b>TOTAL</b>   | <b>36</b>         | <b>1</b> | <b>-</b> | <b>1</b> | <b>26</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>64</b> |
| <b>Employees with disabilities</b>   | <b>-</b>          | <b>-</b> | <b>-</b> | <b>-</b> | <b>-</b>  | <b>-</b> | <b>-</b> | <b>-</b> | <b>-</b>  |

**Table 3.6.4: Promotions for the period 1 April 2018 and 31 March 2019**

| Occupational Band   | Male           |          |          |          | Female    |          |          |          | Total     |
|---|----------------|----------|----------|----------|-----------|----------|----------|----------|-----------|
|   | African        | Coloured | Indian   | White    | African   | Coloured | Indian   | White    |           |
|   | Top Management | 1        | -        | -        | -         | -        | -        | -        |           |
| Senior Management   | -              | -        | -        | -        | -         | -        | -        | -        | -         |
| Professionally qualified, experienced specialists & mid-management                          | 4              | -        | -        | -        | 7         | -        | -        | -        | 11        |
| Skilled technical & academically qualified workers, junior management, supervisors, foremen | 1              | -        | -        | -        | 3         | -        | -        | -        | 4         |
| Semi-skilled and discretionary decision making  | 2              | -        | -        | -        | -         | -        | -        | -        | 2         |
| Unskilled and defined decision making   | -              | -        | -        | -        | 1         | -        | -        | -        | 1         |
| <b>TOTAL</b>  | <b>8</b>       | <b>-</b> | <b>-</b> | <b>-</b> | <b>11</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>19</b> |
| <b>Employees with disabilities</b>  | <b>-</b>       | <b>-</b> | <b>-</b> | <b>-</b> | <b>-</b>  | <b>-</b> | <b>-</b> | <b>-</b> | <b>-</b>  |

**Table 3.6.5: Terminations for the period 1 April 2018 and 31 March 2019**

| Occupational Band  | Male       |          |          |          | Female    |          |          |          | Total      |
|--|------------|----------|----------|----------|-----------|----------|----------|----------|------------|
|  | African    | Coloured | Indian   | White    | African   | Coloured | Indian   | White    |            |
| Senior Management  | 5          | -        | -        | -        | 2         | -        | -        | -        | 7          |
| Professionally qualified and experienced specialists and mid-management                    | 32         | -        | 1        | 7        | 9         | -        | -        | -        | 49         |
| Skilled technical, academically qualified workers, junior management, supervisors, foremen | 33         | -        | -        | -        | 28        | -        | -        | -        | 61         |
| Semi-skilled & discretionary decision making   | 34         | 1        | -        | -        | 10        | 1        | -        | -        | 46         |
| Unskilled & defined decision making  | 5          | -        | -        | -        | 1         | -        | -        | -        | 6          |
| <b>TOTAL</b>   | <b>109</b> | <b>1</b> | <b>1</b> | <b>7</b> | <b>50</b> | <b>1</b> | <b>-</b> | <b>-</b> | <b>169</b> |
| <b>Employees with disabilities</b>   | <b>1</b>   | <b>-</b> | <b>-</b> | <b>-</b> | <b>-</b>  | <b>-</b> | <b>-</b> | <b>-</b> | <b>1</b>   |

**Table 3.6.6: Disciplinary action for the period 1 April 2018 and 31 March 2019**

| Disciplinary Action   | Male      |          |          |          | Female    |          |          |          | Total     |
|---|-----------|----------|----------|----------|-----------|----------|----------|----------|-----------|
|   | African   | Coloured | Indian   | White    | African   | Coloured | Indian   | White    |           |
| Top Management  | -         | -        | -        | -        | -         | -        | -        | -        | -         |
| Senior Management   | 2         | -        | 1        | -        | -         | -        | -        | -        | 3         |
| Professionally qualified and experienced specialists and mid-management                       | 8         | -        | -        | 2        | 1         | -        | -        | 1        | 12        |
| Skilled technical and academically qualified workers, junior management, supervisors, foremen | 3         | -        | -        | -        | 4         | -        | -        | -        | 7         |
| Semi-skilled and discretionary decision making, Permanent                                     | 14        | -        | -        | -        | 27        | -        | -        | -        | 41        |
| Unskilled and defined decision making   | 15        | -        | -        | -        | 11        | -        | -        | -        | 26        |
| <b>TOTAL</b>  | <b>42</b> | <b>-</b> | <b>1</b> | <b>2</b> | <b>43</b> | <b>-</b> | <b>-</b> | <b>1</b> | <b>89</b> |
| <b>Employees with disabilities</b>  | <b>-</b>  | <b>-</b> | <b>-</b> | <b>-</b> | <b>-</b>  | <b>-</b> | <b>-</b> | <b>-</b> | <b>-</b>  |

Table 3.6.7: Skills development for the period 1 April 2018 and 31 March 2019

| Occupational Categories                    | Male       |          |          |          | Female     |          |          |          | Total      |
|--|------------|----------|----------|----------|------------|----------|----------|----------|------------|
|  | African    | Coloured | Indian   | White    | African    | Coloured | Indian   | White    |            |
| Legislators, senior officials and managers | 41         | -        | 2        | 2        | 22         | -        | 3        | -        | 70         |
| Professionals                              | 75         | -        | -        | 2        | 65         | 2        | 1        | 2        | 147        |
| Technicians and associate professionals    | 185        | 1        | -        | 1        | 142        | 1        | -        | -        | 330        |
| Clerks                                     | 193        | 1        | -        | -        | 178        | 3        | -        | -        | 375        |
| Service and sales workers                  | -          | -        | -        | -        | -          | -        | -        | -        | -          |
| Craft and related trades workers           | -          | -        | -        | -        | -          | -        | -        | -        | -          |
| Plant and machine operators and assemblers | -          | -        | -        | -        | -          | -        | -        | -        | -          |
| Elementary occupations                     | 26         | -        | -        | -        | 45         | -        | -        | -        | 71         |
| <b>TOTAL</b>                               | <b>520</b> | <b>2</b> | <b>2</b> | <b>5</b> | <b>452</b> | <b>6</b> | <b>4</b> | <b>2</b> | <b>993</b> |
| <b>Employees with disabilities</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 on 31 May 2019**

| SMS Level          | Total number of funded SMS posts | Total number of SMS members | Signed agreements | Signed performance agreements as a % |
|--------------------|----------------------------------|-----------------------------|-------------------|--------------------------------------|
| Head of Department | 1                                | 1                           | 1                 | 100                                  |
| Salary level 15    | 3                                | 3                           | 3                 | 100                                  |
| Salary level 14    | 14                               | 14                          | 14                | 100                                  |
| Salary level 13    | 40                               | 38                          | 37                | 95                                   |
| <b>Total</b>       | <b>58</b>                        | <b>56</b>                   | <b>55</b>         | <b>98.2</b>                          |

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

| Reasons   |
|---|
| One Senior Manager exited the public service due to retirement on 30.04.2018 without signing agreement. |

**Table 3.7.3: Disciplinary steps taken against SMS members for not having concluded Performance agreements as on 31 March 2018**

| Reasons |
|---------|
| None.   |

### 3.8 Performance Rewards

**Table 3.8.1: Performance Rewards by race, gender and disability for the period 1 April 2018 and 31 March 2019**

| Race and Gender             | Beneficiary Profile     |                     |                          | Cost          |                           |
|-----------------------------|-------------------------|---------------------|--------------------------|---------------|---------------------------|
|                             | Number of Beneficiaries | Number of employees | % of total within groups | Cost (R'000)  | Average Cost per employee |
| African, Female             | 695                     | 1 163               | 59,8                     | 8 773,36      | 12 624                    |
| African, Male               | 632                     | 1 342               | 47,1                     | 8 535,43      | 13 505                    |
| Asian, Female               | 1                       | 4                   | 25                       | 27,79         | 27 785                    |
| Asian, Male                 | 2                       | 2                   | 100                      | 74,31         | 37 156                    |
| Coloured, Female            | 19                      | 23                  | 82,6                     | 241,35        | 12 703                    |
| Coloured, Male              | 13                      | 20                  | 65                       | 110,21        | 8 478                     |
| White, Female               | 24                      | 40                  | 60                       | 430,71        | 17 946                    |
| White, Male                 | 25                      | 39                  | 64,1                     | 555,58        | 22 223                    |
| Employees with a disability | 11                      | 14                  | 78,6                     | 153,58        | 13 961                    |
| <b>TOTAL</b>                | <b>1 422</b>            | <b>2 633</b>        | <b>54</b>                | <b>18 902</b> | <b>13 293</b>             |

The total number of beneficiaries is 2633 of which 14 are employees living with disabilities

**Table 3.8.2: Performance Rewards by salary band for personnel below Senior Management Service for the period 1 April 2018 and 31 March 2019**

| Salary Band                              | Beneficiary Profile     |                     |                                | Costs         |                                | Total cost as a % of the total personnel expenditure |
|--|-------------------------|---------------------|--------------------------------|---------------|--------------------------------|--|
|  | Number of Beneficiaries | Number of employees | % of Total within salary bands | Cost (R'000)  | Average Cost per employees (R) |  |
| Lower Skilled (Levels 1-2)               | 107                     | 422                 | 25,4                           | 442,71        | 4 137                          | 2,4  |
| Skilled (Levels 3-5)                     | 281                     | 352                 | 79,8                           | 1 825,04      | 6 495                          | 10,1   |
| Highly Skilled Production (Levels 6-8)   | 676                     | 1 346               | 50,2                           | 8 535,72      | 12 627                         | 47,2   |
| Highly Skilled Supervision (Levels 9-12) | 345                     | 460                 | 75                             | 7 268,22      | 21 067                         | 40,2   |
| <b>TOTAL</b>                             | <b>1 409</b>            | <b>2 580</b>        | <b>54,6</b>                    | <b>18 071</b> | <b>12 826</b>                  | <b>100</b>   |

**Table 3.8.3: Performance Rewards by critical occupation for the period 1 April 2018 and 31 March 2019.**

| Critical Occupations            | Beneficiary Profile     |                     |                              | Cost             |                           |
|---------------------------------|-------------------------|---------------------|------------------------------|------------------|---------------------------|
|                                 | Number of Beneficiaries | Number of employees | % of Total within occupation | Cost (R'000)     | Average Cost per employee |
| Artisans                        | 21                      | 47                  | 44,7                         | 192,704          | 9,176                     |
| Agriculture advisors            | 262                     | 615                 | 38,3                         | 4,046,955        | 15,446                    |
| Animal Health Technicians       | 129                     | 444                 | 27,3                         | 1,979,913        | 15,348                    |
| Engineering Technicians         | 20                      | 27                  | 77,8                         | 266 58           | 13,329                    |
| Engineers                       | 3                       | 8                   | 37,5                         | 111,048          | 37,016                    |
| Meat Inspectors                 | 11                      | 25                  | 44                           | 139,174          | 12,652                    |
| Scientist                       | 34                      | 65                  | 55,5                         | 728,878          | 21,438                    |
| Scientific Technicians          | 17                      | 34                  | 50                           | 293,801          | 17,282                    |
| State Veterinarian Technologist | 4                       | 12                  | 33,3                         | 89,184           | 22,296                    |
| State Veterinarians             | 18                      | 54                  | 33,3                         | 475,499          | 26,417                    |
| <b>TOTAL</b>                    | <b>519</b>              | <b>1331</b>         | <b>36,5</b>                  | <b>8,323,738</b> | <b>16 038</b>             |

**Table 3.8.4: Performance related rewards (cash bonus), by salary band for Senior Management Service for the period 1 April 2018 and 31 March 2019**

| Salary Band  | Beneficiary Profile     |                     |                                | Cost               |                           | Total cost as a % of the total personnel expenditure |
|--------------|-------------------------|---------------------|--------------------------------|--------------------|---------------------------|--|
|              | Number of Beneficiaries | Number of employees | % of total within salary bands | Total cost (R'000) | Average Cost per employee |  |
| Band A       | 18                      | 35                  | 51,4                           | 421,23             | 23 401                    | 1  |
| Band B       | 10                      | 13                  | 76,9                           | 309,88             | 30 988                    | 1,7  |
| Band C       | 2                       | 3                   | 66,7                           | 76,5               | 38 251                    | 1,6  |
| Band D       | -                       | 1                   | -                              | 23,63              | -                         | 0,7  |
| <b>TOTAL</b> | <b>30</b>               | <b>52</b>           | <b>57,7</b>                    | <b>831,25</b>      | <b>27 708</b>             | <b>1,2</b>   |

### 3.9 Foreign Workers

The tables below summarise the employment of foreign nationals in the Department in terms of salary band and major occupation.

**Table 3.9.1: Foreign workers by salary band 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    |
| Highly skilled production (Levels 6-8)   | 1            | 5,3        | 1             | 4,8        | -        | -           |
| Highly skilled supervision (Levels 9-12) | 17           | 89,4       | 19            | 90,4       | 2        | 10.5        |
| Senior management (Levels 13-16)         | 1            | 5,3        | 1             | 4,8        | -        | -           |
| <b>TOTAL</b>                             | <b>19</b>    | <b>100</b> | <b>21</b>     | <b>100</b> | <b>2</b> | <b>10.5</b> |

**Table 3.9.2: Foreign workers by major occupation for the period 1 April 2018 and 31 March 2019**

| Major Occupation                         | 01 April 2018 |            | 31 March 2019 |            | Change   |             |
|--|---------------|------------|---------------|------------|----------|-------------|
|  | Number        | % of total | Number        | % of total | Number   | % Change    |
| Professionals and managers               | 15            | 79         | 17            | 81         | 2        | 10.5        |
| Technicians and associated professionals | 4             | 21         | 4             | 19         | -        | -           |
| <b>TOTAL</b>                             | <b>19</b>     | <b>100</b> | <b>21</b>     | <b>100</b> | <b>2</b> | <b>10.5</b> |

### 3.10 Leave utilisation

The Public Service Commission has 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 and disability leave. In both cases, the estimated cost of the leave is also provided.

**Table 3.10.1: Sick leave for the period 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)               | 1,182        | 86.6                              | 178                                  | 12.4                                  | 7                         | 656,971                |
| Skilled (Levels 3-5)                     | 1,713        | 82.1                              | 239                                  | 16.6                                  | 7                         | 1,414,914              |
| Highly skilled production (Levels 6-8)   | 4,555        | 85.8                              | 643                                  | 44.8                                  | 7                         | 7,178,977              |
| Highly skilled supervision (Levels 9-12) | 2,360        | 84.3                              | 348                                  | 24.2                                  | 7                         | 6,199,189              |
| Top and Senior management (Levels 13-16) | 175          | 89.1                              | 28                                   | 1.9                                   | 6                         | 763,712                |
| <b>TOTAL</b>                             | <b>9,985</b> | <b>85.2</b>                       | <b>1436</b>                          | <b>100</b>                            | <b>7</b>                  | <b>16,214</b>          |
|  |              |                                   |                                      |                                       |                           |                        |



**Table 3.10.2: Disability leave (temporary and permanent) for the period 1 January 2018 to 31 December 2018**

| Salary Band                              | Total days   | % 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)               | 213          | 100                               | 10   | 15  | 21                        | 119                    |
| Skilled (Levels 3-5)                     | 169          | 100                               | 10   | 15  | 17                        | 151                    |
| Highly skilled production (Levels 6-8)   | 1 107        | 100                               | 25   | 38  | 44                        | 1 721                  |
| Highly skilled supervision (Levels 9-12) | 605          | 100                               | 18   | 27  | 34                        | 1 665                  |
| Senior management (Levels 13-16)         | 112          | 100                               | 3  | 5   | 37                        | 440                    |
| <b>TOTAL</b>                             | <b>2 206</b> | <b>100</b>                        | <b>66</b>                                  | <b>100</b>                                  | <b>33</b>                 | <b>4 096</b>           |

The table below summarises the utilisation of annual leave. The wage agreement concluded with trade unions in the PSCBC in 2000 requires management of annual leave to prevent high levels of accrued leave being paid at the time of termination of service.

**Table 3.10.3: Annual Leave for the period 1 January 2018 to 31 December 2018**

| Salary Band                           | Total days taken | No of Employees using annual leave | Average per employee |
|---------------------------------------|------------------|------------------------------------|----------------------|
| Lower Skilled (Levels 1-2)            | 5 585            | 270                                | 20,7                 |
| Skilled (levels 3- 5)                 | 11 319           | 493                                | 23,0                 |
| Highly skilled production(levels 6-8) | 30 205           | 1 289                              | 23,4                 |
| Highly skilled (Levels 9-12)          | 16 059           | 725                                | 22,2                 |
| Senior management (Levels 13-16)      | 1 048            | 54                                 | 19,4                 |
| Interns (Abnormal)                    | 59               | 42                                 | 1,4                  |
| <b>Total</b>                          | <b>64 275</b>    | <b>2 873</b>                       | <b>22,4</b>          |

**Table 3.10.4: Capped leave for the period 1 January 2018 to 31 December 2018**

| Salary band                              | Total days of capped leave taken | No of employees using capped leave | Av no of days taken per employee | Av capped leave per employee as on (31 December 2016) |
|--|----------------------------------|------------------------------------|----------------------------------|---|
| Lower Skilled (Levels 1-2)               | 6                                | 3                                  | 2                                | 14  |
| Skilled (Levels 3-5)                     | 63                               | 10                                 | 6                                | 73  |
| Highly skilled production (Levels 6-8)   | 122                              | 25                                 | 5                                | 109   |
| Highly skilled supervision (Levels 9-12) | 90                               | 11                                 | 8                                | 116   |
| Senior Management (Level 13-16)          | -                                | -                                  | -                                | 132   |
| <b>TOTAL</b>                             | <b>281</b>                       | <b>49</b>                          | <b>6</b>                         | <b>101</b>  |

The following table summarise payments made to employees because of leave that was not taken.

**Table 3.10.5: Leave pay-outs for the period 1 April 2018 and 31 March 2019**

| Reason   | Total Amount (R'000) | Number of Employees | Average per Employee (R'000) |
|--|----------------------|---------------------|------------------------------|
| Annual Discounting with resignation (workdays)                     | 342                  | 17                  | 20 118                       |
| Annual - Discounting: unused vacation credits (work days)          | 61                   | 1                   | 61 000                       |
| Gratuity: Death/Retirements/Medical Retirements (Work days )       | 2 650                | 84                  | 31 548                       |
| Capped - Gratuity: Death/Retirement/Medical Retirement (Work days) | 14 507               | 75                  | 193 427                      |
| <b>TOTAL</b>   | <b>17 560</b>        | <b>177</b>          | <b>99 209</b>                |

### 3.11 HIV/AIDS & Health Promotion Programmes

**Table 3.11.1: Steps taken to reduce the risk of occupational exposure**

| Units/categories of employees identified to be at high risk of contracting HIV-related diseases (if any) | Key steps taken to reduce the risk  |
|--|---|
| All employees are regarded to be at risk.  | <ul style="list-style-type: none"> <li>The Directorate conducted HCT and Wellness screenings.</li> <li>Offered range of HIV and AIDS menu of services, which entails educational training, counselling distribution of condoms in strategic positions, these efforts are part of preventative approach in managing HIV and AIDS.</li> </ul> |

**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 Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.  | Yes |    | Director: Ms. Nosivatho Mkalipi.  |
| 2. Does the Department have a dedicated unit or have you designated specific staff members to promote 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. | Yes |    | The Department does have an Employee Health and Wellness Unit with a total of nine (9) employees; eight (8) EHW Practitioners and one (1) Admin Support.<br><br>A budget of R248 000 budget was allocated for 2018/2019 financial year. |
| 3. Has the Department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of the programme.  | Yes |    | Awareness and Screenings on HIV and Non-Communicable and communicable diseases workshops on Gender Based Violence, Multiple and Concurrent Partners, Promotion of Healthy Lifestyle.  |
| 4. Has the Department established (a) committee(s) as contemplated in Public Service Regulations as amended? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.   | Yes |    | All Programme Managers.   |

| Question  | Yes | No | Details, if yes  |
|---|-----|----|--|
| 5. Has the Department reviewed the employment policies and practices of your department to ensure that these do not unfairly discriminate against employees based on their HIV status? If so, list the employment policies/practices so reviewed. | Yes |    | The department is currently implementing the following policies; <ul style="list-style-type: none"> <li>• Health and Productivity Management Policy,</li> <li>• HIV/AIDS &amp; TB Management Policy,</li> <li>• Safety, Health, Environment, Risk and Quality Management Policy,</li> <li>• Wellness Management Policy.</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.  | Yes |    | <ul style="list-style-type: none"> <li>• Awareness sessions were conducted for employees on HIV constantly to promote dignity and non-discrimination of infected and affected people and highlighting issues relating to Human rights.</li> <li>• Distribution of promotional material that addressed anti HIV&amp;AIDS discrimination issues.</li> <li>• The policy on HIV/AIDS and TB Management has a clause on non-discrimination of infected and affected employees.</li> </ul> |
| 7. Does the Department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.  | Yes |    | 343 employees tested and screened for HIV.   |
| 8. Has the Department developed measures/indicators to monitor & evaluate the impact of your health promotion programme? If so.   | Yes |    | The impact of health promotion programmes are measured by reduction of sick leave including reports from the Health Risk Manager.<br>The EHWP is monitored through quarterly and annually reporting including SMT tool, which is used to measure impact.   |

### 3.12 Labour Relations

**Table 3.12.1: Collective agreements for the period 1 April 2018 and 31 March 2019**

| Subject matter | Date |
|----------------|------|
| -              | -    |

**Notes: If there were no agreements, keep the heading and replace the table with the following**

|     |     |
|-----|-----|
| Nil | Nil |
|-----|-----|

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

**Table 3.12.2: Misconduct and disciplinary hearings finalised for the period 1 April 2018 and 31 March 2019**

| Outcomes of disciplinary hearings | Number    | Percentage % of Total |
|-----------------------------------|-----------|-----------------------|
| Correctional counselling          | -         | -                     |
| Verbal warning                    | -         | -                     |
| Written warning                   | 21        | 67.7                  |
| Final written warning             | 2         | 6.4                   |
| Suspended without pay             | 4         | 12.9                  |
| Fine                              | 1         | 3.2                   |
| Demotion                          | -         | 0.9                   |
| Dismissal                         | 1         | 3.2                   |
| Not guilty                        | -         | 0                     |
| Case withdrawn                    | 2         | 6.4                   |
| <b>Total</b>                      | <b>31</b> | <b>100</b>            |

If there were no agreements, keep the heading and replace the table with the following:

|  |    |
|--|----|
| Total number of disciplinary hearing finalised | 31 |
|--|----|

**Table 3.12.3: Types of misconduct addressed at disciplinary hearings for the period 1 April 2018 and 31 March 2019**

| Type of misconduct                                 | Number    | Percentage % of Total |
|--|-----------|-----------------------|
| Alleged Fraud                                      | 2         | 15.4                  |
| Absence Without Authority                          | 3         | 23                    |
| Alleged poor work performance                      | -         | -                     |
| Misuse of Govt. vehicles                           | 2         | 15.4                  |
| Wilful damage or negligence of government property | 1         | 7.7                   |
| Alleged Financial Mismanagement                    | 2         | 15.4                  |
| Alleged Assault                                    | 2         | 15.4                  |
| Alleged Insubordination                            | 1         | 7.7                   |
| Alleged under influence of alcohol                 | -         | -                     |
| <b>TOTAL</b>                                       | <b>13</b> | <b>100</b>            |

**Table 3.12.4: Grievances logged for the period 1 April 2018 and 31 March 2019**

| Grievances                               | Number    | % of Total |
|--|-----------|------------|
| Number of grievances resolved            | 9         | 45         |
| Number of grievances not resolved        | 11        | 55         |
| <b>Total number of grievances lodged</b> | <b>20</b> | <b>100</b> |

**Table 3.12.5: Disputes logged with Councils for the period 1 April 2018 and 31 March 2019**

| Disputes                               | Number   | % of total |
|--|----------|------------|
| Number of disputes upheld              | 2        | 50         |
| Number of disputes dismissed           | 2        | 50         |
| <b>Total number of disputes lodged</b> | <b>4</b> | <b>100</b> |

**Table 3.12.6: Strike actions for the period 1 April 2018 and 31 March 2019**

|  |     |
|--|-----|
| Total number of persons working days lost              | Nil |
| Total costs working days lost                          | Nil |
| Amount recovered as a result of no work no pay (R'000) | Nil |

**Table 3.12.7: Precautionary suspensions for the period 1 April 2018 and 31 March 2019**

|  |            |
|--|------------|
| Number of people suspended                         | Nil        |
| Number of people whose suspension exceeded 30 days | Nil        |
| Average number of days suspended                   | Nil        |
| <b>Cost (R'000) of suspensions</b>                 | <b>Nil</b> |

### 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 and 31 March 2019**

| Occupational Categories                    | Gender | Number of employees as at 1 April 2018 | Training needs identified at the start of the reporting period |   |                         | Total      |
|--|--------|--|--|---|-------------------------|------------|
|  |        |  | Learnerships   | Skills Programmes & other short courses | Other forms of training |            |
| Legislators, senior officials and managers | Female | 25                                     | -  | 20                                      | -                       | 20         |
|  | Male   | 30                                     | -  | 5                                       | -                       | 5          |
| Professionals                              | Female | 241                                    | -  | 95                                      | -                       | 95         |
|  | Male   | 286                                    | -  | 134                                     | -                       | 134        |
| Technicians and associate professionals    | Female | 439                                    | -  | 110                                     | -                       | 110        |
|  | Male   | 636                                    | -  | 170                                     | -                       | 170        |
| Clerks                                     | Female | 333                                    | -  | 20                                      | -                       | 20         |
|  | Male   | 108                                    | -  | 5                                       | -                       | 5          |
| Service and sales workers                  | Female | 39                                     | -  | -                                       | -                       | -          |
|  | Male   | 58                                     | -  | -                                       | -                       | -          |
| Craft and related trades workers           | Female | 0                                      | -  | -                                       | -                       | -          |
|  | Male   | 43                                     | -  | -                                       | -                       | -          |
| Plant and machine operators and assemblers | Female | 0                                      | -  | -                                       | -                       | -          |
|  | Male   | 40                                     | -  | -                                       | -                       | -          |
| Elementary occupations                     | Female | 162                                    | -  | 100                                     | -                       | 100        |
|  | Male   | 309                                    | -  | 85                                      | -                       | 85         |
| Sub totals                                 | Female | 1239                                   | -  | 345                                     | -                       | 345        |
|  | Male   | 1510                                   | -  | 399                                     | -                       | 399        |
| <b>Total</b>                               |        | <b>2749</b>                            | <b>-</b>   | <b>744</b>                              | <b>-</b>                | <b>744</b> |

**Table 3.13.2: Training provided for the period 1 April 2018 and 31 March 2019**

| Occupational Categories                    | Gender | Number of employees as at 1 April 2018 | Training provided within the reporting period |   |                         | Total |
|--|--------|--|---|---|-------------------------|-------|
|  |        |  | Learnerships                                  | Skills Programmes & other short courses | Other forms of training |       |
| Legislators, senior officials and managers | Female | 25                                     | -   | 25                                      | -                       | 25    |
|  | Male   | 30                                     | -   | 45                                      | -                       | 45    |
| Professionals                              | Female | 241                                    | -   | 68                                      | -                       | 68    |
|  | Male   | 286                                    | -   | 77                                      | -                       | 77    |
| Technicians and associate professionals    | Female | 439                                    | -   | 145                                     | -                       | 145   |
|  | Male   | 636                                    | -   | 187                                     | -                       | 187   |
| Clerks                                     | Female | 333                                    | -   | 181                                     | -                       | 181   |
|  | Male   | 108                                    | -   | 194                                     | -                       | 194   |
| Service and sales workers                  | Female | 39                                     | -   | 0                                       | -                       | 0     |
|  | Male   | 58                                     | -   | 0                                       | -                       | 0     |
| Craft and related trades workers           | Female | 0                                      | -   | 0                                       | -                       | 0     |
|  | Male   | 43                                     | -   | 0                                       | -                       | 0     |

| Occupational Categories                    | Gender | Number of employees as at 1 April 2018 | Training provided within the reporting period |   |                         | Total      |
|--|--------|--|---|---|-------------------------|------------|
|  |        |  | Learnerships                                  | Skills Programmes & other short courses | Other forms of training |            |
| Plant and machine operators and assemblers | Female | 0                                      | -   | 0                                       | -                       | 0          |
|  | Male   | 40                                     | -   | 0                                       | -                       | 0          |
| Elementary occupations                     | Female | 162                                    | -   | 45                                      | -                       | 45         |
|  | Male   | 309                                    | -   | 26                                      | -                       | 26         |
| Sub Gender Totals                          | Female | 1239                                   | -   | 464                                     | -                       | 464        |
|  | Male   | 1510                                   | -   | 529                                     | -                       | 529        |
| <b>Total</b>                               |        | <b>2749</b>                            | <b>-</b>                                      | <b>993</b>                              | <b>-</b>                | <b>993</b> |

### 3.14 Injury on duty

The following tables provide basic information on injury on duty.

**Table 3.14.1: Injury on duty for the period 1 April 2018 and 31 March 2019**

| Nature of injury on duty              | Number   | % of total  |
|---------------------------------------|----------|-------------|
| Required basic medical attention only | 1        | 0.04        |
| Temporary Total Disablement           | -        | -           |
| Permanent Disablement                 | -        | -           |
| Fatal                                 | -        | -           |
| <b>Total</b>                          | <b>1</b> | <b>0.04</b> |

### 3.15 Utilisation of Consultants

The following tables relate information on the utilisation of consultants in the Department.

In terms of the Public Service Regulations “consultant” means a natural or juristic person or a partnership who or which provides in terms of a specific contract on an ad hoc basis any of the following professional services to a department against remuneration received from any source:

- The rendering of expert advice;
- The drafting of proposals for the execution of specific tasks; and
- The execution of a specific task, which is of a technical or intellectual nature, but excludes an employee of a department.

**Table 3.15.1 Report on consultant appointments using appropriated funds for the period 1 April 2018 and 31 March 2019**

| Project title | Total number of consultants that worked on project | Duration (work days) | Contract value in Rand |
|---------------|--|----------------------|------------------------|
| <b>None</b>   | -  | -                    | -                      |

| Total number of projects | Total individual consultants | Total duration work days | Total contract value in Rand |
|--------------------------|------------------------------|--------------------------|------------------------------|
| <b>None</b>              | -                            | -                        | -                            |

**Table 3.15.2 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2018 and 31 March 2019**

| Project title | Percentage ownership by HDI groups | Percentage management by HDI groups | Number of consultants from HDI groups that work on the project |
|---------------|------------------------------------|-------------------------------------|--|
| None          | -                                  | -                                   | -  |

**Table 3.15.3 Report on consultant appointments using Donor funds for the period 1 April 2018 and 31 March 2019**

| Project title | Total Number of consultants that worked on project | Duration (Work days) | Donor and contract value in Rand |
|---------------|--|----------------------|----------------------------------|
| None          |  |                      |                                  |

| Total number of projects | Total individual consultants | Total duration Work days | Total contract value in Rand |
|--------------------------|------------------------------|--------------------------|------------------------------|
| None                     |                              |                          |                              |

**Table 3.15.4 Analysis of consultant appointments using Donor funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2018 and 31 March 2019**

| Project title | Percentage ownership by HDI groups | Percentage management by HDI groups | Number of consultants from HDI groups that work on the project |
|---------------|------------------------------------|-------------------------------------|--|
| None          | -                                  | -                                   | -  |

### 3.16 Severance Packages

**Table 3.16.1: Granting of employee initiated severance packages for the period 1 April 2018 and 31 March 2019**

| Salary Band                                    | No of applications received | No of applications referred to the MPSA | No of applications supported by MPSA | No of Packages approved by department |
|--|-----------------------------|---|--------------------------------------|---------------------------------------|
| Lower Skilled (Salary Level 1-2)               | -                           | -                                       | -                                    | -                                     |
| Skilled (Salary Level 3-5)                     | -                           | -                                       | -                                    | -                                     |
| Highly Skilled Production (Salary Level 6-8)   | -                           | -                                       | -                                    | -                                     |
| Highly Skilled Production (Salary Level 9-12)  | -                           | -                                       | -                                    | -                                     |
| Senior Management (Salary Level 13 and higher) | -                           | -                                       | -                                    | -                                     |
| <b>Total</b>                                   | -                           | -                                       | -                                    | -                                     |







**MS. N. TUNGATA**  
CFO

# PART E:

## FINANCIAL INFORMATION



## I. REPORT OF THE AUDITOR GENERAL

### Report of the auditor-general to the Eastern Cape Provincial Legislature on vote no. 8: Department of Rural Development and Agrarian Reform

#### Report on the audit of the financial statements

##### Opinion

1. I have audited the financial statements of the Department of Rural Development and Agrarian Reform set out on pages 173 to 287 which comprise the appropriation statement, 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 for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Department of Rural Development and Agrarian 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 prescribed by the National Treasury, and the requirements of the Public Finance Management Act of South Africa, 1999 (Act no.1 of 1999) (PFMA) and the Division of Revenue Act of South Africa, 2018 (Act no. 1 of 2018) (Dora).

##### Basis for the opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the department in accordance with 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.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

##### Emphasis of matters

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

##### Irregular expenditure

7. As disclosed in note 26.1 to the financial statements, the department incurred irregular expenditure of R7,9 million, as it exceeded the approved budgeted amount and approved variation orders.

## Underspending of the vote

8. As disclosed in the appropriation statement, the department materially underspent on the vote by R80,5 million, due to material underspending in programme 1: administration (R4,9 million); programme 2: sustainable resource management (R14,4 million); programme 3: farmer support and development (R39,5 million); programme 4: veterinary services (R10,5 million); programme 5: research and technology development (R2,2 million); programme 6: agricultural economic services (R0,834 million); programme 7: structured agricultural education and training (R5,2 million); and programme 8: rural development coordination (R2,8 million).

### Other matter

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

## Unaudited supplementary schedules

10. The supplementary information set out on pages 269 to 287 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

## Responsibilities of the accounting officer for the financial statements

11. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the Modified Cash Standard, and the requirements of the PFMA and Dora, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
12. In preparing the financial statements, the accounting officer is responsible for assessing the Department of Rural Development and Agrarian 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

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

## Report on the audit of the annual performance report

### Introduction and scope

15. In accordance with the Public Audit Act of South Africa, 2004 (Act no. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
16. My procedures address the reported performance information, which must be based on the approved performance planning documents of the department. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
17. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the department for the year ended 31 March 2019:

| Programmes                                   | Pages in the annual performance report |
|--|--|
| Programme 3 – farmer support and development | 56 - 62                                |
| Programme 4 – veterinary services            | 63 - 69                                |
| Programme 8 – rural development coordination | 85 - 88                                |

18. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
19. I did not raise any material findings on the usefulness and reliability of the reported performance information for these programmes.

### Other matter

20. I draw attention to the matter below.

### Achievement of planned targets

21. Refer to the annual performance report on pages 46 to 95 for information on the achievement of planned targets for the year and explanations provided for the under and over achievement of a significant number of targets.

## Report on the audit of compliance with legislation

### Introduction and scope

22. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the department with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
23. The material finding on compliance with specific matters in key legislation is as follows:

### Conditional grants

24. Portion of the funds received from the Letsema/llima grant were transferred to a public corporation and private enterprise without approval of the transfer by the National Treasury, as required by section 17(2) (a)(ii)(bb) of the Dora.

### Other information

25. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report, which includes the audit committee's 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.
26. 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.
27. 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.
28. If, based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact. I have nothing to report in this regard.

### Internal control deficiencies

29. I considered internal controls 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 matter reported below is limited to the significant internal control deficiencies that resulted in the finding on compliance with legislation included in this report.
- Management did not implement all the processes and controls required to ensure compliance with all laws and regulations. Non-compliance with legislation could have been prevented had compliance been properly reviewed and monitored.

## Other reports

30. 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.
31. The President, through Proclamation no. R36 of 2019 (GG 42577 dated 12 July 2019) has referred matters for investigation by the Special Investigating Unit. The matters relate to the following:
- Maladministration in the affairs of the Department of Agriculture, Forestry and Fisheries related to the mismanagement of the comprehensive agriculture support programme grant
  - Unauthorised, irregular and fruitless and wasteful expenditure
  - Irregularities in supply chain management processes.
32. The investigations were still in progress at the date of signing this report.

Auditor General

East London

31 July 2019



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

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

32. 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

33. 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 Agrarian Reform's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a department to cease continuing as a going concern
  - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

**Communication with those charged with governance**

34. 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.
  
35. 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.



## APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

## 2. ANNUAL FINANCIAL STATEMENTS

| Appropriation per programme                       |                        |                   |          |                     |                    |               |   |                     |                    |       |       |
|---|------------------------|-------------------|----------|---------------------|--------------------|---------------|---|---------------------|--------------------|-------|-------|
| APPROPRIATION STATEMENT                           | 2018/19                |                   |          |                     |                    |               | 2017/18                                 |                     |                    |       |       |
|   | Adjusted Appropriation | Shifting of Funds | Virement | Final Appropriation | Actual Expenditure | Variance      | Expenditure as % of final appropriation | Final Appropriation | Actual Expenditure |       |       |
| Programmes  | R'000                  | R'000             | R'000    | R'000               | R'000              | R'000         | %                                       | R'000               | R'000              | R'000 | R'000 |
| 1.Administration                                  | 475 098                | -                 | 1 939    | 477 037             | 472 123            | 4 914         | 99,0%                                   | 453 068             | 451 761            |       |       |
| 2. Sustainable Resource Management                | 165 908                | -                 | (3 000)  | 162 908             | 148 500            | 14 408        | 91,2%                                   | 124 544             | 121 295            |       |       |
| 3. Farmer Support and Development                 | 830 282                | -                 | 3 000    | 833 282             | 793 762            | 39 520        | 95,3%                                   | 786 029             | 780 441            |       |       |
| 4. Veterinary Services                            | 329 848                | -                 | (3 189)  | 326 659             | 316 136            | 10 523        | 96,8%                                   | 306 050             | 305 183            |       |       |
| 5. Research And Technology Development            | 135 758                | -                 | -        | 135 758             | 133 530            | 2 228         | 98,4%                                   | 123 910             | 123 490            |       |       |
| 6. Agricultural Economics Services                | 84 952                 | -                 | 3 813    | 88 765              | 87 931             | 834           | 99,1%                                   | 74 287              | 74 252             |       |       |
| 7. Structured Agricultural Education and Training | 169 626                | -                 | (2 590)  | 167 036             | 161 762            | 5 274         | 96,8%                                   | 149 737             | 146 263            |       |       |
| 8. Rural Development Coordination                 | 192 661                | -                 | 27       | 192 688             | 189 793            | 2 895         | 98,5%                                   | 193 012             | 192 876            |       |       |
| <b>Subtotal</b>                                   | <b>2 384 132</b>       | -                 | -        | <b>2 384 132</b>    | <b>2 303 537</b>   | <b>80 595</b> | <b>96,6%</b>                            | <b>2 210 638</b>    | <b>2 195 561</b>   |       |       |
| Statutory Appropriation                           | 2 033                  | -                 | -        | 2 033               | 2 033              | -             | 100,0%                                  | 1 978               | 1 978              |       |       |
| Provincial MEC                                    | 2 033                  | -                 | -        | 2 033               | 2 033              | -             | 100,0%                                  | 1 978               | 1 978              |       |       |
| <b>TOTAL</b>                                      | <b>2 386 165</b>       | -                 | -        | <b>2 386 165</b>    | <b>2 305 570</b>   | <b>80 595</b> | <b>96,6%</b>                            | <b>2 212 616</b>    | <b>2 197 539</b>   |       |       |

**APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2019**

|  | 2018/19             |                    | 2017/18             |                    |
|--|---------------------|--------------------|---------------------|--------------------|
|  | Final Appropriation | Actual Expenditure | Final Appropriation | Actual Expenditure |
| <b>TOTAL (brought forward)</b>   |                     |                    | 2 212 616           |                    |
| <b>Reconciliation with statement of financial performance</b>                    |                     |                    |                     |                    |
| <b>ADD</b>   |                     |                    | -                   |                    |
| Departmental receipts  | 1 763               |                    | -                   |                    |
| <b>Actual amounts per statement of financial performance (total revenue)</b>     | 2 387 888           |                    | 2 212 616           |                    |
| <b>ADD</b>   |                     |                    |                     |                    |
| <b>Aid assistant</b>   |                     |                    |                     |                    |
| <b>Prior year unauthorised expenditure without funding</b>                       |                     |                    |                     |                    |
| <b>Actual amounts per statement of financial performance (total expenditure)</b> |                     | 2 308 941          | 2 212 616           | 2 197 539          |

## APPROPRIATION STATEMENT FOR THE YEAR ENDED 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 |  |
| Economic classification                     | R'000                  | R'000             | R'000           | R'000               | R'000              | R'000         | %                                       | R'000               | R'000              |  |
| <b>Current payments</b>                     | <b>1 789 151</b>       | <b>12 649</b>     | <b>(31 709)</b> | <b>1 770 091</b>    | <b>1 717 714</b>   | <b>52 377</b> | <b>97,0%</b>                            | <b>1 627 206</b>    | <b>1 620 381</b>   |  |
| <b>Compensation of employees</b>            | <b>1 238 073</b>       | <b>-</b>          | <b>(11 883)</b> | <b>1 226 190</b>    | <b>1 218 377</b>   | <b>7 813</b>  | <b>99,4%</b>                            | <b>1 155 428</b>    | <b>1 154 722</b>   |  |
| Salaries and wages                          | 1 069 927              | (1 128)           | (12 201)        | 1 056 598           | 1 049 936          | 6 662         | 99,4%                                   | 997 895             | 995 794            |  |
| Social contributions                        | 168 146                | 1 128             | 318             | 169 592             | 168 441            | 1 151         | 99,3%                                   | 157 533             | 158 928            |  |
| <b>Goods and services</b>                   | <b>551 078</b>         | <b>12 649</b>     | <b>(19 826)</b> | <b>543 901</b>      | <b>492 293</b>     | <b>44 672</b> | <b>91,8%</b>                            | <b>470 841</b>      | <b>464 722</b>     |  |
| Administrative fees                         | 2 494                  | 357               | 1 000           | 3 851               | 3 497              | 354           | 90,8%                                   | 1 640               | 1 513              |  |
| Advertising                                 | 13 521                 | (2 063)           | -               | 11 458              | 10 823             | 635           | 94,5%                                   | 8 250               | 8 633              |  |
| Minor assets                                | 2 648                  | (377)             | -               | 2 271               | 1 763              | 508           | 77,6%                                   | 2 605               | 1 658              |  |
| Audit costs: External                       | 6 749                  | -                 | -               | 6 749               | 6 588              | 161           | 97,6%                                   | 7 780               | 7 572              |  |
| Bursaries: Employees                        | 691                    | 1 711             | -               | 2 402               | 2 263              | 139           | 94,2%                                   | 175                 | 175                |  |
| Catering: Departmental activities           | 9 525                  | 238               | -               | 9 763               | 9 358              | 405           | 95,8%                                   | 7 812               | 7 430              |  |
| Communication                               | 20 293                 | (4 476)           | -               | 15 817              | 15 477             | 340           | 97,8%                                   | 19 183              | 18 661             |  |
| Computer services                           | 18 619                 | 1 810             | -               | 20 429              | 19 180             | 1 249         | 93,9%                                   | 22 634              | 22 567             |  |
| Consultants: Business and advisory services | 2 470                  | 254               | (670)           | 2 054               | 2 280              | (226)         | 111,0%                                  | 2 073               | 1 870              |  |
| Infrastructure and planning services        | 5 362                  | (2 946)           | 350             | 2 766               | 2 017              | 749           | 72,9%                                   | 4 868               | 4 208              |  |
| Laboratory services                         | 476                    | 25                | -               | 501                 | 308                | 193           | 61,5%                                   | 485                 | 463                |  |
| Legal services                              | 3 414                  | 169               | -               | 3 583               | 3 493              | 90            | 97,5%                                   | 1 754               | 1 721              |  |
| Contractors                                 | 35 800                 | (3 390)           | (3 730)         | 28 680              | 22 926             | 5 754         | 79,9%                                   | 26 776              | 23 189             |  |
| Agency and support / outsourced services    | 36 994                 | 6 651             | -               | 43 645              | 26 267             | 17 378        | 60,2%                                   | 2 597               | 2 584              |  |
| Entertainment                               | 161                    | (23)              | -               | 138                 | 112                | 26            | 81,0%                                   | 239                 | 148                |  |
| Fleet services                              | 23 962                 | 1 935             | -               | 25 897              | 24 366             | 1 531         | 94,1%                                   | 29 821              | 29 772             |  |
| Inventory: Clothing material and supplies   | 77                     | (36)              | -               | 41                  | 42                 | (1)           | 102,4%                                  | 133                 | 151                |  |

## APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

| Appropriation per economic classification            |                        |                   |              |                     |                    |                |   |                     |                    |
|--|------------------------|-------------------|--------------|---------------------|--------------------|----------------|---|---------------------|--------------------|
| 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              |
| Inventory: Farming supplies                          | 117 491                | 3 584             | (5 363)      | 115 712             | 106 364            | 9 348          | 91,9%                                   | 122 945             | 121 705            |
| Inventory: Food and food supplies                    | 725                    | 40                | -            | 765                 | 530                | 235            | 69,3%                                   | 482                 | 471                |
| Inventory: Fuel, oil and gas                         | 2 878                  | (635)             | (238)        | 2 005               | 1 826              | 179            | 91,1%                                   | 993                 | 810                |
| Inventory: Learner and teacher support material      | 92                     | (25)              | -            | 67                  | 29                 | 38             | 43,6%                                   | 6                   | 6                  |
| Inventory: Materials and supplies                    | 28 301                 | (1 171)           | (5 998)      | 21 132              | 18 973             | 2 159          | 89,8%                                   | 10 686              | 10 359             |
| Inventory: Medical supplies                          | 1 593                  | (751)             | -            | 842                 | 823                | 19             | 97,7%                                   | 1 113               | 1 096              |
| Inventory: Medicine                                  | 34 843                 | (322)             | (1 001)      | 33 520              | 33 307             | 213            | 99,4%                                   | 32 343              | 32 202             |
| Inventory: Other supplies                            | 6 420                  | 12 346            | -            | 18 766              | 17 250             | 1 516          | 91,9%                                   | 8 420               | 8 235              |
| Consumable supplies                                  | 10 901                 | 151               | (1 176)      | 9 876               | 7 546              | 2 330          | 76,4%                                   | 6 767               | 6 137              |
| Consumable: Stationery, printing and office supplies | 6 254                  | (309)             | -            | 5 945               | 5 337              | 608            | 89,8%                                   | 7 347               | 6 758              |
| Operating leases                                     | 14 974                 | 782               | -            | 15 756              | 14 317             | 1 439          | 90,9%                                   | 14 372              | 13 659             |
| Property payments                                    | 18 466                 | (845)             | -            | 17 621              | 21 150             | (3 529)        | 120,0%                                  | 14 320              | 16 391             |
| Transport provided: Departmental activity            | -                      | -                 | -            | -                   | -                  | -              | -                                       | 671                 | 671                |
| Travel and subsistence                               | 82 101                 | 5 499             | -            | 87 600              | 87 089             | 511            | 99,4%                                   | 79 511              | 83 308             |
| Training and development                             | 28 095                 | (5 134)           | (3 000)      | 19 961              | 14 206             | 5 755          | 71,2%                                   | 17 832              | 17 053             |
| Operating payments                                   | 7 305                  | (1 151)           | -            | 6 154               | 5 754              | 400            | 93,5%                                   | 5 974               | 5 580              |
| Venues and facilities                                | 4 727                  | (111)             | -            | 4 616               | 3 899              | 717            | 84,5%                                   | 3 954               | 3 729              |
| Rental and hiring                                    | 2 656                  | 862               | -            | 3 518               | 3 133              | 385            | 89,1%                                   | 4 282               | 4 237              |
| Interest on rent on land                             | -                      | -                 | -            | -                   | 108                | (108)          | -                                       | 937                 | 937                |
| Interest paid  | -                      | -                 | -            | -                   | 108                | (108)          | -                                       | 937                 | 937                |
| <b>Transfers and subsidies</b>                       | <b>393 889</b>         | <b>(12 647)</b>   | <b>4 855</b> | <b>386 097</b>      | <b>393 856</b>     | <b>(7 759)</b> | <b>102,0%</b>                           | <b>358 257</b>      | <b>357 959</b>     |
| Departmental agencies and accounts                   | 280 462                | -                 | 1 855        | 282 317             | 282 318            | (1)            | 100,0%                                  | 235 107             | 234 806            |

## APPROPRIATION STATEMENT FOR THE YEAR ENDED 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 |  |
| Economic classification                                   | R'000                  | R'000             | R'000         | R'000               | R'000              | R'000         | %                                       | R'000               | R'000              |  |
| Departmental agencies and accounts(non-business entities) | 280 462                | -                 | 1 855         | 282 317             | 282 318            | (1)           | 100,0%                                  | 235 107             | 234 806            |  |
| Higher education institutions                             | 57 218                 | -                 | -             | 57 218              | 57 218             |               | 100,0%                                  | 54 795              | 54 795             |  |
| Public corporations and private enterprises               | 39 881                 | (12 647)          | -             | 27 235              | 34 170             | (6 936)       | 125,5%                                  | 34 964              | 34 964             |  |
| Private enterprises                                       | 39 881                 | (12 647)          | -             | 27 235              | 34 170             | (6 936)       | 125,5%                                  | 34 964              | 34 964             |  |
| Subsidies on products and production (pe)                 | 8 627                  | -                 | -             | 8 627               | 10 422             | (1 795)       | 120,8%                                  | -                   | -                  |  |
| Other transfers to private enterprises                    | 31 254                 | (12 647)          | -             | 18 607              | 23 748             | (5 141)       | 127,6%                                  | 34 964              | 34 964             |  |
| Non-profit institutions                                   | -                      | -                 | -             | -                   | -                  | -             | -                                       | 7 480               | 7 480              |  |
| Households  | 16 328                 | -                 | 3 000         | 19 328              | 20 150             | (822)         | 104,3%                                  | 25 911              | 25 914             |  |
| Social benefits   | -                      | 502               | -             | 502                 | -                  | 502           | -                                       | 21 958              | 21 961             |  |
| Other transfers to households                             | 16 328                 | (502)             | 3 000         | 18 826              | 20 150             | (1 324)       | 107,0%                                  | 3 953               | 3 953              |  |
| <b>Payments for capital assets</b>                        | <b>199 148</b>         | <b>(2)</b>        | <b>21 469</b> | <b>220 615</b>      | <b>191 575</b>     | <b>29 040</b> | <b>86,8%</b>                            | <b>219 153</b>      | <b>211 199</b>     |  |
| Buildings and other fixed structures                      | 122 936                | (4 336)           | (1 265)       | 117 335             | 105 605            | 11 730        | 90,0%                                   | 138 010             | 137 213            |  |
| Buildings   | 57 852                 | (1 663)           | 727           | 56 916              | 50 279             | 6 637         | 88,3%                                   | 89 965              | 89 491             |  |
| Other fixed structures                                    | 65 084                 | (2 673)           | (1 992)       | 60 419              | 55 326             | 5 093         | 91,6%                                   | 48 045              | 47 722             |  |
| Machinery and equipment                                   | 76 012                 | 4 334             | 22 734        | 103 080             | 84 793             | 18 287        | 82,3%                                   | 81 113              | 73 986             |  |
| Transport equipment                                       | 26 807                 | 2 781             | 868           | 30 456              | 30 328             | 128           | 99,6%                                   | 36 798              | 36 658             |  |
| Other machinery and equipment                             | 49 205                 | 1 553             | 21 866        | 72 624              | 54 465             | 18 159        | 75,0%                                   | 44 315              | 37 328             |  |
| Biological assets   | 200                    |                   |               | 200                 | 193                | 7             | 96,5%                                   | 30                  | -                  |  |
| Software and other intangible assets                      |                        |                   |               |                     | 984                | (984)         | -                                       |                     |                    |  |
| <b>Payments for financial assets</b>                      | <b>3 976</b>           |                   | <b>5 385</b>  | <b>9 361</b>        | <b>9 361</b>       | <b>-</b>      | <b>100,0%</b>                           | <b>8 000</b>        | <b>8 000</b>       |  |
| <b>TOTAL</b>  | <b>2 386 165</b>       | <b>-</b>          | <b>-</b>      | <b>2 386 165</b>    | <b>2 305 570</b>   | <b>80 595</b> | <b>96,6%</b>                            | <b>2 212 616</b>    | <b>2 197 539</b>   |  |

## APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

| Statutory 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              |
| Economic classification                             | 2 033                  | -                 | -        | 2 033               | 2 033              | -        | 100,0%                                  | 1 978               | 1 978              |
| Current payments                                    | 2 033                  | -                 | -        | 2 033               | 2 033              | -        | 100,0%                                  | 1 978               | 1 978              |
| Compensation of employees                           | 2 033                  | -                 | -        | 2 033               | 2 033              | -        | 100,0%                                  | 1 978               | 1 978              |
| <b>TOTAL</b>  | <b>2 033</b>           | <b>-</b>          | <b>-</b> | <b>2 033</b>        | <b>2 033</b>       | <b>-</b> | <b>100,0%</b>                           | <b>1 978</b>        | <b>1 978</b>       |

## APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

| 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>1.1 Office of the MEC</b>                | 9 712                  | -                 | (430)          | 9 282               | 7 528              | 1 754        | 81,1%                                   | 11 794              | 11 788             |  |
| <b>1.2 Senior Management</b>                | 48 701                 | -                 | (800)          | 47 901              | 48 482             | (581)        | 101,2%                                  | 49 498              | 49 450             |  |
| <b>1.3 Corporate Services</b>               | 227 286                | -                 | 3 574          | 230 860             | 228 444            | 2 416        | 99,0%                                   | 210 279             | 209 846            |  |
| <b>1.4 Financial Management</b>             | 180 236                | -                 | (405)          | 179 831             | 179 210            | 621          | 99,7%                                   | 172 033             | 171 819            |  |
| <b>1.5 Communication Services</b>           | 9 163                  | -                 | -              | 9 163               | 8 459              | 704          | 92,3%                                   | 9 464               | 8 858              |  |
| <b>Total for sub programmes</b>             | <b>475 098</b>         | <b>-</b>          | <b>1 939</b>   | <b>477 037</b>      | <b>472 123</b>     | <b>4 914</b> | <b>99,0%</b>                            | <b>453 068</b>      | <b>451 761</b>     |  |
| <b>Economic classification</b>              |                        |                   |                |                     |                    |              |   |                     |                    |  |
| <b>Current payments</b>                     | <b>436 186</b>         | <b>-</b>          | <b>(6 446)</b> | <b>429 740</b>      | <b>424 201</b>     | <b>5 539</b> | <b>98,7%</b>                            | <b>406 486</b>      | <b>405 816</b>     |  |
| <b>Compensation of employees</b>            | <b>316 173</b>         | <b>-</b>          | <b>(6 446)</b> | <b>309 727</b>      | <b>309 431</b>     | <b>296</b>   | <b>99,9%</b>                            | <b>290 453</b>      | <b>289 970</b>     |  |
| Salaries and wages                          | 274 058                | (944)             | (6 054)        | 267 060             | 266 866            | 193          | 99,9%                                   | 250 918             | 250 361            |  |
| Social contributions                        | 42 115                 | 944               | (392)          | 42 667              | 42 565             | 103          | 99,8%                                   | 39 535              | 39 609             |  |
| <b>Goods and services</b>                   | <b>120 013</b>         | <b>-</b>          | <b>-</b>       | <b>120 013</b>      | <b>114 770</b>     | <b>5 243</b> | <b>95,6%</b>                            | <b>115 998</b>      | <b>115 810</b>     |  |
| Administrative fees                         | 373                    | (82)              | -              | 291                 | 236                | 55           | 81,1%                                   | 351                 | 324                |  |
| Advertising                                 | 6 675                  | (1 239)           | -              | 5 436               | 5 369              | 67           | 98,8%                                   | 6 655               | 6 609              |  |
| Minor assets                                | 859                    | (10)              | -              | 849                 | 664                | 185          | 78,2%                                   | 774                 | 212                |  |
| Audit costs: External                       | 6 749                  | -                 | -              | 6 749               | 6 588              | 161          | 97,6%                                   | 6 780               | 6 583              |  |
| Bursaries: Employees                        | 691                    | 1 711             | -              | 2 402               | 2 263              | 139          | 94,2%                                   | 175                 | 175                |  |
| Catering: Departmental activities           | 931                    | (548)             | -              | 383                 | 293                | 90           | 76,5%                                   | 1 954               | 1 902              |  |
| Communication                               | 14 506                 | (2 540)           | -              | 11 966              | 11 644             | 322          | 97,3%                                   | 13 647              | 13 184             |  |
| Computer services                           | 16 822                 | 1 176             | -              | 17 998              | 17 058             | 940          | 94,8%                                   | 16 669              | 16 635             |  |
| Consultants: Business and advisory services | 1 772                  | (218)             | -              | 1 554               | 2 252              | (698)        | 144,9%                                  | 1 656               | 1 458              |  |
| Legal services                              | 2 355                  | 169               | -              | 2 524               | 2 521              | 3            | 99,9%                                   | 1 754               | 1 721              |  |
| Contractors                                 | 1 760                  | (365)             | -              | 1 395               | 1 199              | 196          | 85,1%                                   | 864                 | 620                |  |
| Entertainment                               | 95                     | (23)              | -              | 72                  | 60                 | 12           | 83,3%                                   | 150                 | 88                 |  |

## APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

| 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              |
| Fleet services                                       | 5 511                  | 1 950             | -            | 7 461               | 6 383              | 1 078        | 85,6%                                   | 8 436               | 8 441              |
| Inventory: Farming supplies                          | 136                    | 215               | -            | 351                 | 151                | 200          | 43,0%                                   | 142                 | 32                 |
| Inventory: Food and food supplies                    | 161                    | 50                | -            | 211                 | -                  | 211          | -                                       | 88                  | 89                 |
| Inventory: Fuel, oil and gas                         | 30                     | (14)              | -            | 16                  | 9                  | 7            | 56,3%                                   | 11                  | 2                  |
| Inventory: Materials and supplies                    | 303                    | (145)             | -            | 158                 | 148                | 10           | 93,7%                                   | 678                 | 541                |
| Inventory: Medical supplies                          | -                      | -                 | -            | -                   | -                  | -            | -                                       | 72                  | 59                 |
| Inventory: Other supplies                            | -                      | -                 | -            | -                   | -                  | -            | -                                       | 93                  | 57                 |
| Consumable supplies                                  | 1 458                  | 502               | -            | 1 960               | 1 067              | 893          | 54,4%                                   | 1 215               | 1 008              |
| Consumable: Stationery, printing and office supplies | 2 316                  | (31)              | -            | 2 285               | 1 945              | 340          | 85,1%                                   | 2 518               | 2 112              |
| Operating leases                                     | 12 907                 | 782               | -            | 13 689              | 12 553             | 1 136        | 91,7%                                   | 10 896              | 10 392             |
| Property payments                                    | 14 440                 | (1 168)           | -            | 13 272              | 16 319             | (3 047)      | 123,0%                                  | 11 106              | 13 548             |
| Travel and subsistence                               | 19 832                 | 1 012             | -            | 20 844              | 19 019             | 1 825        | 91,2%                                   | 20 861              | 21 740             |
| Training and development                             | 5 409                  | (489)             | -            | 4 920               | 4 329              | 591          | 88,0%                                   | 4 561               | 4 561              |
| Operating payments                                   | 2 125                  | (715)             | -            | 1 410               | 1 194              | 216          | 84,7%                                   | 1 158               | 1 165              |
| Venues and facilities                                | 1 592                  | 25                | -            | 1 617               | 1 358              | 259          | 84,0%                                   | 2 470               | 2 298              |
| Rental and hiring                                    | 205                    | (5)               | -            | 200                 | 148                | 52           | 74,0%                                   | 264                 | 254                |
| <b>Interest and rent on land</b>                     | -                      | -                 | -            | -                   | -                  | -            | -                                       | <b>35</b>           | <b>36</b>          |
| Interest paid  | -                      | -                 | -            | -                   | -                  | -            | -                                       | 35                  | 36                 |
| <b>Transfers and subsidies</b>                       | <b>14 428</b>          | -                 | <b>3 000</b> | <b>17 428</b>       | <b>18 250</b>      | <b>(822)</b> | <b>104,7%</b>                           | <b>22 011</b>       | <b>22 014</b>      |
| <b>Households</b>                                    | <b>14 428</b>          | -                 | <b>3 000</b> | <b>17 428</b>       | <b>18 250</b>      | <b>(822)</b> | <b>104,7%</b>                           | <b>22 011</b>       | <b>22 014</b>      |
| Social benefits                                      | -                      | 502               | -            | 502                 | -                  | 502          | -                                       | 21 958              | 21 961             |
| Other transfers to households                        | 14 428                 | (502)             | 3 000        | 16 926              | 18 250             | (1 324)      | 107,8%                                  | 53                  | 53                 |
| <b>Payments for capital assets</b>                   | <b>20 508</b>          | -                 | -            | <b>20 508</b>       | <b>20 311</b>      | <b>197</b>   | <b>99,0%</b>                            | <b>16 572</b>       | <b>15 931</b>      |
| Machinery and equipment                              | 20 508                 | -                 | -            | 20 508              | 19 327             | 1 181        | 94,2%                                   | 16 572              | 15 931             |



## APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

| 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              |
| Transport equipment                  | 7 574                  | 1 755             | -            | 9 329               | 9 311              | 18           | 99,8%                                   | 7 438               | 7 440              |
| Other machinery and equipment        | 12 934                 | (1 755)           | -            | 11 179              | 10 016             | 1 163        | 89,6%                                   | 9 134               | 8 491              |
| Software and other intangible assets | -                      | -                 | -            | -                   | 984                | 984          | -                                       | -                   | -                  |
| <b>Payments for financial assets</b> | <b>3 976</b>           | <b>-</b>          | <b>5 385</b> | <b>9 361</b>        | <b>9 361</b>       | <b>-</b>     | <b>100%</b>                             | <b>8 000</b>        | <b>8 000</b>       |
| <b>TOTAL</b>                         | <b>475 098</b>         | <b>-</b>          | <b>1 939</b> | <b>477 037</b>      | <b>472 123</b>     | <b>4 914</b> | <b>99,0%</b>                            | <b>453 068</b>      | <b>451 761</b>     |

| 1.1 Office of the MEC              |                        |                   |              |                     |                    |              |   |                     |                    |
|------------------------------------|------------------------|-------------------|--------------|---------------------|--------------------|--------------|---|---------------------|--------------------|
| 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              |
| Economic classification            |                        |                   |              |                     |                    |              |   |                     |                    |
| <b>Current payments</b>            | <b>9 712</b>           | <b>-</b>          | <b>(430)</b> | <b>9 282</b>        | <b>7 528</b>       | <b>1 754</b> | <b>81,1%</b>                            | <b>11 746</b>       | <b>11 740</b>      |
| Compensation of employees          | 4 465                  | -                 | (430)        | 4 035               | 4 024              | 11           | 99,7%                                   | 4 611               | 4 606              |
| Goods and services                 | 5 247                  | -                 | -            | 5 247               | 3 504              | 1 743        | 66,8%                                   | 7 135               | 7 134              |
| <b>Payments for capital assets</b> | <b>-</b>               | <b>-</b>          | <b>-</b>     | <b>-</b>            | <b>-</b>           | <b>-</b>     | <b>-</b>                                | <b>48</b>           | <b>48</b>          |
| Machinery and equipment            | -                      | -                 | -            | -                   | -                  | -            | -                                       | 48                  | 48                 |
| <b>TOTAL</b>                       | <b>9 712</b>           | <b>-</b>          | <b>(430)</b> | <b>9 282</b>        | <b>7 528</b>       | <b>1 754</b> | <b>81,1%</b>                            | <b>11 794</b>       | <b>11 788</b>      |

## APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

| 1.2 Senior 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 |
|                                    | R'000                  | R'000             | R'000        | R'000               | R'000              | R'000        | %                                       | R'000               | R'000              |
| <b>Economic classification</b>     |                        |                   |              |                     |                    |              |   |                     |                    |
| <b>Current payments</b>            | 48 494                 | -                 | (800)        | 47 694              | 48 338             | (644)        | 101,4%                                  | 49 318              | 49 269             |
| Compensation of employees          | 38 069                 | -                 | (800)        | 37 269              | 37 262             | 7            | 100,0%                                  | 36 100              | 36 088             |
| Goods and services                 | 10 425                 | -                 | -            | 10 425              | 11 076             | (651)        | 106,2%                                  | 13 218              | 13 181             |
| <b>Payments for capital assets</b> | 207                    | -                 | -            | 207                 | 144                | 63           | 69,6%                                   | 180                 | 181                |
| Machinery and equipment            | 207                    | -                 | -            | 207                 | 144                | 63           | 69,6%                                   | 180                 | 181                |
| <b>TOTAL</b>                       | <b>48 701</b>          |                   | <b>(800)</b> | <b>47 901</b>       | <b>48 482</b>      | <b>(581)</b> | <b>101,2%</b>                           | <b>49 498</b>       | <b>49 450</b>      |

| 1.3 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 |
|                                    | R'000                  | R'000             | R'000        | R'000               | R'000              | R'000        | %                                       | R'000               | R'000              |
| <b>Economic classification</b>     |                        |                   |              |                     |                    |              |   |                     |                    |
| <b>Current payments</b>            | 201 318                | (1)               | 574          | 201 891             | 198 478            | 3 413        | 98,3%                                   | 180 106             | 180 102            |
| Compensation of employees          | 120 484                | -                 | 574          | 121 058             | 121 038            | 20           | 100,0%                                  | 106 967             | 106 944            |
| Goods and services                 | 80 834                 | (1)               | -            | 80 833              | 77 440             | 3 393        | 95,8%                                   | 73 112              | 73 131             |
| <b>Interest and rent on land</b>   | -                      | -                 | -            | -                   | -                  | -            | -                                       | 27                  | 27                 |
| <b>Transfers and subsidies</b>     | 14 428                 | -                 | 3 000        | 17 428              | 18 250             | (822)        | 104,7%                                  | 22 011              | 22 014             |
| Households                         | 14 428                 | -                 | 3 000        | 17 428              | 18 250             | (822)        | 104,7%                                  | 22 011              | 22 014             |
| <b>Payments for capital assets</b> | 11 540                 | 1                 | -            | 11 541              | 11 716             | (175)        | 101,5%                                  | 8 162               | 7 730              |
| Machinery and equipment            | 11 540                 | 1                 | -            | 11 541              | 10 732             | 809          | 93,0%                                   | 8 162               | 7 730              |
| Software & other intangible asset  | -                      | -                 | -            | -                   | 984                | (984)        | -                                       | -                   | -                  |
| <b>TOTAL</b>                       | <b>227 286</b>         |                   | <b>3 574</b> | <b>230 860</b>      | <b>228 444</b>     | <b>2 416</b> | <b>99,0%</b>                            | <b>210 279</b>      | <b>209 846</b>     |

## APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

| 1.4 Financial 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 |
|                                    | R'000                  | R'000             | R'000          | R'000               | R'000              | R'000      | %                                       | R'000               | R'000              |
| <b>Economic classification</b>     | <b>167 740</b>         | <b>1</b>          | <b>(5 790)</b> | <b>161 951</b>      | <b>161 623</b>     | <b>328</b> | <b>99,8%</b>                            | <b>156 049</b>      | <b>155 925</b>     |
| <b>Current payments</b>            | <b>147 036</b>         | <b>-</b>          | <b>(5 790)</b> | <b>141 246</b>      | <b>141 155</b>     | <b>91</b>  | <b>99,9%</b>                            | <b>136 571</b>      | <b>136 477</b>     |
| Compensation of employees          | 20 704                 | 1                 | -              | 20 705              | 20 468             | 237        | 99,9%                                   | 19 470              | 19 439             |
| Goods and services                 | -                      | -                 | -              | -                   | -                  | -          | -                                       | 8                   | 9                  |
| Interest and rent on land          | -                      | -                 | -              | -                   | -                  | -          | -                                       | -                   | -                  |
| <b>Payments for capital assets</b> | <b>8 520</b>           | <b>(1)</b>        | <b>-</b>       | <b>8 519</b>        | <b>8 226</b>       | <b>293</b> | <b>96,6%</b>                            | <b>7 984</b>        | <b>7 894</b>       |
| Machinery and equipment            | 8 520                  | (1)               | -              | 8 519               | 8 226              | 293        | 96,6%                                   | 7 984               | 7 894              |
| Payment of financial assets        | 3 976                  | -                 | 5 385          | 9 361               | 9 361              | -          | 100,0%                                  | 8 000               | 8 000              |
| <b>TOTAL</b>                       | <b>180 236</b>         | <b>-</b>          | <b>(405)</b>   | <b>179 831</b>      | <b>179 210</b>     | <b>621</b> | <b>99,7%</b>                            | <b>172 033</b>      | <b>171 819</b>     |

| 1.5 Communication 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>Economic classification</b>     | <b>8 922</b>           | <b>-</b>          | <b>-</b> | <b>8 922</b>        | <b>8 234</b>       | <b>688</b> | <b>92,3%</b>                            | <b>9 266</b>        | <b>8 780</b>       |
| <b>Current payments</b>            | <b>6 119</b>           | <b>-</b>          | <b>-</b> | <b>6 119</b>        | <b>5 952</b>       | <b>167</b> | <b>97,3%</b>                            | <b>6 203</b>        | <b>5 855</b>       |
| Compensation of employees          | 2 803                  | -                 | -        | 2 803               | 2 282              | 521        | 81,4%                                   | 3 063               | 2 925              |
| Goods and services                 | 241                    | -                 | -        | 241                 | 225                | 16         | 93,4%                                   | 198                 | 78                 |
| <b>Payments for capital assets</b> | <b>241</b>             | <b>-</b>          | <b>-</b> | <b>241</b>          | <b>225</b>         | <b>16</b>  | <b>93,4%</b>                            | <b>198</b>          | <b>78</b>          |
| Machinery and equipment            | 241                    | -                 | -        | 241                 | 225                | 16         | 93,4%                                   | 198                 | 78                 |
| <b>TOTAL</b>                       | <b>9 163</b>           | <b>-</b>          | <b>-</b> | <b>9 163</b>        | <b>8 459</b>       | <b>704</b> | <b>92,3%</b>                            | <b>9 464</b>        | <b>8 858</b>       |

## APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

| Programme 2: SUSTAINABLE RESOURCE 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 |
|  | R'000                  | R'000             | R'000           | R'000               | R'000              | R'000        | %                                       | R'000               | R'000              |
| <b>Sub programme</b>                         | <b>65 277</b>          | <b>-</b>          | <b>(4 003)</b>  | <b>61 274</b>       | <b>60 397</b>      | <b>877</b>   | <b>98,6%</b>                            | <b>58 370</b>       | <b>58 325</b>      |
| 2.1 Engineering Services                     | 48 418                 | -                 | -               | 48 418              | 35 640             | 12 778       | 73,6%                                   | 17 412              | 13 843             |
| 2.2 Land Care                                | 52 122                 | -                 | 1 003           | 53 125              | 52 440             | 685          | 98,7%                                   | 48 762              | 49 127             |
| 2.3 Land Use Management                      | 91                     | -                 | -               | 91                  | 23                 | 68           | 25,3%                                   | -                   | -                  |
| 2.4 Disaster Risk Management                 | 165 908                | -                 | (3 000)         | 162 908             | 148 500            | 14 408       | 93,2%                                   | 124 544             | 121 295            |
| <b>Economic classification</b>               |                        |                   |                 |                     |                    |              |   |                     |                    |
| <b>Current payments</b>                      | <b>159 776</b>         | <b>2</b>          | <b>(13 822)</b> | <b>145 956</b>      | <b>143 469</b>     | <b>2 487</b> | <b>98,3%</b>                            | <b>118 276</b>      | <b>118 771</b>     |
| Compensation of employees                    | 96 831                 | -                 | (3 000)         | 93 831              | 93 642             | 189          | 99,8%                                   | 87 439              | 87 396             |
| Salaries and wages                           | 84 436                 | 230               | (3 359)         | 81 307              | 81 237             | 70           | 99,9%                                   | 75 667              | 75 804             |
| Social contributions                         | 12 395                 | (230)             | 359             | 12 524              | 12 405             | 119          | 99,0%                                   | 11 772              | 11 592             |
| Goods and services                           | 62 945                 | 2                 | (10 822)        | 52 125              | 46 456             | 5 669        | 89,1%                                   | 30 837              | 27 923             |
| Administrative fees                          | 141                    | (1)               | -               | 140                 | 138                | 2            | 98,6%                                   | 158                 | 152                |
| Advertising                                  | 290                    | (35)              | -               | 255                 | 246                | 9            | 96,5%                                   | 173                 | 168                |
| Minor assets                                 | 469                    | (303)             | -               | 166                 | 126                | 40           | 75,9%                                   | 149                 | 148                |
| Catering: Departmental activities            | 592                    | 28                | -               | 620                 | 583                | 37           | 94,0%                                   | 958                 | 928                |
| Communication                                | -                      | -                 | -               | -                   | -                  | -            | -                                       | 1                   | -                  |
| Computer services                            | 831                    | (49)              | -               | 782                 | 561                | 221          | 71,7%                                   | 662                 | 663                |
| Consultants: Business and advisory services  | 670                    | -                 | (670)           | -                   | -                  | -            | -                                       | -                   | -                  |
| Infrastructure and planning services         | 1 000                  | (1 184)           | 670             | 486                 | 487                | (1)          | 100,2%                                  | -                   | -                  |
| Contractors                                  | 19 438                 | (2)               | (2 208)         | 17 228              | 17 211             | 17           | 99,9%                                   | 8 303               | 8 212              |
| Agency and support / outsourced services     | -                      | 27                | -               | 27                  | 27                 | -            | 100,0%                                  | -                   | -                  |
| Entertainment                                | 2                      | -                 | -               | 2                   | 1                  | 1            | 50,0%                                   | 2                   | 2                  |

## APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

| Programme 2: SUSTAINABLE RESOURCE 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 |  |
| Sub programme  | R'000                  | R'000             | R'000          | R'000               | R'000              | R'000         | %                                       | R'000               | R'000              |  |
| Fleet services                                       | 2 920                  | -                 | -              | 2 920               | 2 536              | 384           | 86,8%                                   | 3 141               | 3 141              |  |
| Inventory: Farming supplies                          | 15 740                 | (3 959)           | (7 200)        | 4 581               | 4 591              | (10)          | 100,2%                                  | 3 319               | 3 626              |  |
| Inventory: Fuel, oil and gas                         | 1 191                  | (536)             | (238)          | 417                 | 317                | 100           | 76,0%                                   | 331                 | 211                |  |
| Inventory: Materials and supplies                    | 3 201                  | (1 197)           | -              | 2 004               | 1 998              | 6             | 99,7%                                   | 1 357               | 1 355              |  |
| Inventory: Other supplies                            | 155                    | 9 552             | -              | 9 707               | 8 719              | 988           | 89,8%                                   | 652                 | 652                |  |
| Consumable supplies                                  | 518                    | 1 542             | (1 176)        | 884                 | 678                | 206           | 76,7%                                   | 683                 | 628                |  |
| Consumable: Stationery, printing and office supplies | 743                    | (163)             | -              | 580                 | 499                | 81            | 86,0%                                   | 788                 | 777                |  |
| Operating leases                                     | 311                    | 46                | -              | 357                 | 346                | 11            | 96,9%                                   | 576                 | 545                |  |
| Property payments                                    | 2                      | (2)               | -              | -                   | -                  | -             | -                                       | -                   | -                  |  |
| Travel and subsistence                               | 9 495                  | 163               | -              | 9 658               | 9 393              | 265           | 97,3%                                   | 8 090               | 8 687              |  |
| Training and development                             | 4 862                  | (3 923)           | -              | 939                 | 930                | 9             | 99,0%                                   | 761                 | 780                |  |
| Operating payments                                   | 228                    | (34)              | -              | 194                 | 275                | (81)          | 141,8%                                  | 309                 | 286                |  |
| Venues and facilities                                | 35                     | -                 | -              | 35                  | 36                 | (1)           | 102,9%                                  | 90                  | 86                 |  |
| Rental and hiring                                    | 111                    | 32                | -              | 143                 | 129                | 14            | 90,2%                                   | 334                 | 328                |  |
| <b>Payments for capital assets</b>                   | <b>6 132</b>           | <b>(2)</b>        | <b>10 822</b>  | <b>16 952</b>       | <b>8 402</b>       | <b>8 550</b>  | <b>49,6%</b>                            | <b>6 268</b>        | <b>5 976</b>       |  |
| Buildings and other fixed structures                 | -                      | (1 198)           | 1 819          | 621                 | 257                | 364           | 41,4%                                   | 400                 | 400                |  |
| Other fixed structures                               | -                      | (1 198)           | 1 819          | 621                 | 257                | 364           | 41,4%                                   | 400                 | 400                |  |
| Machinery and equipment                              | 6 132                  | 1 196             | 9 003          | 16 331              | 8 145              | 8 186         | 49,9%                                   | 5 868               | 5 576              |  |
| Transport equipment                                  | 2 125                  | 153               | 42             | 2 320               | 2 271              | 49            | 97,9%                                   | 2 309               | 2 307              |  |
| Other machinery and equipment                        | 4 007                  | 1 043             | 8 961          | 14 011              | 5 874              | 8 137         | 41,9%                                   | 3 559               | 3 269              |  |
| <b>Total</b>   | <b>165 908</b>         | <b>-</b>          | <b>(3 000)</b> | <b>162 908</b>      | <b>148 500</b>     | <b>14 408</b> | <b>91,2%</b>                            | <b>124 544</b>      | <b>121 295</b>     |  |

## APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

| Sub -Programme 2.1: Engineering 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>Economic classification</b>           |                        |                   |                |                     |                    |            |   |                     |                    |
| <b>Current payments</b>                  | <b>62 089</b>          | -                 | <b>(3 961)</b> | <b>58 128</b>       | <b>57 436</b>      | <b>692</b> | <b>98,8%</b>                            | <b>55 527</b>       | <b>55 483</b>      |
| Compensation of employees                | 54 011                 | -                 | (3 961)        | 50 050              | 49 863             | 187        | 99,6%                                   | 47 827              | 47 784             |
| Goods and services                       | 8 078                  | -                 | -              | 8 078               | 7 573              | 505        | 93,7%                                   | 7 700               | 7 699              |
| <b>Payments for capital assets</b>       | <b>3 188</b>           | -                 | <b>(42)</b>    | <b>3 146</b>        | <b>2 961</b>       | <b>185</b> | <b>94,1%</b>                            | <b>2 843</b>        | <b>2 842</b>       |
| Machinery and equipment                  | 3 188                  | -                 | (42)           | 3 146               | 2 961              | 185        | 94,1%                                   | 2 843               | 2 842              |
| <b>Total</b>                             | <b>65 277</b>          |                   | <b>(4 003)</b> | <b>61 274</b>       | <b>60 397</b>      | <b>877</b> | <b>98,6%</b>                            | <b>58 370</b>       | <b>58 325</b>      |

| Sub -Programme 2.2: Land Care        |                        |                   |                 |                     |                    |               |   |                     |                    |
|--------------------------------------|------------------------|-------------------|-----------------|---------------------|--------------------|---------------|---|---------------------|--------------------|
| 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>47 311</b>          | <b>2</b>          | <b>(10 822)</b> | <b>36 491</b>       | <b>35 163</b>      | <b>1 328</b>  | <b>96,4%</b>                            | <b>16 037</b>       | <b>12 678</b>      |
| Goods and services                   | 47 311                 | 2                 | (10 822)        | 36 491              | 31 792             | 4 699         | 87,1%                                   | 16 037              | 12 678             |
| <b>Payments for capital assets</b>   | <b>1 107</b>           | <b>(2)</b>        | <b>10 822</b>   | <b>11 927</b>       | <b>3 848</b>       | <b>8 079</b>  | <b>32,3%</b>                            | <b>1 375</b>        | <b>1 165</b>       |
| Buildings and other fixed structures | -                      | (1 198)           | 1 819           | 621                 | 257                | 364           | 41,4%                                   | 400                 | 400                |
| Machinery and equipment              | 1 107                  | 1 196             | 9 003           | 11 306              | 3 591              | 7 715         | 31,8%                                   | 975                 | 765                |
| <b>Total</b>                         | <b>48 418</b>          | <b>-</b>          | <b>48 418</b>   | <b>48 418</b>       | <b>35 640</b>      | <b>12 778</b> | <b>73,6%</b>                            | <b>17 412</b>       | <b>13 843</b>      |

## APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

| Sub -Programme 2.3: 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 |
|   | R'000                  | R'000             | R'000        | R'000               | R'000              | R'000      | %                                       | R'000               | R'000              |
| <b>Economic classification</b>          |                        |                   |              |                     |                    |            |   |                     |                    |
| <b>Current payments</b>                 | 50 330                 | -                 | 961          | 51 291              | 50 847             | 444        | 99,1%                                   | 46 712              | 47 158             |
| Compensation of employees               | 42 820                 | -                 | 961          | 43 781              | 43 779             | 2          | 100,0%                                  | 39 612              | 39 612             |
| Goods and services                      | 7 510                  | -                 | -            | 7 510               | 7 068              | 442        | 94,1%                                   | 7 100               | 7 546              |
| <b>Payments for capital assets</b>      | 1 792                  | -                 | 42           | 1 834               | 1 593              | 241        | 86,9%                                   | 2 050               | 1 969              |
| Machinery and equipment                 | 1 792                  | -                 | 42           | 1 834               | 1 593              | 241        | 86,9%                                   | 2 050               | 1 969              |
| <b>Total</b>                            | <b>52 122</b>          | <b>-</b>          | <b>1 003</b> | <b>53 125</b>       | <b>52 440</b>      | <b>685</b> | <b>98,7%</b>                            | <b>48 762</b>       | <b>49 127</b>      |

| Sub -Programme 2.4: Disaster Risk 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 |
|  | R'000                  | R'000             | R'000    | R'000               | R'000              | R'000     | %                                       | R'000               | R'000              |
| <b>Economic classification</b>               |                        |                   |          |                     |                    |           |   |                     |                    |
| <b>Current payments</b>                      | 46                     | -                 | -        | 46                  | 23                 | 23        | 50,0%                                   | -                   | -                  |
| Goods and services                           | 46                     | -                 | -        | 46                  | 23                 | 23        | 50,0%                                   | -                   | -                  |
| <b>Payments for capital assets</b>           | 45                     | -                 | -        | 45                  | -                  | 45        | -                                       | -                   | -                  |
| Machinery and equipment                      | 45                     | -                 | -        | 45                  | -                  | 45        | -                                       | -                   | -                  |
| <b>Total</b>                                 | <b>91</b>              | <b>-</b>          | <b>-</b> | <b>91</b>           | <b>23</b>          | <b>91</b> | <b>25,3%</b>                            | <b>-</b>            | <b>-</b>           |

## APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

| PROGRAMME 3: FARMER SUPPORT 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 |  |
| Sub programme                               | R'000                  | R'000             | R'000          | R'000               | R'000              | R'000         | %                                       | R'000               | R'000              |  |
| 3.1 Farmer Settlement                       | 242 683                | -                 | (124)          | 242 559             | 224 356            | 18 203        | 92,5%                                   | 213 540             | 209 891            |  |
| 3.2 Extension and Advisory Services         | 423 084                | -                 | -              | 423 084             | 417 940            | 5 144         | 98,8%                                   | 409 942             | 409 201            |  |
| 3.3 Food Security                           | 164 514                | -                 | 3 124          | 167 638             | 151 466            | 16 172        | 90,4%                                   | 162 547             | 161 349            |  |
| <b>Economic classification</b>              | <b>830 282</b>         | <b>-</b>          | <b>3 000</b>   | <b>833 282</b>      | <b>793 762</b>     | <b>39 520</b> | <b>95,3%</b>                            | <b>786 029</b>      | <b>780 441</b>     |  |
| <b>Current payments</b>                     | <b>596 194</b>         | <b>12 647</b>     | <b>(6 632)</b> | <b>602 209</b>      | <b>576 121</b>     | <b>26 088</b> | <b>95,7%</b>                            | <b>556 600</b>      | <b>554 186</b>     |  |
| <b>Compensation of employees</b>            | <b>362 091</b>         | <b>-</b>          | <b>1</b>       | <b>362 092</b>      | <b>359 057</b>     | <b>3 035</b>  | <b>99,2%</b>                            | <b>342 399</b>      | <b>342 341</b>     |  |
| Salaries and wages                          | 310 952                | (76)              | 99             | 310 975             | 308 625            | 2 350         | 99,2%                                   | 294 353             | 294 507            |  |
| Social contributions                        | 51 139                 | 76                | (98)           | 51 117              | 50 432             | 685           | 98,7%                                   | 48 046              | 47 834             |  |
| <b>Goods and services</b>                   | <b>234 103</b>         | <b>12 647</b>     | <b>(6 633)</b> | <b>240 117</b>      | <b>210 020</b>     | <b>30 097</b> | <b>87,5%</b>                            | <b>214 201</b>      | <b>211 845</b>     |  |
| Administrative fees                         | 632                    | (262)             | -              | 370                 | 291                | 79            | 78,6%                                   | 223                 | 222                |  |
| Advertising                                 | 5 912                  | (432)             | -              | 5 480               | 4 952              | 528           | 90,4%                                   | 1 094               | 1 560              |  |
| Minor assets                                | 643                    | (92)              | -              | 551                 | 399                | 152           | 72,4%                                   | 545                 | 435                |  |
| Catering: Departmental activities           | 2 098                  | 663               | -              | 2 761               | 2 707              | 54            | 98,0%                                   | 2 052               | 2 069              |  |
| Communication                               | 5 617                  | (1 848)           | -              | 3 769               | 3 768              | 1             | 100,0%                                  | 5 402               | 5 401              |  |
| Computer services                           | -                      | 726               | -              | 726                 | 726                | -             | 100,0%                                  | 4 499               | 4 499              |  |
| Consultants: Business and advisory services | -                      | -                 | -              | -                   | -                  | -             | -                                       | 412                 | 412                |  |
| Infrastructure and planning services        | 2 985                  | (1 562)           | -              | 1 423               | 1 018              | 405           | 71,5%                                   | 3 218               | 3 180              |  |
| Legal services                              | 1 059                  | -                 | -              | 1 059               | 972                | 87            | 91,8%                                   | -                   | -                  |  |
| Contractors                                 | 8 818                  | (941)             | (1 522)        | 6 355               | 5 193              | 1 162         | 81,7%                                   | 15 241              | 14 617             |  |
| Agency and support / outsourced services    | 36 987                 | 6 631             | -              | 43 618              | 33 176             | 10 442        | 76,1%                                   | 2 585               | 2 582              |  |
| Entertainment                               | 10                     | -                 | -              | 10                  | 9                  | 1             | 90,0%                                   | 12                  | 8                  |  |



## APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

| PROGRAMME 3: FARMER SUPPORT 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 |
| Sub programme  | R'000                  | R'000             | R'000    | R'000               | R'000              | R'000          | %                                       | R'000               | R'000              |
| Fleet services                                       | 7 766                  | 70                | -        | 7 836               | 7 784              | 52             | 99,3%                                   | 10 921              | 10 921             |
| Housing  | -                      | -                 | -        | -                   | -                  | -              | -                                       | -                   | -                  |
| Inventory: Clothing material and supplies            | 50                     | (36)              | -        | 14                  | 15                 | (1)            | 107,1%                                  | 72                  | 88                 |
| Inventory: Farming supplies                          | 95 875                 | 7 297             | 887      | 104 059             | 96 845             | 7 214          | 93,1%                                   | 115 491             | 114 528            |
| Inventory: Food and food supplies                    | 262                    | 21                | -        | 283                 | 283                | -              | 100,0%                                  | 342                 | 340                |
| Inventory: Fuel, oil and gas                         | 888                    | (50)              | -        | 838                 | 826                | 12             | 98,6%                                   | -                   | -                  |
| Inventory: Materials and supplies                    | 21 012                 | 113               | (5 998)  | 15 127              | 14 394             | 733            | 95,2%                                   | 6 369               | 6 261              |
| Inventory: Medical supplies                          | -                      | -                 | -        | -                   | -                  | -              | -                                       | 2                   | 2                  |
| Inventory: Other supplies                            | 1 714                  | 2 926             | -        | 4 640               | 3 953              | 687            | 85,2%                                   | 4 221               | 3 729              |
| Consumable supplies                                  | 6 077                  | (2 233)           | -        | 3 844               | 3 271              | 573            | 85,1%                                   | 2 779               | 2 717              |
| Consumable: Stationery, printing and office supplies | 1 199                  | 2                 | -        | 1 201               | 1 215              | (14)           | 101,1%                                  | 2 036               | 2 014              |
| Operating leases                                     | 1 086                  | (23)              | -        | 1 063               | 981                | 82             | 92,3%                                   | 2 020               | 2 035              |
| Property payments                                    | 1 360                  | (144)             | -        | 1 216               | 1 146              | 70             | 94,2%                                   | 1 871               | 1 726              |
| Transport provided: Departmental activity            | -                      | -                 | -        | -                   | -                  | -              | -                                       | 671                 | 671                |
| Travel and subsistence                               | 24 210                 | 2 428             | -        | 26 638              | 26 333             | 305            | 98,9%                                   | 24 161              | 24 177             |
| Training and development                             | 2 224                  | (550)             | -        | 1 674               | 1 548              | 126            | 92,5%                                   | 1 913               | 1 913              |
| Operating payments                                   | 1 958                  | 252               | -        | 2 210               | 2 195              | 15             | 99,3%                                   | 2 092               | 1 762              |
| Venues and facilities                                | 2 809                  | (571)             | -        | 2 238               | 1 861              | 377            | 83,2%                                   | 1 042               | 1 030              |
| Rental and hiring                                    | 852                    | 262               | -        | 1 114               | 1 095              | 19             | 98,3%                                   | 2 916               | 2 946              |
| <b>Interest and rent on land</b>                     | -                      | -                 | -        | -                   | <b>108</b>         | <b>(108)</b>   | -                                       | -                   | -                  |
| Interest   | -                      | -                 | -        | -                   | 108                | (108)          | -                                       | -                   | -                  |
| <b>Transfers and subsidies</b>                       | <b>104 310</b>         | <b>(12 647)</b>   | -        | <b>91 663</b>       | <b>98 600</b>      | <b>(6 937)</b> | <b>107,6%</b>                           | <b>65 002</b>       | <b>65 002</b>      |
| Departmental agencies and accounts                   | 62 529                 | -                 | -        | 62 529              | 62 530             | (1)            | 100,0%                                  | 20 658              | 20 658             |

## APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

| PROGRAMME 3: FARMER SUPPORT 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 |
| Sub programme                               | R'000                  | R'000             | R'000        | R'000               | R'000              | R'000         | %                                       | R'000               | R'000              |
| Departmental agencies                       | 62 529                 | -                 | -            | 62 529              | 62 530             | (1)           | 100,0%                                  | 20 658              | 20 658             |
| Public corporations and private enterprises | 39 881                 | (12 647)          | -            | 27 234              | 34 170             | (6 936)       | 125,5%                                  | 34 964              | 34 964             |
| Private enterprises                         | 39 881                 | (12 647)          | -            | 27 234              | 34 170             | (6 936)       | 125,5%                                  | 34 964              | 34 964             |
| Subsidies on products and production        | 8 627                  | -                 | -            | 8 627               | 10 422             | (1 795)       | 120,8%                                  | -                   | -                  |
| Other transfers to private enterprises      | 31 254                 | (12 647)          | -            | 18 607              | 23 748             | (5 141)       | 127,6%                                  | 34 964              | 34 964             |
| Non-profit institutions                     | -                      | -                 | -            | -                   | -                  | -             | -                                       | 7 480               | 7 480              |
| Households                                  | 1 900                  | -                 | -            | 1 900               | 1 900              | -             | 100,0%                                  | 1 900               | 1 900              |
| Other transfers to households               | 1 900                  | -                 | -            | 1 900               | 1 900              | -             | 100,0%                                  | 1 900               | 1 900              |
| <b>Payments for capital assets</b>          | <b>129 778</b>         | <b>-</b>          | <b>9 632</b> | <b>139 410</b>      | <b>125 977</b>     | <b>13 433</b> | <b>90,4%</b>                            | <b>164 427</b>      | <b>161 253</b>     |
| Buildings and other fixed structures        | 102 872                | (3 138)           | (3 084)      | 96 650              | 87 252             | 9 398         | 90,3%                                   | 126 060             | 125 417            |
| Buildings                                   | 55 967                 | (1 663)           | 727          | 55 031              | 48 450             | 6 581         | 88,0%                                   | 85 048              | 84 611             |
| Other fixed structures                      | 46 905                 | (1 475)           | (3 811)      | 41 619              | 38 802             | 2 817         | 93,2%                                   | 41 012              | 40 806             |
| Machinery and equipment                     | 26 905                 | 3 138             | 12 716       | 42 759              | 38 725             | 4 034         | 90,6%                                   | 38 367              | 35 836             |
| Transport equipment                         | 7 744                  | 873               | 826          | 9 443               | 9 381              | 62            | 99,3%                                   | 17 488              | 17 347             |
| Other machinery and equipment               | 19 161                 | 2 265             | 11 890       | 33 316              | 29 344             | 3 972         | 88,1%                                   | 20 879              | 18 489             |
| <b>TOTAL</b>                                | <b>830 282</b>         | <b>-</b>          | <b>3 000</b> | <b>833 282</b>      | <b>793 762</b>     | <b>39 520</b> | <b>95,3%</b>                            | <b>786 029</b>      | <b>780 441</b>     |

## APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

| Sub -Programme 3.1: Farmer Settlement       |                        |                   |                |                     |                    |               |   |                     |                    |
|---|------------------------|-------------------|----------------|---------------------|--------------------|---------------|---|---------------------|--------------------|
|   | 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>71 926</b>          | -                 | <b>(7 644)</b> | <b>64 282</b>       | <b>57 152</b>      | <b>7 130</b>  | <b>88,9%</b>                            | <b>55 427</b>       | <b>54 658</b>      |
| Compensation of employees                   | 17 771                 | -                 | (124)          | 17 647              | 17 122             | 525           | 97,0%                                   | 15 940              | 15 943             |
| Goods and services                          | 54 155                 | -                 | (7 520)        | 46 635              | 40 030             | 6 605         | 85,8%                                   | 39 487              | 38 715             |
| <b>Transfer and subsidies</b>               | <b>61 579</b>          | -                 | -              | <b>61 579</b>       | <b>61 580</b>      | <b>(1)</b>    | <b>100,0%</b>                           | <b>21 958</b>       | <b>21 958</b>      |
| Departmental agencies and accounts          | 57 529                 | -                 | -              | 57 529              | 57 530             | (1)           | 100,0%                                  | 13 658              | 13 658             |
| Public corporations and private enterprises | 4 050                  | -                 | -              | 4 050               | 4 050              | -             | 100,0%                                  | 8 300               | 8 300              |
| <b>Payments for capital assets</b>          | <b>109 179</b>         |                   | <b>7 520</b>   | <b>116 699</b>      | <b>105 624</b>     | <b>11 075</b> | <b>90,5%</b>                            | <b>136 155</b>      | <b>133 275</b>     |
| Buildings and other fixed structures        | 102 872                | (3 138)           | (3 084)        | 96 650              | 87 252             | 9 398         | 90,3%                                   | 125 077             | 124 460            |
| Machinery and equipment                     | 6 307                  | 3 138             | 10 604         | 20 049              | 18 372             | 1 677         | 91,6%                                   | 11 078              | 8 815              |
| <b>Total</b>                                | <b>242 683</b>         | -                 | <b>(124)</b>   | <b>242 559</b>      | <b>224 356</b>     | <b>18 203</b> | <b>92,5%</b>                            | <b>213 540</b>      | <b>209 891</b>     |

| Sub -Programme 3.2: Extension And Advisory 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>402 858</b>         | -                 | -        | <b>402 858</b>      | <b>397 951</b>     | <b>4 907</b> | <b>98,8%</b>                            | <b>386 282</b>      | <b>385 761</b>     |
| Compensation of employees                           | 342 014                | -                 | -        | 342 014             | 339 522            | 2 492        | 99,3%                                   | 324 257             | 324 195            |
| Goods and services                                  | 60 844                 | -                 | -        | 60 844              | 58 408             | 2 436        | 96,0%                                   | 62 025              | 61 566             |
| <b>Payments for capital assets</b>                  | <b>20 226</b>          | -                 | -        | <b>20 226</b>       | <b>19 989</b>      | <b>237</b>   | <b>98,8%</b>                            | <b>23 660</b>       | <b>23 440</b>      |
| Machinery and equipment                             | 20 226                 | -                 | -        | 20 226              | 19 989             | 237          | 98,8%                                   | 23 660              | 23 440             |
| <b>Total</b>  | <b>423 084</b>         | -                 | -        | <b>423 084</b>      | <b>417 940</b>     | <b>5 144</b> | <b>98,8%</b>                            | <b>409 942</b>      | <b>409 201</b>     |

## APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

| Sub -Programme 3.3: Food Security           |                        |                   |              |                     |                    |                |   |                     |                    |
|---|------------------------|-------------------|--------------|---------------------|--------------------|----------------|---|---------------------|--------------------|
| 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>121 410</b>         | <b>12 647</b>     | <b>1 012</b> | <b>135 069</b>      | <b>121 018</b>     | <b>14 051</b>  | <b>89,6%</b>                            | <b>114 891</b>      | <b>113 767</b>     |
| Compensation of employees                   | 2 306                  | -                 | 125          | 2 431               | 2 413              | 18             | 99,3%                                   | 2 202               | 2 203              |
| Goods and services                          | 119 104                | 12 647            | 887          | 132 638             | 111 582            | 21 056         | 84,1%                                   | 112 689             | 111 564            |
| <b>Transfers and subsidies</b>              | <b>42 731</b>          | <b>(12 647)</b>   | -            | <b>30 084</b>       | <b>37 020</b>      | <b>(6 936)</b> | <b>123,1%</b>                           | <b>43 044</b>       | <b>43 044</b>      |
| Departmental agencies and accounts          | 5 000                  | -                 | -            | 5 000               | 5 000              | -              | 100,0%                                  | 7 000               | 7 000              |
| Public corporations and private enterprises | 35 831                 | (12 647)          | -            | 23 184              | 30 120             | (6 936)        | 100,0%                                  | 26 664              | 26 664             |
| Non-profit institutions                     | -                      | -                 | -            | -                   | -                  | -              | -                                       | 7 480               | 7 480              |
| Households                                  | 1 900                  | -                 | -            | 1 900               | 1 900              | -              | 100,0%                                  | 1 900               | 1 900              |
| <b>Payments for capital assets</b>          | <b>373</b>             |                   | <b>2 112</b> | <b>2 485</b>        | <b>364</b>         | <b>2 121</b>   | <b>14,6%</b>                            | <b>4 612</b>        | <b>4 538</b>       |
| Buildings and other fixed structures        | -                      | -                 | -            | -                   | -                  | -              | -                                       | 983                 | 957                |
| Machinery and equipment                     | 373                    |                   | 2 112        | 2 485               | 364                | 2 121          | 14,6%                                   | 3 629               | 3 581              |
| <b>Total</b>                                | <b>164 514</b>         |                   | <b>3 124</b> | <b>167 638</b>      | <b>151 466</b>     | <b>16 172</b>  | <b>90,4%</b>                            | <b>162 547</b>      | <b>161 349</b>     |

## APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

| PROGRAMME 4: VETERINARY SERVICE             |                        |                   |                |                     |                    |               |   |                     |                    |
|---|------------------------|-------------------|----------------|---------------------|--------------------|---------------|---|---------------------|--------------------|
| 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>                        |                        |                   |                |                     |                    |               |   |                     |                    |
| 4.1 Animal Health                           | 277 715                | -                 | (4 376)        | 273 339             | 269 632            | 3 707         | 98,6%                                   | 260 462             | 260 337            |
| 4.2 Export Control                          | 10 146                 | -                 | -              | 10 146              | 8 694              | 1 452         | 85,7%                                   | 9 475               | 9 403              |
| 4.3 Veterinary Public Health                | 16 931                 | -                 | (253)          | 16 678              | 15 784             | 894           | 94,6%                                   | 15 106              | 14 955             |
| 4.4 Veterinary Laboratory Services          | 25 055                 | -                 | 1 440          | 26 495              | 22 026             | 4 469         | 83,1%                                   | 21 007              | 20 488             |
|   | <b>329 848</b>         | <b>-</b>          | <b>(3 189)</b> | <b>326 659</b>      | <b>316 136</b>     | <b>10 523</b> | <b>96,8%</b>                            | <b>306 050</b>      | <b>305 183</b>     |
| <b>Economic classification</b>              |                        |                   |                |                     |                    |               |   |                     |                    |
| <b>Current payments</b>                     | <b>315 903</b>         | <b>-</b>          | <b>(3 189)</b> | <b>312 714</b>      | <b>306 550</b>     | <b>6 164</b>  | <b>98,0%</b>                            | <b>296 899</b>      | <b>296 453</b>     |
| Compensation of employees                   | 248 039                | -                 | (3 188)        | 244 851             | 241 233            | 3 618         | 98,5%                                   | 233 928             | 233 885            |
| Salaries and wages                          | 215 110                | (480)             | (3 494)        | 211 136             | 207 519            | 3 617         | 98,3%                                   | 202 979             | 201 662            |
| Social contributions                        | 32 929                 | 480               | 306            | 33 715              | 33 714             | 1             | 100,0%                                  | 30 949              | 32 223             |
| Goods and services                          | 67 864                 | -                 | (1)            | 67 863              | 65 317             | 2 546         | 96,2%                                   | 62 303              | 61 899             |
| Administrative fees                         | 611                    | 670               | 1 000          | 2 281               | 2 232              | 49            | 97,8%                                   | 345                 | 290                |
| Advertising                                 | 377                    | (162)             | -              | 215                 | 123                | 92            | 57,2%                                   | 212                 | 182                |
| Minor assets                                | 316                    | (108)             | -              | 208                 | 335                | (127)         | 161,1%                                  | 613                 | 572                |
| Catering: Departmental activities           | 202                    | 53                | -              | 255                 | 216                | 39            | 84,7%                                   | 212                 | 224                |
| Communication                               | 93                     | (67)              | -              | 26                  | 24                 | 2             | 92,3%                                   | 58                  | 30                 |
| Computer services                           | 50                     | (3)               | -              | 47                  | 47                 | -             | 100,0%                                  | 51                  | 50                 |
| Consultants: Business and advisory services | 28                     | 472               | -              | 500                 | 28                 | 472           | 5,6%                                    | -                   | -                  |
| Laboratory services                         | 476                    | 25                | -              | 501                 | 308                | 193           | 61,5%                                   | 485                 | 463                |
| Contractors                                 | 1 106                  | (563)             | -              | 543                 | 395                | 148           | 72,7%                                   | 552                 | 416                |
| Entertainment                               | 6                      | -                 | -              | 6                   | 6                  | -             | 100,0%                                  | 6                   | 6                  |
| Fleet services                              | 5 358                  | -                 | -              | 5 358               | 5 358              | -             | 100,0%                                  | 4 949               | 4 946              |

## APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

| PROGRAMME 4: VETERINARY SERVICE                      |                        |                   |          |                     |                    |              |   |                     |                    |
|--|------------------------|-------------------|----------|---------------------|--------------------|--------------|---|---------------------|--------------------|
| 2018/19  |                        |                   |          |                     | 2017/18            |              |   |                     |                    |
|  | Adjusted Appropriation | Shifting of Funds | Virement | Final Appropriation | Actual Expenditure | Variance     | Expenditure as % of final appropriation | Final Appropriation | Actual expenditure |
| Sub programme  | R'000                  | R'000             | R'000    | R'000               | R'000              | R'000        | %                                       | R'000               | R'000              |
| Inventory: Clothing material and supplies            | -                      | -                 | -        | -                   | -                  | -            | -                                       | -                   | 2                  |
| Inventory: Farming supplies                          | 3                      | -                 | -        | 3                   | 2                  | 1            | 66,7%                                   | 7                   | 7                  |
| Inventory: Food and food supplies                    | -                      | -                 | -        | -                   | -                  | -            | -                                       | 26                  | 26                 |
| Inventory: Fuel, oil and gas                         | 159                    | (5)               | -        | 154                 | 119                | 35           | 77,3%                                   | 111                 | 110                |
| Inventory: Materials and supplies                    | 91                     | (42)              | -        | 49                  | 1                  | 48           | 2,0%                                    | 68                  | 60                 |
| Inventory: Medical supplies                          | 1 593                  | (751)             | -        | 842                 | 823                | 19           | 97,7%                                   | 1 039               | 1 035              |
| Inventory: Medicine                                  | 34 385                 | (316)             | (1 001)  | 33 068              | 32 706             | 362          | 98,9%                                   | 31 903              | 31 793             |
| Medsas Inventory Interface                           | -                      | -                 | -        | -                   | -                  | -            | -                                       | -                   | -                  |
| Inventory: Other supplies                            | 749                    | (114)             | -        | 635                 | 532                | 103          | 83,8%                                   | 696                 | 793                |
| Consumable supplies                                  | 842                    | (218)             | -        | 624                 | 543                | 81           | 87,0%                                   | 513                 | 458                |
| Consumable: Stationery, printing and office supplies | 774                    | 35                | -        | 809                 | 759                | 50           | 93,8%                                   | 1 054               | 973                |
| Operating leases                                     | 394                    | (23)              | -        | 371                 | 241                | 130          | 65,0%                                   | 468                 | 333                |
| Property payments                                    | 692                    | 475               | -        | 1 167               | 864                | 303          | 74,0%                                   | 284                 | 244                |
| Travel and subsistence                               | 16 772                 | 1 107             | -        | 17 879              | 17 525             | 354          | 98,0%                                   | 16 188              | 16 505             |
| Training and development                             | 131                    | (26)              | -        | 105                 | -                  | 105          | -                                       | 160                 | 160                |
| Operating payments                                   | 2 315                  | (552)             | -        | 1 763               | 1 717              | 46           | 97,4%                                   | 1 820               | 1 738              |
| Venues and facilities                                | 172                    | 134               | -        | 306                 | 269                | 37           | 87,9%                                   | 295                 | 295                |
| Rental and hiring                                    | 169                    | (21)              | -        | 148                 | 144                | 4            | 97,3%                                   | 190                 | 188                |
| Interest and rent on land                            | -                      | -                 | -        | -                   | -                  | -            | -                                       | 669                 | 669                |
| Interest   | -                      | -                 | -        | -                   | -                  | -            | -                                       | 669                 | 669                |
| <b>Payments for capital assets</b>                   | <b>13 945</b>          | <b>-</b>          | <b>-</b> | <b>13 945</b>       | <b>9 586</b>       | <b>4 359</b> | <b>68,7%</b>                            | <b>9 151</b>        | <b>8 730</b>       |
| Buildings and other fixed structures                 | 467                    | -                 | -        | 467                 | 176                | 291          | 37,7%                                   | 56                  | 55                 |
| Buildings  | -                      | -                 | -        | -                   | -                  | -            | -                                       | 56                  | 55                 |
| Other fixed structures                               | 467                    | -                 | -        | 467                 | 176                | 291          | 37,7%                                   | -                   | -                  |

## APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

| PROGRAMME 4: VETERINARY SERVICE |                        |                   |                |                     |                    |               |   |                     |                    |
|---------------------------------|------------------------|-------------------|----------------|---------------------|--------------------|---------------|---|---------------------|--------------------|
| 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>            |                        |                   |                |                     |                    |               |   |                     |                    |
| Machinery and equipment         | 13 478                 | -                 | -              | 13 478              | 9 410              | 4 068         | 69,8%                                   | 9 095               | 8 675              |
| Transport equipment             | 5 784                  | -                 | -              | 5 784               | 5 784              | -             | 100,0%                                  | 5 386               | 5 386              |
| Other machinery and equipment   | 7 694                  | -                 | -              | 7 694               | 3 626              | 4 068         | 47,1%                                   | 3 709               | 3 289              |
| <b>Total</b>                    | <b>329 848</b>         | <b>-</b>          | <b>(3 189)</b> | <b>326 659</b>      | <b>316 136</b>     | <b>10 523</b> | <b>96,8%</b>                            | <b>306 050</b>      | <b>305 183</b>     |

| Sub -Programme 4.1: Animal Health  |                        |                   |                |                     |                    |              |   |                     |                    |
|------------------------------------|------------------------|-------------------|----------------|---------------------|--------------------|--------------|---|---------------------|--------------------|
| 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>268 319</b>         | <b>-</b>          | <b>(4 376)</b> | <b>263 943</b>      | <b>260 944</b>     | <b>2 999</b> | <b>98,9%</b>                            | <b>252 696</b>      | <b>252 697</b>     |
| Compensation of employees          | 210 297                | -                 | (3 375)        | 206 922             | 204 471            | 2 451        | 98,8%                                   | 198 586             | 198 587            |
| Goods and services                 | 58 022                 | -                 | (1 001)        | 57 021              | 56 473             | 548          | 99,0%                                   | 53 441              | 53 441             |
| <b>Interest and rent on land</b>   | <b>-</b>               | <b>-</b>          | <b>-</b>       | <b>-</b>            | <b>-</b>           | <b>-</b>     | <b>-</b>                                | <b>669</b>          | <b>669</b>         |
| <b>Payments for capital assets</b> | <b>9 396</b>           | <b>-</b>          | <b>-</b>       | <b>9 396</b>        | <b>8 688</b>       | <b>708</b>   | <b>92,5%</b>                            | <b>7 776</b>        | <b>7 640</b>       |
| Machinery and equipment            | 9 396                  | -                 | -              | 9 396               | 8 688              | 708          | 92,5%                                   | 7 776               | 7 640              |
| <b>Total</b>                       | <b>277 715</b>         | <b>-</b>          | <b>(4 376)</b> | <b>273 339</b>      | <b>269 632</b>     | <b>3 707</b> | <b>98,6%</b>                            | <b>260 462</b>      | <b>260 337</b>     |

## APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

| Sub -Programme 4.2: Export Control |                        |                   |          |                     |                    |          |   |                     |                    |
|------------------------------------|------------------------|-------------------|----------|---------------------|--------------------|----------|---|---------------------|--------------------|
| 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>            | 10 016                 | -                 | -        | 10 016              | 8 623              | 1 394    | 86,4%                                   | 9 344               | 9 277              |
| Compensation of employees          | 8 150                  | -                 | -        | 8 150               | 7 467              | 683      | 91,6%                                   | 7 594               | 7 594              |
| Goods and services                 | 1 867                  | -                 | -        | 1 867               | 1 185              | 682      | 63,5%                                   | 1 750               | 1 683              |
| <b>Payments for capital assets</b> | 130                    | -                 | -        | 130                 | 42                 | 88       | 32,3%                                   | 131                 | 126                |
| Machinery and equipment            | 130                    | -                 | -        | 130                 | 42                 | 88       | 32,3%                                   | 131                 | 126                |
| <b>Total</b>                       | 10 146                 | -                 | -        | 10 146              | 8 694              | 1 452    | 85,7%                                   | 9 475               | 9 403              |

| Sub -Programme 4.3: Veterinary Public Health |                        |                   |          |                     |                    |          |   |                     |                    |
|--|------------------------|-------------------|----------|---------------------|--------------------|----------|---|---------------------|--------------------|
| 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>                      | 16 683                 | -                 | (253)    | 16 430              | 15 651             | 779      | 95,3%                                   | 14 874              | 14 809             |
| Compensation of employees                    | 13 802                 | -                 | (253)    | 13 549              | 13 065             | 484      | 96,4%                                   | 12 248              | 12 249             |
| Goods and services                           | 2 881                  | -                 | -        | 2 881               | 2 586              | 295      | 89,8%                                   | 2 626               | 2 560              |
| <b>Payments for capital assets</b>           | 248                    | -                 | -        | 248                 | 133                | 115      | 53,6%                                   | 232                 | 146                |
| Machinery and equipment                      | 248                    | -                 | -        | 248                 | 133                | 115      | 53,6%                                   | 232                 | 146                |
| <b>Total</b>                                 | 16 931                 | -                 | (253)    | 16 678              | 15 784             | 894      | 94,6%                                   | 15 106              | 14 955             |



| Sub -Programme 4.4: Veterinary Lab Service |                        |                   |              |                     |                    |              |   |                     |                    |
|--|------------------------|-------------------|--------------|---------------------|--------------------|--------------|---|---------------------|--------------------|
| 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>                    | 20 884                 | -                 | 1 440        | 22 324              | 21 303             | 1 021        | 95.4%                                   | 19 985              | 19 670             |
| Compensation of employees                  | 15 790                 | -                 | 440          | 16 230              | 16 320             |              | 100.0%                                  | 15 499              | 15 455             |
| Goods and services                         | 5 094                  | -                 | 1 000        | 6 094               | 5 073              | 1 021        | 83.2%                                   | 4 486               | 4 215              |
| <b>Payments for capital assets</b>         | 4 171                  | -                 | -            | 4 171               | 723                | 3 448        | 17.3%                                   | 1 022               | 818                |
| Building and other fixed structure         | 467                    | -                 | -            | 467                 | 176                | 291          | 37.7%                                   | 56                  | 55                 |
| Machinery and equipment                    | 3 704                  | -                 | -            | 3 704               | 547                | 3 157        | 14.8%                                   | 966                 | 763                |
| <b>Total</b>                               | <b>25 055</b>          | <b>-</b>          | <b>1 440</b> | <b>26 495</b>       | <b>22 026</b>      | <b>4 469</b> | <b>83.1%</b>                            | <b>21 007</b>       | <b>20 488</b>      |

## APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

| PROGRAMME 5: RESEARCH AND TECHNOLOGY 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 |  |
| Sub-programmes                                   | R'000                  | R'000             | R'000      | R'000               | R'000              | R'000        | %                                       | R'000               | R'000              |  |
| 5.1 Research                                     | 127 781                | -                 | (100)      | 127 681             | 126 766            | 915          | 99.3%                                   | 115 468             | 115 381            |  |
| 5.2 Technology Transfer Services                 | 6 324                  | -                 | 100        | 6 424               | 5 483              | 941          | 85.4%                                   | 6 945               | 6 623              |  |
| 5.3 Infrastructure Support Services              | 1 653                  | -                 | -          | 1 653               | 1 281              | 372          | 77.5%                                   | 1 497               | 1 486              |  |
| <b>Total for sub-programmes</b>                  | <b>135 758</b>         | <b>-</b>          | <b>-</b>   | <b>135 758</b>      | <b>133 530</b>     | <b>2 228</b> | <b>98.4%</b>                            | <b>123 910</b>      | <b>123 490</b>     |  |
| <b>Economic classification</b>                   |                        |                   |            |                     |                    |              |   |                     |                    |  |
| <b>Current payments</b>                          | <b>130 696</b>         | <b>-</b>          | <b>630</b> | <b>131 326</b>      | <b>129 647</b>     | <b>1 679</b> | <b>98.7%</b>                            | <b>117 734</b>      | <b>117 705</b>     |  |
| <b>Compensation of employees</b>                 | 109 486                | -                 | -          | 109 486             | 108 875            | 611          | 99.4%                                   | 102 077             | 102 068            |  |
| Salaries and wages                               | 94 121                 | -                 | (266)      | 93 895              | 93 485             | 410          | 99.6%                                   | 87 766              | 87 618             |  |
| Social contributions                             | 15 365                 | -                 | 226        | 15 591              | 15 390             | 201          | 98.7%                                   | 14 311              | 14 450             |  |
| <b>Goods and services</b>                        | 21 210                 | -                 | 630        | 21 840              | 20 772             | 1 068        | 95.1%                                   | 15 657              | 15 637             |  |
| Administrative fees                              | 570                    | (7)               | -          | 563                 | 520                | 43           | 92.3%                                   | 521                 | 501                |  |
| Advertising                                      | 5                      | (1)               | -          | 4                   | 4                  | -            | 100.0%                                  | 33                  | 33                 |  |
| Minor assets                                     | 211                    | 34                | -          | 245                 | 159                | 86           | 64.8%                                   | 331                 | 170                |  |
| Catering: Departmental activities                | 117                    | (28)              | -          | 89                  | 83                 | 6            | 93.3%                                   | 46                  | 37                 |  |
| Communication                                    | 22                     | -                 | -          | 22                  | 15                 | 7            | 68.2%                                   | 31                  | 7                  |  |
| Computer services                                | 916                    | (40)              | -          | 876                 | 788                | 88           | 90.0%                                   | 753                 | 720                |  |
| Consultants: Business and advisory services      | -                      | -                 | -          | -                   | -                  | -            | -                                       | 5                   | -                  |  |
| Infrastructure and planning services             | 852                    | (200)             | (320)      | 332                 | 80                 | 252          | 24.1%                                   | 650                 | 360                |  |
| Contractors                                      | 2 225                  | (375)             | -          | 1 850               | 1 468              | 382          | 79.4%                                   | 973                 | 790                |  |
| Entertainment                                    | 14                     | -                 | -          | 14                  | 16                 | (2)          | 11.9%                                   | 37                  | 17                 |  |
| Fleet services                                   | 560                    | (85)              | -          | 475                 | 468                | 7            | 98.6%                                   | 700                 | 660                |  |
| Inventory: Farming supplies                      | 5 533                  | 48                | 950        | 6 531               | 4 634              | 1 897        | 71.0%                                   | 1 980               | 1 678              |  |
| Inventory: Food and food supplies                | 25                     | (25)              | -          | -                   | -                  | -            | -                                       | -                   | -                  |  |

## APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

| PROGRAMME 5: RESEARCH AND TECHNOLOGY 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              |
| <b>Sub-programs</b>                                  |                        |                   |                |                     |                    |              |   |                     |                    |
| Inventory: Fuel, oil and gas                         | 561                    | -                 | -              | 561                 | 551                | 10           | 98.2%                                   | 515                 | 477                |
| Inventory: Learner and teacher support material      | 60                     | (31)              | -              | 29                  | 29                 | -            | 100.0%                                  | 6                   | 6                  |
| Inventory: Materials and supplies                    | 730                    | 245               | -              | 975                 | 602                | 373          | 61.7%                                   | 581                 | 519                |
| Inventory: Medicine                                  | 437                    | -                 | -              | 437                 | 428                | 9            | 997.9%                                  | 367                 | 350                |
| Inventory: Other supplies                            | 129                    | -                 | -              | 129                 | 117                | 12           | 90.7%                                   | 42                  | 42                 |
| Consumable supplies                                  | 795                    | 211               | -              | 1 006               | 755                | 251          | 75.0%                                   | 862                 | 638                |
| Consumable: Stationery, printing and office supplies | 386                    | (10)              | -              | 376                 | 303                | 73           | 80.6%                                   | 404                 | 389                |
| Operating leases                                     | 47                     | -                 | -              | 47                  | 44                 | 3            | 93.6%                                   | 25                  | 25                 |
| Property payments                                    | 1 162                  | -                 | -              | 1 162               | 1 054              | 108          | 90.7%                                   | 436                 | 258                |
| Travel and subsistence                               | 4 897                  | 261               | -              | 5 158               | 7 733              | (2 575)      | 149.9%                                  | 5 544               | 7 159              |
| Training and development                             | 14                     | 75                | -              | 89                  | 75                 | 14           | 84.3%                                   | 5                   | -                  |
| Operating payments                                   | 316                    | (35)              | -              | 281                 | 266                | 15           | 94.8%                                   | 205                 | 280                |
| Venues and facilities                                | 11                     | (11)              | -              | -                   | -                  | -            | -                                       | 38                  | -                  |
| Rental and hiring                                    | 614                    | (26)              | -              | 588                 | 580                | 8            | 98.6%                                   | 567                 | 521                |
| <b>Transfers and subsidies</b>                       | <b>1 645</b>           |                   | <b>(1 645)</b> |                     |                    |              |   | <b>3 301</b>        | <b>3 000</b>       |
| Departmental agencies and accounts                   | 1 645                  | -                 | (1 645)        | -                   | -                  | -            | -                                       | 3 301               | 3 000              |
| <b>Payments for capital assets</b>                   | <b>3 417</b>           |                   | <b>1 015</b>   | <b>4 432</b>        | <b>3 883</b>       | <b>549</b>   | <b>87.6%</b>                            | <b>2 875</b>        | <b>2 785</b>       |
| Buildings and other fixed structures                 | -                      | -                 | -              | -                   | -                  | -            | -                                       | 125                 | 110                |
| Machinery and equipment                              | 3 217                  | -                 | 1 015          | 4 232               | 3 690              | 542          | 87.2%                                   | 2 750               | 2 675              |
| Transport equipment                                  | 755                    | -                 | -              | 755                 | 755                | -            | 100.0%                                  | 1 251               | 1 251              |
| Other machinery and equipment                        | 2 462                  | -                 | 1 015          | 3 477               | 2 935              | 542          | 84.4%                                   | 1 499               | 1 424              |
| Biological assets                                    | 200                    | -                 | -              | 200                 | 193                | 7            | 96.5%                                   | -                   | -                  |
| <b>Total</b>   | <b>135 758</b>         |                   |                | <b>135 758</b>      | <b>133 530</b>     | <b>2 228</b> | <b>98.4%</b>                            | <b>123 910</b>      | <b>123 490</b>     |

## APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

| SUB -PROGRAMME 5.1: RESEARCH       |                        |                   |          |                     |                    |          |   |                     |                    |
|------------------------------------|------------------------|-------------------|----------|---------------------|--------------------|----------|---|---------------------|--------------------|
| 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>            | 124 392                |                   | (1 115)  | 123 277             | 122 898            | 379      | 99.7%                                   | 112 718             | 112 706            |
| Compensation of employees          | 106 696                |                   | (100)    | 106 596             | 106 193            | 403      | 99.6%                                   | 99 585              | 99 584             |
| Goods and services                 | 17 696                 | -                 | (1 015)  | 16 681              | 16 705             | (24)     | 100.1%                                  | 13 133              | 13 122             |
| <b>Payments for capital assets</b> | 3 399                  | -                 | 1 015    | 44 04               | 3 868              | 536      | 87.8%                                   | 2 750               | 2 675              |
| Machinery and equipment            | 3 189                  |                   | 1 015    | 4 204               | 3 675              | 529      | 87.4%                                   | 2 750               | 2 675              |
| Biological assets                  | 200                    | -                 | -        | 200                 | 193                | 7        | 96.5%                                   | -                   | -                  |
| <b>Total</b>                       | 127 781                |                   | (100)    | 127 681             | 126 766            | 915      | 99.3%                                   | 115 468             | 115 381            |

| SUB -PROGRAMME 5.2: TECHNOLOGY TRANSFER 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>Economic classification</b>                   |                        |                   |          |                     |                    |          |   |                     |                    |
| <b>Current payments</b>                          | 4 651                  | -                 | 1 745    | 6 396               | 5 468              | 928      | 85.5%                                   | 3 519               | 3 513              |
| Compensation of employees                        | 2 790                  | -                 | 100      | 2 890               | 2 689              | 201      | 93.0%                                   | 2 492               | 2 484              |
| Goods and services                               | 1 861                  | -                 | 1 645    | 3 506               | 2 779              | 727      | 79.3%                                   | 1 027               | 1 029              |
| <b>Transfers and subsidies</b>                   | 1 645                  | -                 | (1 645)  | -                   | -                  | -        | -                                       | 3 301               | 3 000              |
| Departmental agencies and accounts               | 1 645                  | -                 | (1 645)  | -                   | -                  | -        | -                                       | 3 301               | 3 000              |
| <b>Payments for capital assets</b>               | 28                     |                   |          | 28                  | 15                 | 13       | 53.6%                                   | 125                 | 110                |
| Machinery and equipment                          | 28                     |                   |          | 28                  | 15                 | 13       | 53.6%                                   | 125                 | 110                |
| <b>Total</b>                                     | 6 324                  |                   | 100      | 6 424               | 5 483              | 941      | 85.4                                    | 6 945               | 6 623              |

| SUB - PROGRAMME 5.3: INFRASTRUCTURE SUPPORT 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              |  |
| Economic classification                              | 1 653                  | -                 | -        | 1 653               | 1 281              | 372        | 77.5%                                   | 1 497               | 1 486              |  |
| Current payments                                     |                        |                   |          |                     | (7)                | 7          |   |                     |                    |  |
| Compensation of employees                            | 1 653                  |                   |          | 1 653               | 1 288              | 365        | 77.9%                                   | 1 497               | 1 486              |  |
| Goods and services                                   |                        |                   |          |                     |                    |            |   |                     |                    |  |
| <b>Total</b>   | <b>1 653</b>           |                   |          | <b>1 653</b>        | <b>1 281</b>       | <b>372</b> | <b>77.5%</b>                            | <b>1 497</b>        | <b>1 486</b>       |  |

## APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

| PROGRAMME 6: AGRICULTURAL ECONOMICS SERVICE             |                        |                   |              |                     |                    |            |   |                     |                    |  |
|---|------------------------|-------------------|--------------|---------------------|--------------------|------------|---|---------------------|--------------------|--|
|   | 2018/19                |                   |              |                     |                    | 2017/18    |   |                     |                    |  |
|   | Adjusted Appropriation | Shifting of Funds | Virement     | Final Appropriation | Actual Expenditure | Variance   | Expenditure as % of final appropriation | Final Appropriation | Actual expenditure |  |
| Sub programme   | R'000                  | R'000             | R'000        | R'000               | R'000              | R'000      | %                                       | R'000               | R'000              |  |
| <b>6.1 Production Economics &amp; Marketing Support</b> | 57 365                 | -                 | 3 615        | 60 980              | 60 406             | 574        | 99,1%                                   | 48 749              | 48 714             |  |
| <b>6.2 Macroeconomics Support</b>                       | 27 587                 | -                 | 198          | 27 785              | 27 525             | 260        | 99,1%                                   | 25 538              | 25 538             |  |
|   | <b>84 952</b>          | <b>-</b>          | <b>3 813</b> | <b>88 765</b>       | <b>87 931</b>      | <b>834</b> | <b>99,1%</b>                            | <b>74 287</b>       | <b>74 252</b>      |  |
| <b>Economic classification</b>                          |                        |                   |              |                     |                    |            |   |                     |                    |  |
| <b>Current payments</b>                                 | <b>31 098</b>          | <b>-</b>          | <b>313</b>   | <b>31 411</b>       | <b>30 883</b>      | <b>528</b> | <b>98,3%</b>                            | <b>28 604</b>       | <b>28 585</b>      |  |
| Compensation of employees                               | 27 704                 | -                 | 313          | 28 017              | 28 016             | 1          | 100,0%                                  | 25 798              | 25 799             |  |
| Salaries and wages                                      | 24 077                 | -                 | 296          | 24 373              | 24 373             | -          | 100,0%                                  | 22 534              | 22 496             |  |
| Social contributions                                    | 3 627                  | -                 | 17           | 3 644               | 3 643              | 1          | 100,0%                                  | 3 264               | 3 303              |  |
| Goods and services                                      | 3 394                  | -                 | -            | 3 394               | 2 867              | 527        | 84,5%                                   | 2 806               | 2 786              |  |
| Administrative fees                                     | 94                     | (29)              | -            | 65                  | 34                 | 31         | 52,3%                                   | 30                  | 8                  |  |
| Advertising   | 16                     | 6                 | -            | 22                  | 21                 | 1          | 95,5%                                   | 60                  | 59                 |  |
| Minor assets  | 72                     | 6                 | -            | 78                  | 42                 | 36         | 53,8%                                   | 34                  | 26                 |  |
| Catering: Departmental activities                       | 152                    | (63)              | -            | 89                  | 42                 | 47         | 47,2%                                   | 149                 | 141                |  |
| Infrastructure and planning services                    | 15                     | -                 | -            | 15                  | 14                 | 1          | 93,3%                                   | -                   | -                  |  |
| Entertainment   | 6                      | -                 | -            | 6                   | 4                  | 2          | 66,7%                                   | 4                   | 4                  |  |
| Fleet services  | 106                    | -                 | -            | 106                 | 106                | -          | 100,0%                                  | 270                 | 269                |  |
| Inventory: Food and food supplies                       | 6                      | (6)               | -            | -                   | -                  | -          | -                                       | -                   | -                  |  |
| Inventory: Materials and supplies                       | -                      | -                 | -            | -                   | 2                  | (2)        | -                                       | -                   | -                  |  |
| Consumable supplies                                     | 18                     | (4)               | -            | 14                  | 14                 | -          | 100,0%                                  | 8                   | 8                  |  |
| Consumable: Stationery, printing and office supplies    | 179                    | (44)              | -            | 135                 | 108                | 27         | 80,0%                                   | 145                 | 124                |  |
| Travel and subsistence                                  | 2 422                  | 170               | -            | 2 592               | 2 414              | 178        | 93,1%                                   | 1 766               | 1 825              |  |
| Training and development                                | -                      | -                 | -            | -                   | -                  | -          | -                                       | -                   | -                  |  |
| Operating payments                                      | 230                    | 2                 | -            | 232                 | 50                 | 182        | 21,6%                                   | 321                 | 302                |  |

## APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

| PROGRAMME 6: AGRICULTURAL ECONOMICS SERVICE |                        |                   |              |                     |                    |            |   |                     |                    |
|---|------------------------|-------------------|--------------|---------------------|--------------------|------------|---|---------------------|--------------------|
| 2018/19                                     |                        |                   |              |                     | 2017/18            |            |   |                     |                    |
|   | Adjusted Appropriation | Shifting of Funds | Virement     | Final Appropriation | Actual Expenditure | Variance   | Expenditure as % of final appropriation | Final Appropriation | Actual expenditure |
| Venues and facilities                       | 78                     | (38)              | -            | 40                  | 16                 | 24         | 40,0%                                   | 19                  | 20                 |
| <b>Transfers and subsidies</b>              | <b>53 313</b>          | -                 | <b>3 500</b> | <b>56 813</b>       | <b>56 813</b>      | -          | <b>100,0%</b>                           | <b>45 059</b>       | <b>45 059</b>      |
| Departmental agencies and accounts          | 53 313                 | -                 | 3 500        | 56 813              | 56 813             | -          | 100,0%                                  | 45 059              | 45 059             |
| Departmental agencies                       | 53 313                 | -                 | 3 500        | 56 813              | 56 813             | -          | 100,0%                                  | 45 059              | 45 059             |
| <b>Payments for capital assets</b>          | <b>541</b>             | -                 | -            | <b>541</b>          | <b>235</b>         | <b>306</b> | <b>43,4%</b>                            | <b>624</b>          | <b>608</b>         |
| Machinery and equipment                     | 541                    | -                 | -            | 541                 | 235                | 306        | 43,4%                                   | 624                 | 608                |
| Transport equipment                         | 101                    | -                 | -            | 101                 | 101                | -          | 100,0%                                  | 392                 | 392                |
| Other machinery and equipment               | 440                    | -                 | -            | 440                 | 134                | 306        | 30,5%                                   | 232                 | 216                |
| <b>Total</b>                                | <b>84 952</b>          | -                 | <b>3 813</b> | <b>88 765</b>       | <b>87 931</b>      | <b>834</b> | <b>99,1%</b>                            | <b>74 287</b>       | <b>74 252</b>      |

| SUB-PROGRAMME 6.1: PRODUCTION ECONOMICS AND MARKETING SUPPORT |                        |                   |              |                     |                    |              |   |                     |                    |
|---|------------------------|-------------------|--------------|---------------------|--------------------|--------------|---|---------------------|--------------------|
| 2018/19   |                        |                   |              |                     | 2017/18            |              |   |                     |                    |
|   | Adjusted Appropriation | Shifting of Funds | Virement     | Final Appropriation | Actual Expenditure | Variance     | Expenditure as % of final appropriation | Final Appropriation | Actual expenditure |
| <b>Economic classification</b>                                | <b>R'000</b>           | <b>R'000</b>      | <b>R'000</b> | <b>R'000</b>        | <b>R'000</b>       | <b>R'000</b> | <b>%</b>                                | <b>R'000</b>        | <b>R'000</b>       |
| <b>Current payments</b>                                       | <b>3 784</b>           |                   | <b>115</b>   | <b>3 899</b>        | <b>3 593</b>       | <b>306</b>   | <b>92,2%</b>                            | <b>3 411</b>        | <b>3 406</b>       |
| Compensation of employees                                     | 3 155                  | -                 | 115          | 3 270               | 3 270              | -            | 100%                                    | 2 993               | 2 994              |
| Goods and services  | 629                    | -                 | -            | 629                 | 323                | 306          | 51,4%                                   | 418                 | 412                |
| <b>Transfers and subsidies</b>                                | <b>53 313</b>          | -                 | <b>3 500</b> | <b>56 813</b>       | <b>56 813</b>      | -            | <b>100%</b>                             | <b>45 059</b>       | <b>45 059</b>      |
| Departmental agencies and accounts                            | 53 313                 | -                 | 3 500        | 56 813              | 56 813             | -            | 100%                                    | 45 059              | 45 059             |
| <b>Payments for capital assets</b>                            | <b>268</b>             | -                 | -            | <b>268</b>          | -                  | <b>268</b>   | -                                       | <b>279</b>          | <b>249</b>         |
| Machinery and equipment                                       | 268                    | -                 | -            | 268                 | -                  | 268          | -                                       | 279                 | 249                |
| <b>Total</b>  | <b>57 365</b>          | -                 | <b>3 615</b> | <b>60 980</b>       | <b>60 406</b>      | <b>574</b>   | <b>99,1%</b>                            | <b>48 749</b>       | <b>48 714</b>      |

## APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

| SUB -PROGRAMME 6.2: MACRO-ECONOMICS SUPPORT |                        |                   |            |                     |                    |            |   |                     |                    |
|---|------------------------|-------------------|------------|---------------------|--------------------|------------|---|---------------------|--------------------|
| 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>27 314</b>          |                   | <b>198</b> | <b>27 512</b>       | <b>27 290</b>      | <b>222</b> | <b>99.2%</b>                            | <b>25 193</b>       | <b>25 179</b>      |
| Compensation of employees                   | 24 549                 |                   | 198        | 24 747              | 24 746             | 1          | 100.0%                                  | 22 805              | 22 805             |
| Goods and services                          | 2 765                  |                   | -          | 2 765               | 2 544              | 221        | 92.0%                                   | 2 388               | 2 374              |
| <b>Payments for capital assets</b>          | <b>273</b>             |                   | <b>-</b>   | <b>273</b>          | <b>235</b>         | <b>38</b>  | <b>86.1%</b>                            | <b>345</b>          | <b>359</b>         |
| Machinery and equipment                     | 273                    |                   | -          | 273                 | 235                | 38         | 86.1%                                   | 345                 | 359                |
| <b>Total</b>                                | <b>27 587</b>          |                   | <b>198</b> | <b>27 785</b>       | <b>27 525</b>      | <b>260</b> | <b>99.1%</b>                            | <b>25 538</b>       | <b>25 538</b>      |



## APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

| PROGRAMME 7: STRUCTURED AGRICULTURAL EDUCATION AND TRAINING |                        |                   |                |                     |                    |              |   |                     |                    |  |
|---|------------------------|-------------------|----------------|---------------------|--------------------|--------------|---|---------------------|--------------------|--|
|   | 2018/19                |                   |                |                     |                    | 2017/18      |   |                     |                    |  |
|   | Adjusted Appropriation | Shifting of Funds | Virement       | Final Appropriation | Actual Expenditure | Variance     | Expenditure as % of final appropriation | Final Appropriation | Actual expenditure |  |
| Sub programme   | R'000                  | R'000             | R'000          | R'000               | R'000              | R'000        | %                                       | R'000               | R'000              |  |
| 7.1 Higher Education and Training                           | 57 218                 | -                 | -              | 57 218              | 57 218             | -            | 100,0%                                  | 54 795              | 54 795             |  |
| 7.2 Further Education & Training (FET)                      | 112 408                | -                 | (2 590)        | 109 818             | 104 544            | 5 274        | 95,2%                                   | 94 942              | 91 468             |  |
|   | <b>169 626</b>         | -                 | <b>(2 590)</b> | <b>167 036</b>      | <b>161 762</b>     | <b>5 274</b> | <b>96,8%</b>                            | <b>149 737</b>      | <b>146 263</b>     |  |
| <b>Economic classification</b>                              |                        |                   |                |                     |                    |              |   |                     |                    |  |
| <b>Current payments</b>                                     | <b>88 622</b>          | -                 | <b>(2 590)</b> | <b>86 032</b>       | <b>82 087</b>      | <b>3 945</b> | <b>95,4%</b>                            | <b>77 217</b>       | <b>77 058</b>      |  |
| <b>Compensation of employees</b>                            | <b>59 163</b>          | -                 | <b>410</b>     | <b>59 573</b>       | <b>59 575</b>      | <b>(2)</b>   | <b>100,0%</b>                           | <b>55 928</b>       | <b>55 894</b>      |  |
| Salaries and wages  | 50 528                 | -                 | 756            | 51 284              | 51 287             | (3)          | 100,0%                                  | 47 813              | 47 934             |  |
| Social contributions  | 8 634                  | -                 | (346)          | 8 288               | 8 288              | 0            | 100,0%                                  | 8 115               | 7 960              |  |
| <b>Goods and services</b>                                   | <b>29 460</b>          | -                 | <b>(3 000)</b> | <b>26 460</b>       | <b>22 512</b>      | <b>3 948</b> | <b>85,1%</b>                            | <b>21 056</b>       | <b>20 932</b>      |  |
| Administrative fees   | 11                     | 69                | -              | 80                  | 31                 | 49           | 38,9%                                   | 12                  | 12                 |  |
| Advertising   | 246                    | (200)             | -              | 46                  | 108                | (62)         | 235,5%                                  | 23                  | 22                 |  |
| Minor assets  | 40                     | 96                | -              | 136                 | 23                 | 113          | 16,9%                                   | 154                 | 91                 |  |
| Catering; Departmental activities                           | 5 249                  | 132               | -              | 5 381               | 5 344              | 37           | 99,3%                                   | 2 265               | 2 001              |  |
| Communication   | 54                     | (21)              | -              | 33                  | 26                 | 7            | 78,6%                                   | 42                  | 38                 |  |
| Infrastructure and planning services                        | 510                    | -                 | -              | 510                 | 418                | 92           | 82,0%                                   | 1 000               | 668                |  |
| Contractors   | 716                    | (594)             | -              | 122                 | 104                | 18           | 85,3%                                   | 372                 | 1 515              |  |
| Agency and support / outsourced services                    | 7                      | (7)               | -              | -                   | -                  | -            | -                                       | 12                  | 2                  |  |
| Entertainment   | 10                     | -                 | -              | 10                  | 4                  | 6            | 40,0%                                   | 8                   | 4                  |  |
| Fleet services  | 1 741                  | -                 | -              | 1 741               | 1 731              | 10           | 99,4%                                   | 1 404               | 1 394              |  |
| Inventory: Farming supplies                                 | 203                    | (17)              | -              | 186                 | 141                | 45           | 75,7%                                   | 2 006               | 1 834              |  |
| Inventory: Food and food supplies                           | 138                    | -                 | -              | 138                 | 138                | (0)          | 100,0%                                  | 26                  | 16                 |  |
| Inventory: Fuel, oil and gas                                | 49                     | (30)              | -              | 19                  | 4                  | 15           | 21,1%                                   | 25                  | 10                 |  |

## APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

| PROGRAMME 7: STRUCTURED AGRICULTURAL EDUCATION AND TRAINING |                        |                   |          |                     |                    |              |   |                     |                    |
|---|------------------------|-------------------|----------|---------------------|--------------------|--------------|---|---------------------|--------------------|
|   | 2018/19                |                   |          |                     |                    | 2017/18      |   |                     |                    |
|   | Adjusted Appropriation | Shifting of Funds | Virement | Final Appropriation | Actual Expenditure | Variance     | Expenditure as % of final appropriation | Final Appropriation | Actual expenditure |
| Sub programme   | R'000                  | R'000             | R'000    | R'000               | R'000              | R'000        | %                                       | R'000               | R'000              |
| Inventory: Learner and teacher support material             | 32                     | 6                 | -        | 38                  | -                  | 38           | -                                       | -                   | -                  |
| Inventory: Materials and supplies                           | 95                     | (95)              | -        | -                   | -                  | -            | -                                       | 218                 | 217                |
| Inventory: Medicine   | 21                     | (6)               | -        | 15                  | 173                | (158)        | 1139,9%                                 | 73                  | 59                 |
| Inventory: Other supplies                                   | 268                    | (68)              | -        | 200                 | 711                | (511)        | 356,3%                                  | 26                  | 272                |
| Consumable supplies   | 378                    | 291               | -        | 669                 | 396                | 273          | 59,2%                                   | 233                 | 211                |
| Consumable: Stationery, printing and office supplies        | 259                    | (68)              | -        | 191                 | 172                | 19           | 90,2%                                   | 221                 | 206                |
| Operating leases  | 229                    | -                 | -        | 229                 | 152                | 77           | 66,4%                                   | 350                 | 329                |
| Property payments   | 365                    | (6)               | -        | 359                 | 1 325              | (966)        | 369,0%                                  | 150                 | 140                |
| Travel and subsistence                                      | 2 892                  | 206               | -        | 3 098               | 3 285              | (187)        | 106,0%                                  | 1 954               | 2 233              |
| Training and development                                    | 15 456                 | (221)             | (3 000)  | 12 235              | 7 324              | 4 911        | 59,9%                                   | 10 402              | 9 611              |
| Operating payments  | 120                    | (87)              | -        | 33                  | 57                 | (24)         | 170,4%                                  | 69                  | 47                 |
| Venues and facilities                                       | (0)                    | -                 | -        | (0)                 | -                  | (0)          | -                                       | -                   | -                  |
| Rental and hiring   | 371                    | 620               | -        | 991                 | 845                | 146          | 85,3%                                   | 11                  | -                  |
| Interest and rent on land                                   | -                      | -                 | -        | -                   | -                  | -            | -                                       | 233                 | 232                |
| Interest  | -                      | -                 | -        | -                   | -                  | -            | -                                       | 233                 | 232                |
| <b>Transfers and subsidies</b>                              | <b>57 218</b>          | <b>-</b>          | <b>-</b> | <b>57 218</b>       | <b>57 218</b>      | <b>-</b>     | <b>100,0%</b>                           | <b>54 795</b>       | <b>54 795</b>      |
| Higher education institutions                               | 57 218                 | -                 | -        | 57 218              | 57 218             | -            | 100,0%                                  | 54 795              | 54 795             |
| <b>Payments for capital assets</b>                          | <b>23 785</b>          | <b>-</b>          | <b>-</b> | <b>23 785</b>       | <b>22 457</b>      | <b>1 328</b> | <b>94,4%</b>                            | <b>17 725</b>       | <b>14 410</b>      |
| Buildings and other fixed structures                        | 18 976                 | -                 | -        | 18 976              | 17 495             | 1 481        | 92,2%                                   | 10 036              | 9 901              |
| Buildings   | 1 884                  | -                 | -        | 1 884               | 1 404              | 480          | 74,5%                                   | 3 528               | 3 495              |
| Other fixed structures                                      | 17 092                 | -                 | -        | 17 092              | 16 091             | 1 001        | 94,1%                                   | 6 508               | 6 406              |
| Machinery and equipment                                     | 4 809                  | -                 | -        | 4 809               | 4 962              | (153)        | 103,2%                                  | 7 659               | 4 509              |
| Transport equipment   | 2 724                  | -                 | -        | 2 724               | 2 725              | (1)          | 100,0%                                  | 2 534               | 2 535              |
| Other machinery and equipment                               | 2 085                  | -                 | -        | 2 085               | 2 237              | (152)        | 107,3%                                  | 5 125               | 1 974              |

| PROGRAMME 7: STRUCTURED AGRICULTURAL EDUCATION AND TRAINING |                        |                   |          |                     |                    |          |   |                     |                    |
|---|------------------------|-------------------|----------|---------------------|--------------------|----------|---|---------------------|--------------------|
| 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>  |                        |                   |          |                     |                    |          |   |                     |                    |
| Biological assets   | -                      | -                 | -        | -                   | -                  | -        | -                                       | 30                  | -                  |
|   | 169 626                | -                 | (2 590)  | 167 036             | 161 762            | 5 274    | 96,8%                                   | 149 737             | 146 263            |

| SUB-PROGRAMME 7.1: HIGHER EDUCATION AND TRAINING |                        |                   |          |                     |                    |          |   |                     |                    |
|--|------------------------|-------------------|----------|---------------------|--------------------|----------|---|---------------------|--------------------|
| 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>                   | 57 218                 | -                 | -        | 57 218              | 57 218             | -        | 100,0%                                  | 54 795              | 54 795             |
| Higher Education                                 | 57 218                 | -                 | -        | 57 218              | 57 218             | -        | 100,0%                                  | 54 795              | 54 795             |
| <b>Totals</b>                                    | <b>57 218</b>          | <b>-</b>          | <b>-</b> | <b>57 218</b>       | <b>57 218</b>      | <b>-</b> | <b>100,0%</b>                           | <b>54 795</b>       | <b>54 795</b>      |

## APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

| SUB -PROGRAMME 7.2: FURTHER EDUCATION AND TRAINING |                        |                   |                |                     |                    |              |   |                     |                    |
|--|------------------------|-------------------|----------------|---------------------|--------------------|--------------|---|---------------------|--------------------|
|  | 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>86 622</b>          |                   | <b>(2 590)</b> | <b>86 032</b>       | <b>82 087</b>      | <b>3 945</b> | <b>95,4%</b>                            | <b>77 217</b>       | <b>77 058</b>      |
| Compensation of employees                          | 59 163                 |                   | 410            | 59 573              | 59 575             | (2)          | 100,0%                                  | 55 928              | 55 894             |
| Goods and services                                 | 29 460                 |                   | (3 000)        | 26 460              | 22 512             | 3 948        | 85,1%                                   | 21 056              | 20 932             |
| Interest and rent on land                          | -                      |                   | -              | -                   | -                  | -            | -                                       | 233                 | 232                |
| <b>Payments for capital assets</b>                 | <b>23 785</b>          |                   |                | <b>23 785</b>       | <b>22 457</b>      | <b>1 328</b> | <b>94,4%</b>                            | <b>17 725</b>       | <b>14 410</b>      |
| Buildings and other fixed structures               | 18 976                 |                   |                | 18 976              | 17 495             | 1 481        | 92,2%                                   | 10 036              | 9 901              |
| Machinery and equipment                            | 4 809                  |                   |                | 4 809               | 4 962              | (153)        | 103,2%                                  | 7 659               | 4 509              |
| <b>Total</b>                                       | <b>112 408</b>         | <b>-</b>          | <b>(2 590)</b> | <b>109 818</b>      | <b>104 544</b>     | <b>5 274</b> | <b>95,2%</b>                            | <b>94 942</b>       | <b>91 468</b>      |

## APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

| PROGRAMME 8: RURAL DEVELOPMENT 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 |
|  | R'000                  | R'000             | R'000     | R'000               | R'000              | R'000        | %                                       | R'000               | R'000              |
| <b>Sub programme</b>                                 |                        |                   |           |                     |                    |              |   |                     |                    |
| <b>8.1 Development Planning and Monitoring</b>       | 190 268                | -                 | 956       | 191 224             | 188 885            | 2 339        | 98,8%                                   | 191 354             | 191 258            |
| <b>8.2 Social Facilitation</b>                       | 2 393                  | -                 | (929)     | 1 464               | 908                | 556          | 62,0%                                   | 1 658               | 1 618              |
|  | <b>192 661</b>         | <b>-</b>          | <b>27</b> | <b>192 688</b>      | <b>189 793</b>     | <b>2 895</b> | <b>98,5%</b>                            | <b>193 012</b>      | <b>192 876</b>     |
| <b>Economic classification</b>                       |                        |                   |           |                     |                    |              |   |                     |                    |
| <b>Current payments</b>                              | <b>28 644</b>          | <b>-</b>          | <b>27</b> | <b>28 671</b>       | <b>26 094</b>      | <b>2 577</b> | <b>91,0%</b>                            | <b>23 412</b>       | <b>23 281</b>      |
| Compensation of employees                            | 16 554                 | -                 | 27        | 16 581              | 16 515             | 66           | 99,6%                                   | 15 429              | 15 391             |
| Salaries and wages                                   | 14 922                 | 142               | (219)     | 14 845              | 14 788             | 57           | 99,6%                                   | 13 975              | 13 727             |
| Social contributions                                 | 1 632                  | (142)             | 246       | 1 736               | 1 727              | 9            | 99,5%                                   | 1 454               | 1 664              |
| Goods and services                                   | 12 090                 | -                 | -         | 12 090              | 9 579              | 2 511        | 79,2%                                   | 7 983               | 7 890              |
| Administrative fees                                  | 62                     | (1)               | -         | 61                  | 15                 | 46           | 24,6%                                   | -                   | 4                  |
| Minor assets   | 38                     | -                 | -         | 38                  | 15                 | 23           | 39,5%                                   | 5                   | 4                  |
| Audit costs: External                                | -                      | -                 | -         | -                   | -                  | -            | -                                       | 1 000               | 989                |
| Catering: Departmental activities                    | 184                    | 1                 | -         | 185                 | 90                 | 95           | 48,6%                                   | 176                 | 128                |
| Communication  | 1                      | -                 | -         | 1                   | -                  | 1            | -                                       | 2                   | 1                  |
| Contractors  | 1 737                  | (550)             | -         | 1 187               | 727                | 460          | 61,2%                                   | 471                 | 471                |
| Entertainment  | 18                     | -                 | -         | 18                  | 12                 | 6            | 66,7%                                   | 20                  | 19                 |
| Inventory: Clothing material and supplies            | 27                     | -                 | -         | 27                  | 27                 | -            | 100,0%                                  | 61                  | 61                 |
| Inventory: Food and food supplies                    | 133                    | -                 | -         | 133                 | 109                | 24           | 82,0%                                   | -                   | -                  |
| Inventory: Materials and supplies                    | 2 868                  | (50)              | -         | 2 818               | 1 828              | 990          | 64,9%                                   | 1 415               | 1 406              |
| Inventory: Other supplies                            | 3 405                  | 50                | -         | 3 455               | 3 218              | 237          | 93,1%                                   | 2 690               | 2 690              |
| Consumable supplies                                  | 814                    | 60                | -         | 874                 | 822                | 52           | 94,1%                                   | 474                 | 469                |
| Consumable: Stationery, printing and office supplies | 398                    | (30)              | -         | 368                 | 336                | 32           | 91,3%                                   | 181                 | 163                |
| Operating leases                                     | -                      | -                 | -         | -                   | -                  | -            | -                                       | 37                  | -                  |

## APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

| PROGRAMME 8: RURAL DEVELOPMENT COORDINATION |                        |                   |           |                     |                    |              |   |                     |                    |
|---|------------------------|-------------------|-----------|---------------------|--------------------|--------------|---|---------------------|--------------------|
| 2018/19                                     |                        |                   |           |                     | 2017/18            |              |   |                     |                    |
| Sub programme                               | 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              |
| Property payments                           | 445                    | -                 | -         | 445                 | 442                | 3            | 99,3%                                   | 473                 | 475                |
| Travel and subsistence                      | 1 582                  | 152               | -         | 1 734               | 1 387              | 347          | 80,0%                                   | 948                 | 982                |
| Training and development                    | -                      | -                 | -         | -                   | -                  | -            | -                                       | 30                  | 28                 |
| Operating payments                          | 13                     | 18                | -         | 31                  | -                  | 31           | -                                       | -                   | -                  |
| Venues and facilities                       | 30                     | 350               | -         | 380                 | 359                | 21           | 94,5%                                   | -                   | -                  |
| Rental and hiring                           | 335                    | -                 | -         | 335                 | 192                | 143          | 57,3%                                   | -                   | -                  |
| <b>Transfers and subsidies</b>              | <b>162 975</b>         | <b>-</b>          | <b>-</b>  | <b>162 975</b>      | <b>162 975</b>     | <b>-</b>     | <b>100,0%</b>                           | <b>168 089</b>      | <b>168 089</b>     |
| Departmental agencies and accounts          | 162 975                | -                 | -         | 162 975             | 162 975            | -            | 100,0%                                  | 166 089             | 166 089            |
| Departmental agencies                       | 162 975                | -                 | -         | 162 975             | 162 975            | -            | 100,0%                                  | 166 089             | 166 089            |
| Households                                  | -                      | -                 | -         | -                   | -                  | -            | -                                       | 2 000               | 2 000              |
| Other transfers to households               | -                      | -                 | -         | -                   | -                  | -            | -                                       | 2 000               | 2 000              |
| <b>Payments for capital assets</b>          | <b>1 042</b>           | <b>-</b>          | <b>-</b>  | <b>1 042</b>        | <b>724</b>         | <b>318</b>   | <b>69,5%</b>                            | <b>1 511</b>        | <b>1 506</b>       |
| Buildings and other fixed structures        | 620                    | -                 | -         | 620                 | 425                | 195          | 68,5%                                   | 1 333               | 1 330              |
| Buildings                                   | -                      | -                 | -         | -                   | 425                | (425)        | -                                       | 1 333               | 1 330              |
| Other fixed structures                      | 620                    | -                 | -         | 620                 | -                  | 620          | -                                       | -                   | -                  |
| Machinery and equipment                     | 422                    | -                 | -         | 422                 | 299                | 123          | 70,9%                                   | 178                 | 176                |
| Other machinery and equipment               | 422                    | -                 | -         | 422                 | 299                | 123          | 70,9%                                   | 178                 | 176                |
| <b>Total</b>                                | <b>192 661</b>         | <b>-</b>          | <b>27</b> | <b>192 688</b>      | <b>189 793</b>     | <b>2 895</b> | <b>98,5%</b>                            | <b>193 012</b>      | <b>192 876</b>     |

| SUB -PROGRAMME 8.1: DEVELOPMENT PLANNING AND MONITORING |                        |                   |          |                     |                    |          |   |                     |                    |
|---|------------------------|-------------------|----------|---------------------|--------------------|----------|---|---------------------|--------------------|
| 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>                                 | 26 251                 | -                 | 956      | 27 207              | 25 186             | 2 021    | 92.6%                                   | 21 825              | 21 734             |
| Compensation of employees                               | 15 197                 | -                 | 956      | 16 153              | 16 152             | 1        | 100.0%                                  | 14 131              | 14 131             |
| Goods and services                                      | 11 054                 | -                 | -        | 11 054              | 9 034              | 2 020    | 81.7%                                   | 7 694               | 7 603              |
| <b>Transfers and subsidies</b>                          | 162 975                | -                 | -        | 162 975             | 162 975            | -        | 100.0%                                  | 168 089             | 168 089            |
| Departmental agencies and accounts                      | 162 975                | -                 | -        | 162 975             | 162 975            | -        | 100.0%                                  | 166 089             | 166 089            |
| Households  | -                      | -                 | -        | -                   | -                  | -        | -                                       | 2 000               | 2 000              |
| <b>Payment for Capital assets</b>                       | 1 042                  | -                 | -        | 1 042               | 724                | 318      | 69.5%                                   | 1 440               | 1 435              |
| Buildings and other fixed structure                     | 620                    | -                 | -        | 620                 | 425                | 195      | 68.5%                                   | 1 333               | 1 330              |
| Machinery and equipment                                 | 422                    | -                 | -        | 422                 | 299                | 123      | 70.9%                                   | 107                 | 105                |
| <b>Total</b>  | 190 268                | -                 | 956      | 191 224             | 1 88 885           | 2 339    | 98.8%                                   | 191 354             | 191 258            |

| SUB -PROGRAMME 8.2: SOCIAL FACILITATION |                        |                   |          |                     |                    |          |   |                     |                    |
|---|------------------------|-------------------|----------|---------------------|--------------------|----------|---|---------------------|--------------------|
| 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>                 | 2 393                  | -                 | (929)    | 1 464               | 908                | 556      | 62.0%                                   | 1 587               | 1 547              |
| Compensation of employees               | 1 357                  | -                 | (929)    | 428                 | 363                | 65       | 84.8%                                   | 1 298               | 1 260              |
| Goods and services                      | 1 036                  | -                 | -        | 1 036               | 545                | 491      | 52.6%                                   | 289                 | 287                |
| <b>Payments for capital assets</b>      | -                      | -                 | -        | -                   | -                  | -        | -                                       | 71                  | 71                 |
| Machinery and equipment                 | -                      | -                 | -        | -                   | -                  | -        | -                                       | 71                  | 71                 |
| <b>Total</b>                            | 2 393                  | -                 | (929)    | 1 464               | 908                | 556      | 62.0%                                   | 1 658               | 1 618              |

## 1. Detail of transfers and subsidies as per Appropriation Act (after Virement):

Detail of these transactions can be viewed in the note on Transfers and subsidies, disclosure notes and Annexure 1 (A-E) 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. Material variances

An explanation will be provided for all variances above the threshold of R5 million. All variances below R5 million will be considered immaterial.

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

### 5.1 Per programme

|                                  | Final Appropriation | Actual Expenditure | Variance R'000 | Variance as a % of Final Appropriation |
|----------------------------------|---------------------|--------------------|----------------|--|
|                                  | R'000               | R'000              | R'000          | R'000                                  |
| Administration                   | 479 069             | 474 156            | 4 914          | 1,03%                                  |
| Sustainable Resource Management  | 162 908             | 148 500            | 14 408         | 8,84%                                  |
| Farmer Support and Development   | 833 282             | 793 762            | 39 520         | 4,74%                                  |
| Veterinary Services              | 326 659             | 316 136            | 10 523         | 3,22%                                  |
| Research and Technology          | 135 758             | 133 530            | 2 228          | 1,64%                                  |
| Agricultural Economics Services  | 88 765              | 87 931             | 834            | 0,94%                                  |
| Structure Education and Training | 167 036             | 161 762            | 5 274          | 3,16%                                  |
| Rural Development                | 192 688             | 189 793            | 2 895          | 1,50%                                  |
| <b>Totals</b>                    | <b>2 386 165</b>    | <b>2 305 570</b>   | <b>80 595</b>  | <b>3,38%</b>                           |



## NOTES TO THE APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

## 5.2 Per economic classification

|   | Final Appropriation | Actual Expenditure | Variance | Variance as a % of Final Appropriation |
|---|---------------------|--------------------|----------|--|
|   | R'000               | R'000              | R'000    | R'000                                  |
| <b>Current payments</b>                     |                     |                    |          |  |
| Compensation of employees                   | 1 226 190           | 1 218 377          | 7 813    | 0.64%                                  |
| Goods and services                          | 543 901             | 492 293            | 51 608   | 9.49%                                  |
| Interest and rent on land                   | -                   | 108                | (108)    | 0.00%                                  |
| <b>Transfers and subsidies</b>              |                     |                    |          |  |
| Departmental agencies and accounts          | 282 317             | 282 317            | -        | 00.0%                                  |
| Higher education institutions               | 57 218              | 57 218             | -        | 00.0%                                  |
| Public corporations and private enterprises | 27 234              | 34 170             | (6 936)  | (25.47%)                               |
| Households                                  | 19 328              | 20 150             | (822)    | (4.25%)                                |
| <b>Payments for capital assets</b>          |                     |                    |          |  |
| Buildings and other fixed structures        | 117 335             | 105 605            | 11 730   | 10.0%                                  |
| Machinery and equipment                     | 103 080             | 84 793             | 18 287   | 17.74%                                 |
| Biological assets                           | 200                 | 193                | 7        | 3.50%                                  |
| Software and other intangible assets        | -                   | 984                | (984)    | 0.00%                                  |
| <b>Payments for financial assets</b>        | 9 361               | 9 361              | -        | 100%                                   |

## 5.3. Conditional Grants

|  | Final Appropriation | Actual Expenditure | Variance      | Variance as a % of Final Appropriation |
|--|---------------------|--------------------|---------------|--|
|  | R'000               | R'000              | R'000         | R'000                                  |
| Comprehensive Agricultural Support Grant | 284 140             | 261 705            | 22 435        | 7.90%                                  |
| Land Care                                | 46 916              | 34 138             | 12 778        | 17.25%                                 |
| Ilima/ Letsema                           | 71 263              | 67 382             | 3 881         | 5.45%                                  |
| Extended Public Works Programme          | 2 502               | 2 502              | -             | 0.00%                                  |
| <b>TOTAL</b>                             | <b>404 821</b>      | <b>370 410</b>     | <b>39 094</b> | <b>10.69%</b>                          |

## Explanations for variances:

### 1) Administration

The under expenditure is mainly due to delays in the delivery of ICT firewall devices procured which are highly security regulated and as such they are not easily released by overseas manufacturers. In addition, a service provider for operating lease of machinery delayed in submitting invoices as a result some of them missed the last BAS run for the financial year. Furthermore, the operational commitments of the Office of the MEC (political oversight functioning and service delivery commitments) continued in the last month of the financial year resulting in funds not being fully spent.

### 2) Sustainable Resource Management

The operating budget under goods and services shows underspending of R2.3 million due to delivery against some orders not being realized on account of limited time for procurement after late approval of amended land care drought mitigation business plan. Capital expenditure show under-expenditure of R8.5 million due to 86 automatic weather stations worth R7.5 million which could not be delivered on time owing to late approval of amended land care drought mitigation business plan. An advance payment of R3,4 million for Land care labourers was not paid over to beneficiaries during the year because of overlapping projects.

### 8) Farmer Support and Development Services

The under-expenditure of R3 million recorded under Compensation of Employees of is mainly due to the delayed finalization of recruitment of 120 unemployed graduates. Furthermore, the registered under-expenditure of R23 million under goods and services is due to the followings:

- R6 million for mechanization under the cropping programme which could not be utilized as there were no rains and tractor owners declined to till dry soil.
- The allocation for drought intervention supplies worth R4.4 million could not be delivered due to tight delivery schedule as the drought mitigation budget was availed during the second appropriation. Therefore, the appointed service providers could not deliver on tight schedule as planned.
- Planned R5.2 million planned for projects carried out by Grain SA could not be paid as planned due to verification process undertaken by the department, which resulted to invoice being submitted after financial year end.

Capital expenditure show under-expenditure of R13 million which is attributed to delays in the construction of infrastructure projects such as Chris Hani shearing sheds, owing to lack of capacity and defaulting service provider. The social challenges at Qamata Irrigation scheme delayed the construction of planned projects.

**9) Veterinary Services**

The programme recorded an under-expenditure of R3.2 for compensation of employees and this emanates from staff attrition, delays in the finalisation of recruitment process as well as moratorium. The underperformance in goods and services is mainly due to lack of SANAS accreditation of the department's Laboratories as well as poor handling facilities and poor conditions of animals as a result of drought. The expiry of RT10 contract which was later in the year extended, prolonged the turnaround time for purchasing of veterinary supplies and as a result some deliveries and invoices missed the last payment run. In addition, funds allocated to the Middelburg lab could not be spent due to delays in the approval of the application for accreditation by SANAS.

**10) Structured Agricultural Training**

The under expenditure on goods and services is due delays caused by changes in the procurement method for training and development programme. The deviation from normal procurement programme was approved by Provincial Treasury in August 2018. For all other trainings, the programme managed to catch up with its plan except for the eight month Learnership Programme for 316 youths which was finalised later in the year. The rollover for the funds has been requested as the funds had been committed and contracts signed with the learners.

## STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2019

|   | <i>Note</i> | 2018/19<br>R'000 | 2017/18<br>R'000 |
|---|-------------|------------------|------------------|
| <b>REVENUE</b>                                    |             |                  |                  |
| Annual appropriation                              | <u>1</u>    | 2 384 132        | 2 210 638        |
| Statutory appropriation                           | <u>2</u>    | 2 033            | 1 978            |
| Departmental revenue                              | <u>3</u>    | 1 723            | -                |
| <b>TOTAL REVENUE</b>                              |             | <b>2 387 888</b> | <b>2 212 616</b> |
| <b>EXPENDITURE</b>                                |             |                  |                  |
| <b>Current expenditure</b>                        |             |                  |                  |
| Compensation of employees                         | <u>4</u>    | 1 218 377        | 1 154 722        |
| Goods and services                                | <u>5</u>    | 492 293          | 464 722          |
| Interest paid                                     | <u>6</u>    | 108              | 937              |
| <b>Total current expenditure</b>                  |             | <b>1 710 778</b> | <b>1 620 381</b> |
| <b>Transfers and subsidies</b>                    |             |                  |                  |
| Transfers and subsidies                           | <u>8</u>    | 393 856          | 357 959          |
| <b>Total transfers and subsidies</b>              |             | <b>393 856</b>   | <b>357 959</b>   |
| <b>Expenditure for capital assets</b>             |             |                  |                  |
| Tangible assets                                   | <u>9</u>    | 190 591          | 211 199          |
| Intangible asset                                  | <u>9</u>    | 984              | -                |
| <b>Total expenditure for capital assets</b>       |             | <b>191 575</b>   | <b>211 199</b>   |
| <b>Payment of financial assets</b>                | <u>7</u>    | 9 361            | 8 000            |
| <b>TOTAL EXPENDITURE</b>                          |             | <b>2 305 570</b> | <b>2 197 539</b> |
| <b>SURPLUS FOR THE YEAR</b>                       |             | <b>82 318</b>    | <b>15 077</b>    |
| <b>Reconciliation of Net Surplus for the year</b> |             |                  |                  |
| Voted funds                                       |             | 80 595           | 15 077           |
| Annual appropriation                              |             | 41 501           | 10 000           |
| Conditional grants                                |             | 39 094           | 5 077            |
| Departmental revenue                              | <u>16</u>   | 1 723            | -                |
| Aid assistant                                     |             |                  |                  |
| <b>SURPLUS FOR THE YEAR</b>                       |             | <b>82 318</b>    | <b>15 077</b>    |

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

|   | <i>Note</i> | 2018/19<br>R'000 | 2017/18<br>R'000 |
|---|-------------|------------------|------------------|
| <b>ASSETS</b>   |             |                  |                  |
| <b>Current assets</b>   |             | <b>83 908</b>    | <b>11 949</b>    |
| Cash and cash equivalents   | <u>10</u>   | 75 755           | 4 084            |
| Prepayments and advances  | <u>11</u>   | 3 371            | 3 452            |
| Receivables   | <u>12</u>   | 4 782            | 4 413            |
| <b>Non-current assets</b>   |             | <b>4 655</b>     | <b>10 040</b>    |
| Receivables   | <u>12</u>   | 4 655            | 4 655            |
| Loan  | <u>14</u>   | -                | 5 385            |
| Investment  |             | -                | -                |
| <b>TOTAL ASSETS</b>   |             | <b>88 563</b>    | <b>21 989</b>    |
| <b>LIABILITIES</b>  |             |                  |                  |
| <b>Current liabilities</b>  |             | <b>88 563</b>    | <b>16 604</b>    |
| Voted funds to be surrendered to the Revenue Fund                           | <u>15</u>   | 84 047           | 15 077           |
| Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund | <u>16</u>   | 489              | 296              |
| Payables  | <u>17</u>   | 4 027            | 1 231            |
| <b>TOTAL LIABILITIES</b>  |             | <b>88 563</b>    | <b>16 604</b>    |
| <b>NET ASSETS</b>   |             | <b>-</b>         | <b>5 385</b>     |
| <b>Represented by:</b>  |             |                  |                  |
| Recoverable revenue   |             | -                | 5 385            |
| <b>TOTAL</b>  |             | <b>-</b>         | <b>5 385</b>     |

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

|                                       | <i>Note</i> | <b>2018/19</b>  | <b>2017/18</b>      |
|---------------------------------------|-------------|-----------------|---------------------|
|                                       |             | <b>R'000</b>    | <b>R'000</b>        |
| <b>Recoverable Revenue</b>            |             |                 |                     |
| Opening balance                       |             | 5 385           | -                   |
| Transfers:                            |             |                 | -                   |
| Irrecoverable expenditure written off |             | (5 385)         |                     |
| Debt raised                           |             |                 | 5 385               |
| Closing balance                       |             | <u>-</u>        | <u>5 385</u>        |
| <b>TOTAL</b>                          |             | <u><u>-</u></u> | <u><u>5 385</u></u> |

## CASH FLOW STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

|  | <i>Note</i> | 2018/19<br>R'000 | 2017/18<br>R'000 |
|--|-------------|------------------|------------------|
| Receipts   |             | <b>2 396 874</b> | <b>2 217 813</b> |
| Annual appropriated funds received                       | <u>1.1</u>  | 2 384 132        | 2 210 638        |
| Statutory appropriated funds received                    | <u>2</u>    | 2 033            | 1 978            |
| Departmental revenue received                            | <u>3</u>    | 10 707           | 5 195            |
| Interest received  | <u>3.3</u>  | 2                | 2                |
| Net (increase)/ decrease in working capital              |             | 2 508            | ( 14 031)        |
| Surrendered to Revenue Fund                              | 14/15       | (23 892)         | (36 576)         |
| Current payments   |             | (1 710 670)      | (1 619 444)      |
| Interest paid  | <u>6</u>    | (108)            | (937)            |
| Payment of financial assets                              | <u>7</u>    | (9 361)          | (8 000)          |
| Transfers and subsidies paid                             | <u>8</u>    | (393 856)        | (357 959)        |
| <b>Net cash flow available from operating activities</b> | <u>18</u>   | <b>261 495</b>   | <b>180 866</b>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>              |             |                  |                  |
| Payments for capital assets                              | <u>9</u>    | (191 575)        | (211 199)        |
| Proceeds from sale of capital assets                     | <u>3.4</u>  | 1 751            | 803              |
| (Increase)/decrease in loans                             | <u>14</u>   | 5 385            | (5 385)          |
| <b>Net cash flows from investing activities</b>          | <u>17</u>   | <b>(184 439)</b> | <b>(215 781)</b> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>              |             |                  |                  |
| Increase/ (decrease) in net assets                       | 14          | (5 385)          | 5 385            |
| <b>Net cash flows from financing activities</b>          |             | <b>(5 385)</b>   | <b>5 385</b>     |
| Net increase/ (decrease) in cash and cash equivalents    |             | 71 671           | (29 530)         |
| Cash and cash equivalents at beginning of period         |             | 4 084            | 33 614           |
| <b>Cash and cash equivalents at end of period</b>        | <u>19</u>   | <b>75 755</b>    | <b>4 084</b>     |

**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.

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

Where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the financial statements and to comply with the statutory requirements of the Public Finance Management Act (PFMA), Act 1 of 1999 (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the PFMA and the annual Division of Revenue Act.

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



|              |  |
|--------------|--|
| <b>7.3</b>   | <p><b>Accrued departmental revenue</b></p> <p>Accruals in respect of departmental revenue (excluding tax revenue) are recorded in the notes to the financial statements when:</p> <ul style="list-style-type: none"> <li>• it is probable that the economic benefits or service potential associated with the transaction will flow to the department; and</li> <li>• The amount of revenue can be measured reliably.</li> </ul> <p>The accrued revenue is measured at the fair value of the consideration receivable.</p> <p>Accrued tax revenue (and related interest and / penalties) is measured at amounts receivable from collecting agents.</p> <p>Write-offs are made according to the department's debt write-off policy</p>    |
| <b>8</b>     | <b>Expenditure</b>   |
| <b>8.1</b>   | <b>Compensation of employees</b>   |
| <b>8.1.1</b> | <p><b>Salaries and wages</b></p> <p>Salaries and wages are recognised in the statement of financial performance on the date of payment.</p>  |
| <b>8.1.2</b> | <p><b>Social contributions</b></p> <p>Social contributions made by the department in respect of current employees are recognised in the statement of financial performance on the date of payment.</p> <p>Social contributions made by the department in respect of ex-employees are classified as transfers to households in the statement of financial performance on the date of payment.</p>   |
| <b>8.2</b>   | <p><b>Other expenditure</b></p> <p>Other expenditure (such as goods and services, transfers and subsidies and payments for capital assets) is recognised in the statement of financial performance on the date of payment. The expense is classified as a capital expense if the total consideration paid is more than the capitalisation threshold.</p>   |
| <b>8.3</b>   | <p><b>Accruals and payables not recognised</b></p> <p>Accruals and payables not recognised are recorded in the notes to the financial statements when the goods are received or, in the case of services, when they are rendered to the department or in the case of transfers and subsidies when they are due and payable.</p> <p>Accruals and payables not recognised are measured at cost.</p>  |
| <b>8.4</b>   | <b>Leases</b>  |
| <b>8.4.1</b> | <p><b>Operating leases</b></p> <p>Operating lease payments made during the reporting period are recognised as current expenditure in the statement of financial performance on the date of payment.</p> <p>The operating lease commitments are recorded in the notes to the financial statements.</p>  |
| <b>8.4.2</b> | <p><b>Finance leases</b></p> <p>Finance lease payments made during the reporting period are recognised as capital expenditure in the statement of financial performance on the date of payment.</p> <p>The finance lease commitments are recorded in the notes to the financial statements and are not apportioned between the capital and interest portions.</p> <p>Finance lease assets acquired at the end of the lease term are recorded and measured at the lower of:</p> <ul style="list-style-type: none"> <li>• cost, being the fair value of the asset; or</li> <li>• The sum of the minimum lease payments made, including any payments made to acquire ownership at the end of the lease term, excluding interest.</li> </ul> |
| <b>9</b>     | <p><b>Cash and cash equivalents</b></p> <p>Cash and cash equivalents are stated at cost in the statement of financial position.</p> <p>Bank overdrafts are shown separately on the face of the statement of financial position as current liability.</p> <p>For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held, other short-term highly liquid investments and bank overdrafts</p>  |
| <b>10.</b>   | <p><b>Investments</b></p> <p>Investments are recognised in the statement of financial position at cost.</p>  |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

|             |   |
|-------------|---|
| <b>11</b>   | <p><b>Loans and receivable</b></p> <p><i>Loan and receivables are recognised in the statement of financial position at cost plus current interest, where interest is charged, less amount already settled or written off. Write-offs are made according to the department's write-off policy</i></p>  |
| <b>12</b>   | <p><b>Financial Assets</b></p>  |
| <b>12.1</b> | <p><b>Financial assets (not covered elsewhere)</b></p> <p><i>A financial asset is recognised initially at its cost plus transaction costs that are directly attributed to the acquisition or issue of the financial asset.</i></p> <p><i>At the reporting date, a department shall measure its financial asset at cost, less amounts already settled or written-off, except for recognised loan and receivables, which are measured at cost plus accrued interest, where interest is charged, less amount already settled or written-off</i></p>  |
| <b>12.2</b> | <p><b>Impairment</b></p> <p><i>Where there is indication of impairment of financial asset, an estimate of reduction in the recorded carrying value, to reflect the best estimate of the amount of future economic benefits expected to be received from the asset, is recorded in the notes to the financial statements.</i></p>  |
| <b>13</b>   | <p><b>Payables</b></p> <p><i>Payables are recognised in the statement of financial position at cost.</i></p>  |
| <b>14</b>   | <p><b>Capital Assets</b></p>  |
| <b>14.1</b> | <p><b>Immovable capital assets</b></p> <p><i>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.</i></p> <p><i>Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use.</i></p> <p><i>Additional information on immovable assets not reflected in the assets register is provided in the notes to financial statements.</i></p>   |
| <b>14.2</b> | <p><b>Movable capital Assets</b></p> <p><i>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.</i></p> <p><i>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.</i></p> <p><i>All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1.</i></p> <p><i>Movable capital assets are subsequently carried at cost and are not subject to depreciation or impairment.</i></p> <p><i>Biological assets are subsequently carried at fair value.</i></p> <p><i>Subsequent expenditure that is of a capital nature forms part of the cost of the existing asset when ready for use.</i></p> |

|      |  |
|------|--|
| 14.3 | <p><b>Intangible assets</b></p> <p><i>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.</i></p> <p><i>Internally generated intangible assets are recorded in the notes to the financial statements when the department commences the development phase of the project.</i></p> <p><i>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.</i></p> <p><i>All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1.</i></p> <p><i>Intangible assets are subsequently carried at cost and are not subject to depreciation or impairment.</i></p> <p><i>Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use.</i></p> |
| 14.4 | <p><b>Project Costs: Work-in-progress</b></p> <p><i>Expenditure of a capital nature is initially recognised in the statement of financial performance at cost when paid.</i></p> <p><i>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.</i></p> <p><i>Where the department is not the custodian of the completed project asset, the asset is transferred to the custodian subsequent to completion</i></p>   |
| 15   | <p><b>Provisions and Contingents</b></p>   |
| 15.1 | <p><b>Provisions</b></p> <p><i>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.</i></p>   |
| 15.2 | <p><b>Contingent liabilities</b></p> <p><i>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</i></p>  |
| 15.3 | <p><b>Contingent assets</b></p> <p><i>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.</i></p>  |
| 15.4 | <p><b>Commitments</b></p> <p><i>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.</i></p>  |
| 16   | <p><b>Unauthorised expenditure</b></p> <p><i>Unauthorised expenditure is recognised in the statement of financial position until such time as the expenditure is either:</i></p> <ul style="list-style-type: none"> <li><i>• approved by Parliament or the Provincial Legislature with funding and the related funds are received; or</i></li> <li><i>• approved by Parliament or the Provincial Legislature without funding and is written off against the appropriation in the statement of financial performance; or</i></li> <li><i>• transferred to receivables for recovery.</i></li> </ul> <p><i>Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure.</i></p>  |

|           |  |
|-----------|--|
| <b>17</b> | <p><b>Fruitless and wasteful expenditure</b></p> <p><i>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.</i></p> <p><i>Fruitless and wasteful expenditure is removed from the notes to the financial statements when it is resolved or transferred to receivables for recovery.</i></p> <p><i>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.</i></p>   |
| <b>18</b> | <p><b>Irregular expenditure</b></p> <p><i>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.</i></p> <p><i>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.</i></p> <p><i>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.</i></p>   |
| <b>19</b> | <p><b>Changes in accounting policies, accounting estimates and errors</b></p> <p><i>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.</i></p> <p><i>Changes in accounting estimates are applied prospectively in accordance with MCS requirements.</i></p> <p><i>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.</i></p> |
| <b>20</b> | <p><b>Events after the reporting date</b></p> <p><i>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.</i></p>  |
| <b>21</b> | <p><b>Recoverable revenue</b></p> <p><i>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</i></p>  |
| <b>22</b> | <p><b>Related party transactions</b></p> <p><i>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.</i></p> <p><i>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.</i></p>  |
| <b>23</b> | <p><b>Inventories</b></p> <p><i>At the date of acquisition, inventories are recognised at cost in the statement of financial performance.</i></p> <p><i>Where inventories are acquired as part of a non-exchange transaction, the inventories are measured at fair value as at the date of acquisition.</i></p> <p><i>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.</i></p> <p><i>The cost of inventories is assigned by using the weighted average cost basis.</i></p>   |

|    |   |
|----|---|
| 24 | <p><b>Key management personnel.</b><br/> <i>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.</i></p>   |
| 25 | <p><b>Employee benefits</b><br/> <i>The value of each major class of employee benefit obligation (accruals, payables not recognised and provisions) is disclosed in the Employee benefits note.</i></p>   |
| 26 | <p><b>Capitalisation reserve</b><br/> <i>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 Provincial Revenue Fund when the underlying asset is disposed and the related funds are received.</i></p> |
| 27 | <p><b>Prepayments and advances</b><br/> Prepayments and advances are recognised in the statement of financial position when the department receives or disburses the cash.<br/> Prepayments and advances are initially and subsequently measured at cost.</p>   |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

**I. Annual Appropriation****I.1. Annual Appropriation**

|   | 2018/19                |                          |  | 2017/18                |                           |
|---|------------------------|--------------------------|--|------------------------|---------------------------|
|   | Final<br>Appropriation | Actual Funds<br>Received | Funds not<br>requested/not<br>received | Final<br>Appropriation | Appropriation<br>received |
|   | R'000                  | R'000                    | R'000                                  | R'000                  | R'000                     |
| Administration                                  | 477 037                | 477 037                  |  | 453 068                | 453 068                   |
| Sustainable Resource Management                 | 162 908                | 162 908                  | -                                      | 124 544                | 124 544                   |
| Farmer Support & Development                    | 833 282                | 833 282                  | -                                      | 786 029                | 786 029                   |
| Veterinary Services                             | 326 659                | 326 659                  | -                                      | 306 050                | 306 050                   |
| Research & Technology                           | 135 758                | 135 758                  | -                                      | 123 910                | 123 910                   |
| Agricultural Economics Service                  | 88 765                 | 88 765                   | -                                      | 74 287                 | 74 287                    |
| Structured Agricultural Education &<br>Training | 167 036                | 167 036                  | -                                      | 149 737                | 149 737                   |
| Rural Development Coordination                  | 192 688                | 192 688                  | -                                      | 193 012                | 193 012                   |
| Total   | <b>2 384 132</b>       | <b>2 384 132</b>         | <b>-</b>                               | <b>2 210 638</b>       | <b>2 210 638</b>          |

**I.2 Conditional grants**

|  | Note | 2018/19               | 2017/18        |
|--|------|-----------------------|----------------|
|  |      | R'000                 | R'000          |
|  |      | Total grants received | 36             |
|  |      | <b>404 821</b>        | <b>330 164</b> |

## 2. Statutory Appropriation

|   | 2018/19      | 2017/18      |
|---|--------------|--------------|
|   | R'000        | R'000        |
| Members' remuneration                   | 2 033        | 1 978        |
| <b>Total</b>                            | <b>2 033</b> | <b>1 978</b> |
| Actual Statutory Appropriation received | 2 033        | 1 978        |

## 4. Departmental revenue

|   | <i>Note</i> | 2018/19       | 2017/18      |
|---|-------------|---------------|--------------|
|   |             | R'000         | R'000        |
| Sales of goods and services other than capital assets | 3.1         | 4 312         | 4 763        |
| Fines, penalties and forfeits                         | 3.2         | 1             | 1            |
| Interest, dividends and rent on land                  | 3.3         | 2             | 2            |
| Sales of capital assets                               | 3.4         | 1 751         | 803          |
| Transactions in financial assets and liabilities      | 3.5         | 6 394         | 431          |
| Total revenue collected                               |             | <b>12 460</b> | <b>6 000</b> |
| Less: Own revenue included in appropriation           | <u>15</u>   | (10 737)      | (6 000)      |
| <b>Departmental revenue collected</b>                 |             | <b>1 723</b>  | <b>-</b>     |

The transaction in financial assets and liabilities includes a transfer received from ECRDA from funds to be surrendered to the Provincial Revenue Fund.

### 3.1 Sales of goods and services other than capital assets

|  | <i>Note</i> | 2018/19      | 2017/18      |
|--|-------------|--------------|--------------|
|  |             | R'000        | R'000        |
| Sales of goods and services produced by the department | 3           | 4 181        | 4 527        |
| Sales by market establishment                          |             | 203          | 220          |
| Administrative fees                                    |             | 29           | 33           |
| Other sales  |             | 3 949        | 4 274        |
| Sales of scrap, waste and other used current goods     |             | 131          | 236          |
| <b>Total</b>   |             | <b>4 312</b> | <b>4 763</b> |

### 3.2 Fines, penalties and forfeits

|              | <i>Note</i> | 2018/19  | 2017/18  |
|--------------|-------------|----------|----------|
|              |             | R'000    | R'000    |
| Fines        | 3           | 1        | 1        |
| <b>Total</b> |             | <b>1</b> | <b>1</b> |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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

|              | <i>Note</i> | 2018/19  | 2017/18  |
|--------------|-------------|----------|----------|
|              | 3           | R'000    | R'000    |
| Interest     |             | 2        | 2        |
| <b>Total</b> |             | <b>2</b> | <b>2</b> |

**3.4 Sale of capital assets**

|                         | <i>Note</i> | 2018/19      | 2017/18    |
|-------------------------|-------------|--------------|------------|
|                         | 3           | R'000        | R'000      |
| <b>Tangible assets</b>  |             | 1 751        | 803        |
| Machinery and equipment | 30          | -            | 5          |
| Biological assets       | 30          | 1 751        | 798        |
| <b>Total</b>            |             | <b>1 751</b> | <b>803</b> |

**3.5 Transactions in financial assets and liabilities**

|  | <i>Note</i> | 2018/19      | 2017/18    |
|--|-------------|--------------|------------|
|  | 3           | R'000        | R'000      |
| Receivables                                  |             | 6 394        | 332        |
| Other Receipts including Recoverable Revenue |             | -            | 99         |
| <b>Total</b>                                 |             | <b>6 394</b> | <b>431</b> |

**4. Compensation of employees****4.1 Salaries and Wages**

|                                  | <i>Note</i> | 2018/19          | 2017/18        |
|----------------------------------|-------------|------------------|----------------|
|                                  |             | R'000            | R'000          |
| Basic salary                     |             | 861 283          | 813 310        |
| Performance award                |             | 18 902           | 18 317         |
| Service Based                    |             | 3 158            | 1 421          |
| Compensative/circumstantial      |             | 5 914            | 8 826          |
| Periodic payments                |             | -                | -              |
| Other non-pensionable allowances |             | 160 679          | 153 920        |
| <b>Total</b>                     |             | <b>1 049 936</b> | <b>995 794</b> |

**4.2 Social contributions**

|  | <i>Note</i> | 2018/19          | 2017/18          |
|--|-------------|------------------|------------------|
|  |             | R'000            | R'000            |
| <b>Employer contributions</b>          |             |                  |                  |
| Pension                                |             | 110 468          | 104 501          |
| Medical                                |             | 57 731           | 54 202           |
| Bargaining council                     |             | 242              | 225              |
| <b>Total</b>                           |             | <b>168 441</b>   | <b>158 928</b>   |
| <b>Total compensation of employees</b> |             | <b>1 218 377</b> | <b>1 154 722</b> |
| <b>Average number of employees</b>     |             | <b>2 710</b>     | <b>2 749</b>     |



## 5. Goods and services

|   | Note | 2018/19<br>R'000 | 2017/18<br>R'000 |
|---|------|------------------|------------------|
| Administrative fees                                       |      | 3 497            | 1 513            |
| Advertising   |      | 10 823           | 8 633            |
| Minor assets  | 5.1  | 1 763            | 1 658            |
| Bursaries (employees)                                     |      | 2 263            | 175              |
| Catering  |      | 9 358            | 7 430            |
| Communication   |      | 15 477           | 18 661           |
| Computer services   | 5.2  | 19 180           | 22 567           |
| Consultants: Business and advisory services               |      | 2 280            | 1 870            |
| Infrastructure and planning services                      |      | 2 017            | 4 208            |
| Laboratory services                                       |      | 308              | 463              |
| Legal services  |      | 3 493            | 1 721            |
| Contractors   |      | 22 926           | 23 189           |
| Agency and support / outsourced services                  |      | 26 267           | 2 584            |
| Entertainment   |      | 112              | 148              |
| Audit cost – external                                     | 5.3  | 6 588            | 7 572            |
| Fleet services  |      | 24 366           | 29 772           |
| Inventory   | 5.4  | 179 144          | 175 035          |
| Consumables   | 5.5  | 12 883           | 12 895           |
| Operating leases  |      | 14 317           | 13 659           |
| Property payments   | 5.6  | 21 150           | 16 391           |
| Rental and hiring   |      | 3 133            | 4 237            |
| Transport provided as part of the departmental activities |      | -                | 671              |
| Travel and subsistence                                    | 5.7  | 87 089           | 83 308           |
| Venues and facilities                                     |      | 3 899            | 3 729            |
| Training and development                                  |      | 14 206           | 17 053           |
| Other operating expenditure                               | 5.8  | 5 754            | 5 580            |
| <b>Total</b>  |      | <b>492 293</b>   | <b>464 722</b>   |

- 1) **Travel and subsistence:** The increase in this item relates to the continued delay in the delivery of subsidised vehicles more officials are using private vehicles for official duties which have a higher allowance rate than subsidised vehicles.
- 2) **Legal services:** The increase in legal costs relates to a claim against the department lodged by suppliers of production inputs during the year under review.
- 3) **Bursaries (Employees):** The department offered bursaries to employees during the year under review. The increase in expenditure relates to the payment of tuition fees.
- 4) **Agency and support / outsourced services:** This expenditure relates to mechanisation, which was previously allocated and expensed with production inputs.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

**5.1 Minor assets**

|                         | <i>Note</i> | 2018/19      | 2017/18      |
|-------------------------|-------------|--------------|--------------|
|                         | 5           | R'000        | R'000        |
| <b>Tangible assets</b>  |             |              |              |
| Biological assets       |             | -            | 11           |
| Machinery and equipment |             | 1 763        | 1 647        |
| <b>Total</b>            |             | <b>1 763</b> | <b>1 658</b> |

**1) Biological asset**

There were more births during the year under review as a result the department did not purchase biological minor assets.

**5.2 Computer services**

|                                     | <i>Note</i> | 2018/19       | 2017/18       |
|-------------------------------------|-------------|---------------|---------------|
|                                     | 5           | R'000         | R'000         |
| SITA computer services              |             | 4 586         | 4 498         |
| External computer service providers |             | 14 594        | 18 069        |
| <b>Total</b>                        |             | <b>19 180</b> | <b>22 567</b> |

In 2017/18 the item for SITA internet charges was classified under external computer services. In 2018/19, this item was reclassified under SITA service providers. The prior year has been restated to correct the classification between these items.

**5.3 Audit cost – External**

|                   | <i>Note</i> | 2018/19      | 2017/18      |
|-------------------|-------------|--------------|--------------|
|                   | 5           | R'000        | R'000        |
| Regularity audits |             | 6 588        | 7 572        |
| <b>Total</b>      |             | <b>6 588</b> | <b>7 572</b> |

**5.4 Inventory**

|   | <i>Note</i> | 2018/19        | 2017/18        |
|---|-------------|----------------|----------------|
|   | 5           | R'000          | R'000          |
| Clothing material and accessories       |             | 42             | 151            |
| Farming supplies                        |             | 106 365        | 121 705        |
| Food and food supplies                  |             | 530            | 471            |
| Fuel, oil and gas                       |             | 1 826          | 810            |
| Learning, teaching and support material |             | 29             | 6              |
| Materials and supplies                  |             | 18 971         | 10 359         |
| Medical supplies                        |             | 823            | 1 096          |
| Medicine                                |             | 33 308         | 32 202         |
| Other supplies                          | 5.4.1       | 17 250         | 8 235          |
| <b>Total</b>                            |             | <b>179 144</b> | <b>175 035</b> |

- 1) Farming supplies**  
The expenditure for mechanisation has been expensed separately, which resulted in a decrease in farming supplies.
- 2) Materials and supplies**  
The department started a programme for the commercialisation of smallholder farmers. The department purchased fencing materials to support these farmers.
- 3) Other supplies**  
The department purchased water tanks for the drought relief programme.
- 4) Fuel, oil and gas**  
In 2018/19 the utilisation of departmental tractors increased at the research stations as they were used for production.

#### 5.4.1 Other supplies

|                               | <i>Note</i> | 2018/19       | 2017/18      |
|-------------------------------|-------------|---------------|--------------|
|                               | 5.4         | R'000         | R'000        |
| Assets for distribution       |             | 16 079        | 7 129        |
| Machinery and equipment       |             | 6 699         | 7 129        |
| Other assets for distribution |             | 9 380         | -            |
| Other                         |             | 1 171         | 1 106        |
| <b>Total</b>                  |             | <b>17 250</b> | <b>8 235</b> |

- 1) Other assets for distribution**  
The department purchase water tanks for the drought relief programme.

#### 5.5 Consumables

|  | <i>Note</i> | 2018/19       | 2017/18       |
|--|-------------|---------------|---------------|
|  | 5           | R'000         | R'000         |
| Consumable supplies                      |             | 7 546         | 6 137         |
| Uniform and clothing                     |             | 2 140         | 2 219         |
| Household supplies                       |             | 2 127         | 2 165         |
| Building material and supplies           |             | -             | -             |
| Communication accessories                |             | -             | -             |
| IT consumables                           |             | 292           | 191           |
| Other consumables                        |             | 2 987         | 1 562         |
| Stationery, printing and office supplies |             | 5 337         | 6 758         |
| <b>Total</b>                             |             | <b>12 883</b> | <b>12 895</b> |

Other consumables relates to the Female Entrepreneur awards hosted by the department. The prior year amount was restated to align with the current year.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

**5.6 Property payments**

|                                  | <i>Note</i> | 2018/19       | 2017/18       |
|----------------------------------|-------------|---------------|---------------|
|                                  | 5           | R'000         | R'000         |
| Municipal services               |             | 7 839         | 6 508         |
| Property management fees         |             | 10 824        | 9 243         |
| Property maintenance and repairs |             | 2 487         | 640           |
| <b>Total</b>                     |             | <b>21 150</b> | <b>16 391</b> |

The department has undertaken maintenance and repairs at the show grounds buildings to accommodate document management.

**5.7 Travel and subsistence**

|              | <i>Note</i> | 2018/19       | 2017/18       |
|--------------|-------------|---------------|---------------|
|              | 5           | R'000         | R'000         |
| Local        |             | 85 659        | 77 891        |
| Foreign      |             | 1 430         | 5 417         |
| <b>Total</b> |             | <b>87 089</b> | <b>83 308</b> |

**5.8 Other operating expenditure**

|   | <i>Note</i> | 2018/19      | 2017/18      |
|---|-------------|--------------|--------------|
|   | 5           | R'000        | R'000        |
| Professional bodies, membership and subscription fees |             |              | 206          |
| Resettlement costs                                    |             | 347          | 453          |
| Other   |             | 5 407        | 4 921        |
| <b>Total</b>  |             | <b>5 754</b> | <b>5 580</b> |

**6. Interest and rent on land**

|               | <i>Note</i> | 2018/19    | 2017/18    |
|---------------|-------------|------------|------------|
|               |             | R'000      | R'000      |
| Interest paid |             | 108        | 937        |
| <b>Total</b>  |             | <b>108</b> | <b>937</b> |

The interest was incurred on overdue accounts from Department of Transport and court order.

**7. Payments for financial assets**

|                   | <i>Note</i> | 2018/19      | 2017/18      |
|-------------------|-------------|--------------|--------------|
|                   |             | R'000        | R'000        |
| Debts written off | 7.1         | 5 385        | -            |
| Debt take overs   |             | 3 976        | 8 000        |
| <b>Total</b>      |             | <b>9 361</b> | <b>8 000</b> |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

The payment for financial assets relates to a refund paid to SARS amounting to R3.976 million for under taxation on leave gratuities for the period from March 2013 to February 2017.

It also includes an amount of R5.385 million for a loan that was advance to Magwa Tea Estate by ECDC, which was transferred to DRDAR with the shares. This loan was subsequently written-off.

## 8. Transfers and subsidies

|   |                 | 2018/19        | 2017/18        |
|---|-----------------|----------------|----------------|
|   |                 | R'000          | R'000          |
|   | <i>Note</i>     |                |                |
| Departmental agencies and accounts          | <i>Annex 1A</i> | 282 317        | 234 806        |
| Higher education institutions               | <i>Annex 1B</i> | 57 218         | 54 795         |
| Public corporations and private enterprises | <i>Annex 1C</i> | 34 170         | 34 964         |
| Non-profit institutions                     | <i>Annex 1D</i> | -              | 7 480          |
| Households                                  | <i>Annex 1E</i> | 20 151         | 25 914         |
| <b>Total</b>                                |                 | <b>393 856</b> | <b>357 959</b> |

### 1) Higher education institutions:

The funding to Fort Cox College was increased to assist students who were struggling with fees.

### 2) Departmental Agencies:

The increase is caused mainly by the following amounts:

- i. The transfer to Amajingqi Macademia Nuts increased to assist with improving the scale of production.
- ii. The funding for the Magwa Rescue programme increased to support the business rescue program implemented at the estate.
- iii. The funds to Agric. National Marketing Council was transferred to expand fodder production in the province.
- iv. Nguni cattle development was increased to develop more beneficiary farmers on the programme

## 9. Expenditure for capital assets

|                                      | <i>Note</i> | 2018/19        | 2017/18        |
|--------------------------------------|-------------|----------------|----------------|
|                                      |             | R'000          | R'000          |
| <b>Tangible assets</b>               |             |                |                |
| Buildings and other fixed structures | 32          | 105 605        | 137 214        |
| Machinery and equipment              | 30          | 84 793         | 73 985         |
| Biological assets                    | 30          | 193            | -              |
| <b>Intangible Assets</b>             |             |                |                |
| software                             | 31          | 984            | -              |
| <b>Total</b>                         |             | <b>191 575</b> | <b>211 199</b> |

### 1) Biological assets

The department purchased additional livestock to support research programme.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

## 9.1 Analysis of funds utilised to acquire capital assets – 2018/19

|                                      | Voted funds<br>R'000 | Aid assistance<br>R'000 | Total<br>R'000 |
|--------------------------------------|----------------------|-------------------------|----------------|
| <b>Tangible assets</b>               |                      |                         |                |
| Buildings and other fixed structures | 105 605              | -                       | 105 605        |
| Machinery and equipment              | 84 793               | -                       | 84 793         |
| Biological assets                    | 193                  | -                       | 193            |
| <b>Intangible assets</b>             |                      |                         |                |
| <b>Software</b>                      | 984                  |                         | 984            |
| <b>Total</b>                         | <b>191 575</b>       | <b>-</b>                | <b>191 575</b> |

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

|                                      | Voted funds<br>R'000 | Aid assistance<br>R'000 | Total<br>R'000 |
|--------------------------------------|----------------------|-------------------------|----------------|
| <b>Tangible assets</b>               |                      |                         |                |
| Buildings and other fixed structures | 137 214              | -                       | 137 214        |
| Machinery and equipment              | 73 985               | -                       | 73 985         |
| Biological assets                    | -                    | -                       | -              |
| <b>Total</b>                         | <b>211 199</b>       | <b>-</b>                | <b>211 199</b> |

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

|                         | Note | 2018/19<br>R'000 | 2017/18<br>R'000 |
|-------------------------|------|------------------|------------------|
| <b>Tangible assets</b>  |      |                  |                  |
| Machinery and equipment |      | 45 259           | 51 278           |
| <b>Total</b>            |      | <b>45 259</b>    | <b>51 278</b>    |

## 10. Cash and cash equivalents

|  | Note | 2018/19<br>R'000 | 2017/18<br>R'000 |
|--|------|------------------|------------------|
| Consolidated Paymaster General Account |      | 75 755           | 4 084            |
| <b>Total</b>                           |      | <b>75 755</b>    | <b>4 084</b>     |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

## 11. Prepayments and advances

|                              | <i>Note</i> | 2018/19      | 2017/18      |
|------------------------------|-------------|--------------|--------------|
|                              |             | R'000        | R'000        |
| Advances paid (Not expensed) | 11.1        | 3 371        | 3 452        |
| <b>Total</b>                 |             | <b>3 371</b> | <b>3 452</b> |

## 11.1 Advances paid (Not expensed)

|                 | <i>Note</i> | Balance as at<br>1 April 2018 | Less:<br>Amount<br>expensed in<br>current year | Add or Less:<br>Other | Add:<br>Current Year<br>advances | Balance as<br>at 31 March<br>2019 |
|-----------------|-------------|-------------------------------|--|-----------------------|----------------------------------|-----------------------------------|
|                 |             | R'000                         | R'000  | R'000                 | R'000                            | R'000                             |
| Public entities | 11          | 3 452                         | (19 016)                                       | -                     | 18 935                           | 3 371                             |
| Other entities  |             |                               |  |                       |                                  |                                   |
| <b>Total</b>    |             | <b>3 452</b>                  | <b>(19 016)</b>                                | <b>-</b>              | <b>18 935</b>                    | <b>3 371</b>                      |

|                 | <i>Note</i> | Balance as at<br>1 April 2017 | Less:<br>Amount<br>expensed in<br>current year | Add or Less:<br>Other | Add:<br>Current Year<br>advances | Balance as<br>at 31 March<br>2018 |
|-----------------|-------------|-------------------------------|--|-----------------------|----------------------------------|-----------------------------------|
|                 |             | R'000                         | R'000  | R'000                 | R'000                            | R'000                             |
| Public entities | 11          | 4 899                         | (12 694)                                       | -                     | 11 247                           | 3 452                             |
| Other entities  |             |                               |  |                       |                                  |                                   |
| <b>Total</b>    |             | <b>4 899</b>                  | <b>(12 694)</b>                                | <b>-</b>              | <b>11 247</b>                    | <b>3 452</b>                      |

## 12. Receivables

|                                    | <i>Note</i> | 2018/19      |              |              | 2017/18      |              |              |
|------------------------------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|
|                                    |             | Current      | Non-current  | Total        | Current      | Non-current  | Total        |
|                                    |             | R'000        | R'000        | R'000        | R'000        | R'000        | R'000        |
| Claims recoverable                 | 12.1        | 3 452        | -            | 3 452        | 3 084        | -            | 3 084        |
| Recoverable expenditure            | 12.2        | 61           | 4 655        | 4 716        | 20           | 4 655        | 4 675        |
| Staff debt                         | 12.3        | 970          | -            | 970          | 993          | -            | 993          |
| Fruitless and wasteful expenditure | 12.4        | 299          | -            | 299          | 316          | -            | 316          |
| <b>Total</b>                       |             | <b>4 782</b> | <b>4 655</b> | <b>9 437</b> | <b>4 413</b> | <b>4 655</b> | <b>9 068</b> |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

**12.1 Claims recoverable**

|                      | <i>Note</i> | 2018/19      | 2017/18      |
|----------------------|-------------|--------------|--------------|
|                      | 12          | R'000        | R'000        |
| National departments |             | 3 452        | 3 084        |
| <b>Total</b>         |             | <b>3 452</b> | <b>3 084</b> |

**12.2 Recoverable expenditure (disallowance accounts)**

|                                  | <i>Note</i> | 2018/19      | 2017/18      |
|----------------------------------|-------------|--------------|--------------|
|                                  | 12          | R'000        | R'000        |
| Salary related clearing accounts |             | 61           | 20           |
| Disallowance miscellaneous       |             | 4 655        | 4 655        |
| <b>Total</b>                     |             | <b>4 716</b> | <b>4 675</b> |

**12.3 Staff debt**

|              | <i>Note</i> | 2018/19    | 2017/18    |
|--------------|-------------|------------|------------|
|              | 12          | R'000      | R'000      |
| Debt Account |             | 970        | 993        |
| <b>Total</b> |             | <b>970</b> | <b>993</b> |

**12.4 Fruitless and wasteful expenditure**

|   | <i>Note</i> | 2018/19    | 2017/18    |
|---|-------------|------------|------------|
|   | 12          | R'000      | R'000      |
| Opening balance                                   |             | 316        | 316        |
| Less amount recovered                             |             | (23)       |            |
| Transfers from Fruitless and Wasteful Expenditure | 27          | 6          | -          |
| <b>Total</b>                                      |             | <b>299</b> | <b>316</b> |

**12.5 Impairment of receivables**

|                                       | <i>Note</i> | 2018/19      | 2017/18      |
|---------------------------------------|-------------|--------------|--------------|
|                                       |             | R'000        | R'000        |
| Estimate of impairment of receivables |             | 4 655        | 4 655        |
| <b>Total</b>                          |             | <b>4 655</b> | <b>4 655</b> |

The impairment relates to a long outstanding debts which were raised subsequent to a job evaluation. A court case lodged by the affected debtors is still pending.

**13. Investments**

The government has 100% ownership of Magwa Enterprise Tea which was held by Eastern Cape Development Corporation (ECDC). The ownership of Magwa Enterprise Teas was transferred to the department during the year under review. The department holds 100 shares valued at R1 per share. A shareholder's loan amounting to R5 million was also ceded to department.

Due to the nature of the AFS template, the value of the share round up to zero and it is not reflected in the template.



## 14. Loans

|                            | <i>Note</i> | 2018/19  | 2017/18      |
|----------------------------|-------------|----------|--------------|
|                            |             | R'000    | R'000        |
| <b>Non-Current</b>         |             |          |              |
| Private enterprise         |             | -        | 5 385        |
| <b>Total</b>               |             | <u>-</u> | <u>5 385</u> |
| <b>Analysis of balance</b> |             |          |              |
|                            |             | 2018/19  | 2017/18      |
|                            |             | R'000    | R'000        |
| Opening balance            |             | 5 385    | -            |
| New issues                 |             | -        | 5 385        |
| Write offs                 |             | (5 385)  |              |
| <b>Closing balance</b>     |             | <u>-</u> | <u>5 385</u> |

### 14.1 Impairment of loans

|                                 | <i>Note</i> | 2018/19  | 2017/18      |
|---------------------------------|-------------|----------|--------------|
|                                 |             | R'000    | R'000        |
| Estimate of impairment of loans |             | -        | 5 385        |
| <b>Total</b>                    |             | <u>-</u> | <u>5 385</u> |

A shareholder's loan amounting to R5,3 million was also ceded to department when shares of Magwa Tea were transferred from Eastern Cape Development Corporation.

Magwa Tea Estate is under a business rescue programme and could not afford to repay the loan. The loan was written-off during the year under review.

## 15. Voted funds to be surrendered to the Revenue Fund

|  | <i>Note</i> | 2018/19       | 2017/18       |
|--|-------------|---------------|---------------|
|  |             | R'000         | R'000         |
| Opening balance                                  |             | 15 077        | 30 593        |
| Transfer from statement of financial performance |             | 80 595        | 15 077        |
| Paid during the year                             |             | ( 11 625)     | (30 593)      |
| <b>Closing balance</b>                           |             | <u>84 047</u> | <u>15 077</u> |

## 16. Departmental revenue to be surrendered to the Revenue Fund

|  | <i>Note</i> | 2018/19    | 2017/18    |
|--|-------------|------------|------------|
|  |             | R'000      | R'000      |
| Opening balance                                  |             | 296        | 279        |
| Transfer from Statement of Financial Performance |             | 1 723      | -          |
| Own revenue included in appropriation            |             | 10 737     | 6 000      |
| Paid during the year                             |             | (12 267)   | (5 983)    |
| <b>Closing balance</b>                           |             | <u>489</u> | <u>296</u> |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

**17. Payables – current**

|                                 | <i>Note</i> | 2018/19      | 2017/18      |
|---------------------------------|-------------|--------------|--------------|
|                                 |             | R'000        | R'000        |
| Amounts owing to other entities |             | 3 606        | 1 114        |
| Clearing accounts               | 17.1        | 421          | 117          |
| <b>Total</b>                    |             | <b>4 027</b> | <b>1 231</b> |

**17.1 Clearing accounts**

|                                  | <i>Note</i> | 2018/19    | 2017/18    |
|----------------------------------|-------------|------------|------------|
|                                  |             | R'000      | R'000      |
| Salary related clearing accounts | 17          | 421        | 117        |
| <b>Total</b>                     |             | <b>421</b> | <b>117</b> |

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

|  | <i>Note</i> | 2018/19        | 2017/18        |
|--|-------------|----------------|----------------|
|  |             | R'000          | R'000          |
| Net surplus as per Statement of Financial Performance            |             | 82 318         | 15 077         |
| Add back non cash/cash movements not deemed operating activities |             | 179 177        | 165 789        |
| (Increase)/decrease in receivables – current                     |             | (369)          | (3 309)        |
| (Increase)/decrease in prepayment and advance                    |             | 81             | (3 452)        |
| Increase/(decrease) in payables – current                        |             | 2 796          | (7 270)        |
| Proceeds from sale of capital assets                             |             | (1 751)        | (803)          |
| Expenditure on capital assets                                    |             | 191 575        | 211 199        |
| Surrenders to Revenue Fund                                       |             | (23 892)       | (36 576)       |
| Own revenue included in appropriation                            |             | 10 737         | 6 000          |
| <b>Net cash flow generated by operating activities</b>           |             | <b>261 495</b> | <b>180 866</b> |

**19. Reconciliation of cash and cash equivalents for cash flow purposes**

|  | <i>Note</i> | 2018/19       | 2017/18      |
|--|-------------|---------------|--------------|
|  |             | R'000         | R'000        |
| Consolidated Paymaster General account |             | 75 755        | 4 084        |
| <b>Total</b>                           |             | <b>75 755</b> | <b>4 084</b> |

**20. Contingent liabilities and contingent assets****20.1 Contingent liabilities**

|                               | <i>Note</i>   | 2018/19 | 2017/18 |
|-------------------------------|---------------|---------|---------|
|                               |               | R'000   | R'000   |
| <b>Liable to</b>              |               |         |         |
|                               | <b>Nature</b> |         |         |
| Housing loan guarantees       | Employees     | 334     | 643     |
| Claims against the department | Annex 3A      | 23 465  | 26 807  |

|              |               |               |
|--------------|---------------|---------------|
| <b>Total</b> | <b>23 799</b> | <b>27 450</b> |
|--------------|---------------|---------------|

The department is uncertain about the amount or timing of any outflow pertaining to claims against the department as these claims are dependent on the outcome and finalisation of the court cases.

## 20.2 Contingent assets

|                                   | <i>Note</i> | 2018/19       | 2017/18      |
|-----------------------------------|-------------|---------------|--------------|
|                                   |             | R'000         | R'000        |
| <b>Nature of contingent asset</b> |             |               |              |
| Guardrisk Insurance               |             | 989           | 989          |
| SARS: Tax                         |             | 11 976        | 8 000        |
| <b>Total</b>                      |             | <b>12 965</b> | <b>8 989</b> |

The contingent asset results from a claim lodged against a supplier that has defaulted.

## 21. Commitments

|                                 | <i>Note</i> | 2018/19        | 2017/18        |
|---------------------------------|-------------|----------------|----------------|
|                                 |             | R'000          | R'000          |
| <b>Current expenditure</b>      |             |                |                |
| Approved and contracted         |             | 81 554         | 81 331         |
| Approved but not yet contracted |             | 81             | 13 648         |
|                                 |             | <b>81 635</b>  | <b>94 979</b>  |
| <b>Capital expenditure</b>      |             |                |                |
| Approved and contracted         |             | 33 979         | 42 434         |
| Approved but not yet contracted |             | 3 171          | -              |
|                                 |             | <b>37 150</b>  | <b>42 434</b>  |
| <b>Total Commitments</b>        |             | <b>118 785</b> | <b>137 413</b> |

The commitments reported include multi-year contracts for production inputs, learnership and security services.

## 22. Accruals and payables not recognised

### 22.1 Accruals

|  | 2018/19        |                 |               | 2017/18      |
|--|----------------|-----------------|---------------|--------------|
|  | R'000          |                 |               | R'000        |
| <b>Listed by economic classification</b> | <b>30 Days</b> | <b>30+ Days</b> | <b>Total</b>  | <b>Total</b> |
| Goods and services                       | 14 603         | 706             | 15 309        | 1 339        |
| Capital assets                           | 64             | -               | 64            | 377          |
| <b>Total</b>                             | <b>14 667</b>  | <b>706</b>      | <b>15 373</b> | <b>1 716</b> |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

|                                  | <i>Note</i> | 2018/19       | 2017/18      |
|----------------------------------|-------------|---------------|--------------|
|                                  |             | R'000         | R'000        |
| <b>Listed by programme level</b> |             |               |              |
| Administration                   |             | 11 322        | 770          |
| Sustainable resource management  |             | 88            | 3            |
| Farmer support and development   |             | 1 314         | 871          |
| Veterinary service               |             | 258           | 18           |
| Research and development service |             | -             | 24           |
| Agricultural economics           |             | 287           | 7            |
| Structured agricultural training |             | 2 043         | 23           |
| Rural development coordination   |             | 61            | -            |
| <b>Total</b>                     |             | <b>15 373</b> | <b>1 716</b> |

## 22.2 Payables not recognised

|  |                | 2018/19         | 2017/18       |
|--|----------------|-----------------|---------------|
|  |                | R'000           | R'000         |
| <b>Listed by economic classification</b> |                |                 |               |
|  | <b>30 Days</b> | <b>30+ Days</b> | <b>Total</b>  |
| Goods and services                       | 3 046          | 868             | 3 914         |
| Capital assets                           | -              | -               | 72            |
| Other                                    | 7 672          | -               | 7 672         |
| <b>Total</b>                             | <b>10 718</b>  | <b>868</b>      | <b>11 586</b> |

|                                  | <i>Note</i> | 2018/19       | 2017/18      |
|----------------------------------|-------------|---------------|--------------|
|                                  |             | R'000         | R'000        |
| <b>Listed by programme level</b> |             |               |              |
| Administration                   |             | 6 875         | 4 058        |
| Sustainable resource management  |             | 641           | 778          |
| Farmer support and development   |             | 1 225         | 1 898        |
| Veterinary service               |             | 2 446         | 1 624        |
| Research and development service |             | 268           | 367          |
| Agricultural economics           |             | 24            | 81           |
| Structured agricultural training |             | 88            | 212          |
| Rural development coordination   |             | 19            | 2            |
| <b>Total</b>                     |             | <b>11 586</b> | <b>9 020</b> |

|  | <i>Note</i>    | 2018/19 | 2017/18 |
|--|----------------|---------|---------|
|  |                | R'000   | R'000   |
| <b>Included in the above totals are the following:</b> |                |         |         |
| Confirmed balances with departments                    | <i>Annex 5</i> | 64      | 37      |
| Confirmed balances with other government entities      | <i>Annex 5</i> | 3 597   | 1 114   |

|              |              |              |
|--------------|--------------|--------------|
| <b>Total</b> | <b>3 661</b> | <b>1 151</b> |
|--------------|--------------|--------------|

## 23. Employee benefits

|                                   | <i>Note</i> | 2018/19        | 2017/18        |
|-----------------------------------|-------------|----------------|----------------|
|                                   |             | R'000          | R'000          |
| Leave entitlement                 |             | 83 491         | 74 773         |
| Service bonus (Thirteenth cheque) |             | 36 027         | 34 481         |
| <b>Total</b>                      |             | <b>119 518</b> | <b>109 254</b> |

Leave entitlement includes negative leave balances amounting to R0.280 million relating to leave days owed by the department officials. These amounts will be recovered from their exit benefits when leaving the department.

## 24. Lease commitments

### 24.1 Operating leases

| 2018/19                                      | Buildings and<br>other fixed<br>structures | Machinery and<br>equipment | Total         |
|--|--|----------------------------|---------------|
|  | R'000                                      | R'000                      | R'000         |
| Not later than 1 year                        | 6 259                                      | -                          | 6 259         |
| Later than 1 year and not later than 5 years | 4 107                                      | -                          | 4 107         |
| Later than five years                        | 104  | -                          | 104           |
| <b>Total lease commitments</b>               | <b>10 470</b>                              | <b>-</b>                   | <b>10 470</b> |

| 2017/18                                      | Buildings and<br>other fixed<br>structures | Machinery and<br>equipment | Total         |
|--|--|----------------------------|---------------|
|  | R'000                                      | R'000                      | R'000         |
| Not later than 1 year                        | 6 891                                      | -                          | 6 891         |
| Later than 1 year and not later than 5 years | 5 040                                      | -                          | 5 040         |
| Later than five years                        | 402  | -                          | 402           |
| <b>Total lease commitments</b>               | <b>12 333</b>                              | <b>-</b>                   | <b>12 333</b> |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

## 24.2 Finance leases

| 2018/19                                      | Motor Vehicles | Machinery and equipment | Total         |
|--|----------------|-------------------------|---------------|
|  | R'000          | R'000                   | R'000         |
| Not later than 1 year                        | 19 512         | 13 337                  | 32 850        |
| Later than 1 year and not later than 5 years | 20 484         | 6 211                   | 26 695        |
| Later than five years                        | -              | -                       | -             |
| <b>Total lease commitments</b>               | <b>39 996</b>  | <b>19 548</b>           | <b>59 544</b> |

| 2017/18                                      | Motor Vehicles | Machinery and equipment | Total         |
|--|----------------|-------------------------|---------------|
|  | R'000          | R'000                   | R'000         |
| Not later than 1 year                        | 21 861         | 14 352                  | 36 213        |
| Later than 1 year and not later than 5 years | 30 170         | 18 447                  | 48 617        |
| Later than five years                        | -              | -                       | -             |
| <b>Total lease commitments</b>               | <b>52 031</b>  | <b>32 799</b>           | <b>84 830</b> |

The department entered into a four-year contract with Vodacom to provide cellular services to the department. We also have a contract with Government Fleet to provide vehicles to the department.

## 25. Accrued departmental revenue

|   | Note | 2018/19    | 2017/18    |
|---|------|------------|------------|
|   |      | R'000      | R'000      |
| Sales of goods and services other than capital assets |      | 290        | 270        |
| Sales of capital assets                               |      | 165        | 12         |
| Transactions in financial assets and liabilities      |      | 34         | 14         |
| <b>Total</b>  |      | <b>489</b> | <b>296</b> |

## 25.1 Analysis of accrued departmental revenue

|                        | Note | 2018/19    | 2017/18    |
|------------------------|------|------------|------------|
|                        |      | R'000      | R'000      |
| Opening balance        |      | 296        | 279        |
| Less: amounts received |      | (296)      | (279)      |
| Add: amounts recorded  |      | 489        | 296        |
| <b>Closing balance</b> |      | <b>489</b> | <b>296</b> |

## 26. Irregular expenditure

### 26.1 Reconciliation of irregular expenditure

|  | <i>Note</i> | 2018/19<br>R'000 | 2017/18<br>R'000 |
|--|-------------|------------------|------------------|
| Opening balance  |             | 24               | 967              |
| Prior period error   |             |                  | (5)              |
| As restated  |             | <b>24</b>        | <b>962</b>       |
| Add: Irregular expenditure – relating to prior year            |             | -                |                  |
| Add: Irregular expenditure – relating to current year          |             | 7 925            | 106              |
| Less: Prior year amounts condoned                              |             | (24)             | (938)            |
| Less: Current year amounts condoned                            |             | (990)            | (106)            |
| <b>Closing balance</b>   |             | <b>6 935</b>     | <b>24</b>        |
| <b>Analysis of awaiting condonation per age classification</b> |             |                  |                  |
| Current years  |             | 6 935            | -                |
| Prior years  |             | -                | 24               |
| <b>Total</b>   |             | <b>6 935</b>     | <b>24</b>        |

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

| Incident                       | Disciplinary steps taken/criminal proceedings | 2018/19<br>R'000 |
|--------------------------------|---|------------------|
| Service rendered without order | Disciplinary action                           | 29               |
| Service rendered without order | Disciplinary action                           | 18               |
| Variation order exceeds 20%    | Disciplinary action                           | 943              |
| Approved contract exceeded     | Awaiting condonation                          | 6 935            |
| <b>Total</b>                   |   | <b>7 925</b>     |

### 26.3 Details of irregular expenditure condoned

| Incident                        | Condoned by (condoning authority) | 2018/19<br>R'000 |
|---------------------------------|-----------------------------------|------------------|
| Contravention of procurement    | Head of Department                | 24               |
| Variation order exceeds 20%     | Provincial Treasury               | 943              |
| Services rendered without order | Provincial Treasury               | 47               |
| <b>Total</b>                    |                                   | <b>1 014</b>     |

### 26.4 Details of irregular expenditure under investigation (not included in main note)

| Incident                       | 2018/19<br>R'000 |
|--------------------------------|------------------|
| Transfer to Public corporation | 8 064            |
| <b>Total</b>                   | <b>8 064</b>     |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

The Provincial Treasury conducted an investigation on the approved transfers to public corporations and private enterprise. However, the department disputes the investigation report. The department and Provincial Treasury will conduct further discussion to determine the irregularity of this transaction.

**26.5 Prior period error**

|   | <i>Note</i> | 2018/19<br>R'000 |
|---|-------------|------------------|
| <b>Nature of prior period error</b>             |             |                  |
| Relating to 2017/18                             |             | (5)              |
| Irregular expenditure: incorrect classification |             | (5)              |
| <b>Total prior period errors</b>                |             | <b>(5)</b>       |

**27. Fruitless and wasteful expenditure****27.1 Reconciliation of fruitless and wasteful expenditure**

|   | <i>Note</i> | 2018/19<br>R'000 | 2017/18<br>R'000 |
|---|-------------|------------------|------------------|
| Opening balance   |             | 78               | 62               |
| Prior period error  |             | -                | 5                |
| As restated   |             | <b>78</b>        | <b>67</b>        |
| Fruitless and wasteful expenditure – relating to current year |             | 139              | 1 048            |
| Less: Amounts resolved  |             | (121)            | (1 037)          |
| Less: Amount transferred to receivables for recovery          |             | (6)              |                  |
| <b>Closing balance</b>  |             | <b>90</b>        | <b>78</b>        |

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

|                                    | 2018/19<br>R'000 | 2017/18<br>R'000 |
|------------------------------------|------------------|------------------|
| <b>Current: goods and services</b> | <b>90</b>        | <b>78</b>        |
| <b>Total</b>                       | <b>90</b>        | <b>78</b>        |

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

| <b>Incident</b>                 | <b>Disciplinary steps taken/criminal proceedings</b> | <b>2018/19<br/>R'000</b> |
|---------------------------------|--|--------------------------|
| Damage to vehicle               | Disciplinary action                                  | 5                        |
| Interest charged on court order | Condoned   | 87                       |
| Damage to vehicle               | Condoned   | 18                       |
| Damage to vehicle               | Recovered from official                              | 2                        |
| Damage to vehicle               | Recovered from official                              | 3                        |
| Flight cancellation fees        | Condoned   | 2                        |
| Interest on DOT                 | Condoned   | 22                       |
| <b>Total</b>                    |  | <b>139</b>               |



**27.4 Prior period error**

|                                     | <i>Note</i> | 2018/19<br>R'000 |
|-------------------------------------|-------------|------------------|
| <b>Nature of prior period error</b> |             |                  |
| Relating to 2017/18                 |             | 5                |
| Incorrect classification            |             | 5                |
| <b>Total prior period errors</b>    |             | <b>5</b>         |

**28. Related party transactions**

Related parties of the department are all Government departments and entities.

Related party relationships also include ECRDA subsidiaries such as Kangela Citrus Farm (Pty) Ltd

The department holds 100% interest in Magwa Enterprise Tea.

The department is utilising properties from the Department of Public Works free of charge.

**29. Key management personnel**

|  | No. of<br>Individuals | 2018/19<br>R'000 | 2017/18<br>R'000 |
|--|-----------------------|------------------|------------------|
| Member of executive                        | 1                     | 1 978            | 1 977            |
| Level 15 to 16                             | 4                     | 5 580            | 5 991            |
| Level 14 (incl. CFO if at a lower level)   | 14                    | 16 278           | 16 620           |
| Acting allowance                           | 2                     | 276              | -                |
| Family members of key management personnel | 7                     | 2 004            | 2 063            |
| <b>Total</b>                               |                       | <b>26 116</b>    | <b>26 651</b>    |

**30. Provisions**

|                          | <i>Note</i> | 2018/19<br>R'000 | 2017/18<br>R'000 |
|--------------------------|-------------|------------------|------------------|
| Performance awards       |             | 9 138            | 19 639           |
| Capped leave commitments |             | 137 544          | 140 466          |
| Long service awards      |             | 3 060            | 3 084            |
| Retention                |             | 5 162            | 3 012            |
| Tax                      |             | -                | 7 373            |
| <b>Total</b>             |             | <b>154 904</b>   | <b>173 574</b>   |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

## 30.1 Reconciliation of movement in provisions – 2018/19

|   | Performance awards | Capped leave   | Long service | Retention    | Tax      | Total provisions |
|---|--------------------|----------------|--------------|--------------|----------|------------------|
|   | R'000              | R'000          | R'000        | R'000        | R'000    | R'000            |
| Opening balance   | 19 639             | 140 466        | 3 084        | 3 012        | 7 373    | 173 574          |
| Increase in provision                                     |                    |                |              |              | (7 373)  | (7 373)          |
| Settlement of provision                                   | (19 639)           |                | (3 084)      | -            |          | (22 723)         |
| Change in provision due to change in estimation of inputs | 9 138              | (2 922)        | 3 060        | 2 150        | -        | 11 426           |
| <b>Closing balance</b>                                    | <b>9 138</b>       | <b>137 544</b> | <b>3 060</b> | <b>5 162</b> | <b>-</b> | <b>154 904</b>   |

## Reconciliation of movement in provisions – 2017/18

|   | Performance awards | Capped leave   | Long service | Retention    | Tax          | Total provisions |
|---|--------------------|----------------|--------------|--------------|--------------|------------------|
|   | R'000              | R'000          | R'000        | R'000        | R'000        | R'000            |
| Opening balance   | 17 542             | 147 307        | 1 545        | 1 791        | -            | 168 185          |
| Increase in provision                                     | -                  | -              | -            | -            | 7 373        | 7 373            |
| Settlement of provision                                   | (17 542)           | -              | (1 545)      | (1 791)      | -            | (20 878)         |
| Change in provision due to change in estimation of inputs | 19 639             | (6 841)        | 3 084        | 3 012        | -            | 18 894           |
| <b>Closing balance</b>                                    | <b>19 639</b>      | <b>140 466</b> | <b>3 084</b> | <b>3 012</b> | <b>7 373</b> | <b>173 574</b>   |

- 1) Performance awards are performance bonuses that may be payable to employees of the department. The expected timing of any outflow will occur after the assessment process has been completed.
- 2) Capped leave commitment is leave days that the employees have accumulated over a period of time. The timing of the outflow of economic benefit is dependent on the termination of services of the employee
- 3) Long service awards are a reward given to employees that have been in the public service for 20, 30 or 40 years. The timing of the outflow of economic benefits will occur of the anniversary month of each employee
- 4) Retention is a percentage of the contract value held by the department when it enters into a contract for services to be rendered. The timing of the outflow of economic benefits is 3 – 6 months after the completion of the project.

### 31. Movable Tangible Capital Assets

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

|  | Opening<br>balance | Value<br>adjustments | Additions     | Disposals       | Closing<br>Balance |
|--|--------------------|----------------------|---------------|-----------------|--------------------|
|  | R'000              | R'000                | R'000         | R'000           | R'000              |
| <b>MACHINERY AND EQUIPMENT</b>               | <b>215 501</b>     | <b>-</b>             | <b>39 587</b> | <b>(22 419)</b> | <b>232 699</b>     |
| Transport assets                             | 14 133             | -                    | -             | (744)           | 13 389             |
| Computer equipment                           | 60 354             | -                    | 6 488         | (1 624)         | 65 195             |
| Furniture and office equipment               | 17 128             | -                    | 2 734         | (121)           | 19 741             |
| Other machinery and equipment                | 123 886            | -                    | 30 365        | (19 907)        | 134 344            |
| <b>BIOLOGICAL ASSETS</b>                     | <b>5 469</b>       | <b>-</b>             | <b>1 275</b>  | <b>(1 451)</b>  | <b>5 293</b>       |
| Biological assets                            | 5 469              | -                    | 1 275         | (1 451)         | 5 293              |
| <b>TOTAL MOVABLE TANGIBLE CAPITAL ASSETS</b> | <b>220 970</b>     | <b>-</b>             | <b>40 862</b> | <b>(23 870)</b> | <b>237 962</b>     |

#### 31.1 Additions

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

|   | Cash          | Non-cash     | Finance lease<br>payments | Received<br>current, not<br>paid<br>(Paid<br>current year,<br>received<br>prior year) | Total         |
|---|---------------|--------------|---------------------------|---|---------------|
|   | R'000         | R'000        | R'000                     | R'000   | R'000         |
| <b>MACHINERY AND EQUIPMENT</b>                            | <b>84 793</b> |              | <b>(45 259)</b>           | <b>53</b>   | <b>39 587</b> |
| Transport assets  | 30 328        | -            | (30 328)                  | -   | -             |
| Computer equipment  | 6 435         | -            | -                         | 53  | 6 488         |
| Furniture and office equipment                            | 2 734         | -            | -                         | -   | 2 734         |
| Other machinery and equipment                             | 45 296        | -            | (14 931)                  | -   | 30 365        |
| <b>BIOLOGICAL ASSETS</b>                                  | <b>193</b>    | <b>1 082</b> | <b>-</b>                  | <b>-</b>  | <b>1 275</b>  |
| Biological assets   | 193           | 1 082        | -                         | -   | 1 275         |
| <b>TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS</b> | <b>84 986</b> | <b>1 082</b> | <b>(45 259)</b>           | <b>53</b>   | <b>40 862</b> |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

## 31.2 Disposals

## DISPOSALS OF MOVABLE 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>MACHINERY AND EQUIPMENT</b>                           | <b>3 083</b>  | <b>19 336</b>     | <b>22 419</b>   | <b>-</b>             |
| Transport assets   | 744           | -                 | 744             | -                    |
| Computer equipment                                       | 1 333         | 314               | 1 624           | -                    |
| Furniture and office equipment                           | 121           | -                 | 121             | -                    |
| Other machinery and equipment                            | 885           | 19 022            | 19 907          | -                    |
| <b>BIOLOGICAL ASSETS</b>                                 |               |                   |                 |                      |
| Biological assets  | 997           | 454               | 1 451           | 1 751                |
| <b>TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS</b> | <b>3 810</b>  | <b>19 790</b>     | <b>23 870</b>   | <b>1 751</b>         |

## 31.3 Movement for 2017/18

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

|  | Opening balance | Prior period error | Additions     | Disposals      | Closing Balance |
|--|-----------------|--------------------|---------------|----------------|-----------------|
|  | R'000           | R'000              | R'000         | R'000          | R'000           |
| <b>MACHINERY AND EQUIPMENT</b>               | <b>212 050</b>  | <b>(14 570)</b>    | <b>23 623</b> | <b>(5 602)</b> | <b>215 501</b>  |
| Transport assets                             | 14 071          | (840)              | 902           | -              | 14 133          |
| Computer equipment                           | 57 201          | (4 159)            | 7 953         | (641)          | 60 354          |
| Furniture and office equipment               | 20 169          | (6 068)            | 3 151         | (124)          | 17 128          |
| Other machinery and equipment                | 120 609         | (3 503)            | 11 617        | (4 837)        | 123 886         |
| <b>BIOLOGICAL ASSETS</b>                     | <b>5 480</b>    | <b>(15)</b>        | <b>1 188</b>  | <b>(1 184)</b> | <b>5 469</b>    |
| Biological assets                            | 5 480           | (15)               | 1 188         | (1 184)        | 5 469           |
| <b>TOTAL MOVABLE TANGIBLE CAPITAL ASSETS</b> | <b>217 530</b>  | <b>(14 585)</b>    | <b>24 811</b> | <b>(6 786)</b> | <b>220 970</b>  |

**31.3.1 Prior period error**

|  | <i>Note</i> | 2017/18<br>R'000 |
|--|-------------|------------------|
| <b>Nature of prior period error</b>                          |             |                  |
| Relating to 2017/18 [ <i>affecting the opening balance</i> ] |             |                  |
| Biological assets  |             | (15)             |
| Machinery and equipment                                      |             | (14 570)         |
| Total prior period errors                                    |             | <u>(14 585)</u>  |

**31.4 Minor assets****MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2019**

|                           | Intangible assets | Machinery and<br>equipment | Biological assets | Total         |
|---------------------------|-------------------|----------------------------|-------------------|---------------|
|                           | R'000             | R'000                      | R'000             | R'000         |
| Opening balance           | 48                | 36 934                     | 3 468             | 40 450        |
| Value adjustments         | -                 | -                          | -                 | -             |
| Additions                 | -                 | 1 781                      | 907               | 2 688         |
| Disposals                 | -                 | (685)                      | (1 051)           | (1 736)       |
| <b>TOTAL MINOR ASSETS</b> | <b>48</b>         | <b>38 030</b>              | <b>3 324</b>      | <b>41 402</b> |

|                                     | Intangible assets | Machinery and<br>equipment | Biological assets | Total     |
|-------------------------------------|-------------------|----------------------------|-------------------|-----------|
| Number of R1 minor assets           | 18                | 30                         | -                 | 48        |
| Number of minor assets at cost      | 15                | 27                         | 3                 | 45        |
| <b>TOTAL NUMBER OF MINOR ASSETS</b> | <b>33</b>         | <b>57</b>                  | <b>3</b>          | <b>93</b> |

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

|                                     | Intangible assets | Machinery and equipment | Biological assets | Total         |
|-------------------------------------|-------------------|-------------------------|-------------------|---------------|
|                                     | R'000             | R'000                   | R'000             | R'000         |
| Opening balance                     | 48                | 37 084                  | 4 315             | 41 447        |
| Prior period error                  | -                 | (1 779)                 | 6                 | (1 773)       |
| Additions                           | -                 | 2 509                   | 815               | 3 324         |
| Disposals                           | -                 | (880)                   | (1 668)           | (2 548)       |
| <b>TOTAL NUMBER OF MINOR ASSETS</b> | <b>48</b>         | <b>36 934</b>           | <b>3 468</b>      | <b>40 450</b> |

|                                     | Intangible assets | Machinery and equipment | Biological assets | Total     |
|-------------------------------------|-------------------|-------------------------|-------------------|-----------|
| Number of R1 minor assets           | 18                | 30                      | -                 | 48        |
| Number of minor assets at cost      | 15                | 25                      | 3                 | 43        |
| <b>TOTAL NUMBER OF MINOR ASSETS</b> | <b>33</b>         | <b>55</b>               | <b>3</b>          | <b>91</b> |

#### 31.4.1 Prior period error

|  | Note | 2017/18<br>R'000 |
|--|------|------------------|
| <b>Nature of prior period error</b>                        |      |                  |
| Relating to 2017/18 <i>[affecting the opening balance]</i> |      |                  |
| Minor assets: biological assets                            |      | 6                |
| Machinery and equipment                                    |      | (1 779)          |
| Total prior period errors                                  |      | (1 773)          |

### 32. Intangible Capital Assets

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

|  | Opening balance | Value adjustments | Additions  | Disposals | Closing Balance |
|--|-----------------|-------------------|------------|-----------|-----------------|
|  | R'000           | R'000             | R'000      | R'000     | R'000           |
| <b>SOFTWARE</b>                        | 8 079           | -                 | 984        | -         | 9 063           |
| <b>TOTAL INTANGIBLE CAPITAL ASSETS</b> | <b>8 079</b>    | <b>-</b>          | <b>984</b> | <b>-</b>  | <b>9 063</b>    |

**32.1 Additions****ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019**

|   | Cash       | Non-Cash | (Develop-<br>ment work<br>in progress<br>– current<br>costs) | Received<br>current year,<br>not paid<br>(Paid<br>current year,<br>received<br>prior year) | Total      |
|---|------------|----------|--|--|------------|
|   | R'000      | R'000    | R'000  | R'000  | R'000      |
| SOFTWARE  | 984        | -        | -  | -  | 984        |
| <b>TOTAL ADDITIONS TO INTANGIBLE CAPITAL ASSETS</b> | <b>984</b> | <b>-</b> | <b>-</b>   | <b>-</b>   | <b>984</b> |

**32.2 Movement for 2017/18****MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018**

|  | Opening<br>balance | Prior period<br>error | Additions | Disposals | Closing<br>Balance |
|--|--------------------|-----------------------|-----------|-----------|--------------------|
|  | R'000              | R'000                 | R'000     | R'000     | R'000              |
| SOFTWARE                               | 8 079              | -                     | -         | -         | 8 079              |
| <b>TOTAL INTANGIBLE CAPITAL ASSETS</b> | <b>8 079</b>       | <b>-</b>              | <b>-</b>  | <b>-</b>  | <b>8 079</b>       |

**33. Immovable Tangible Capital Assets****MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019**

|  | Opening<br>balance | Value<br>adjustments | Additions      | Disposals        | Closing<br>Balance |
|--|--------------------|----------------------|----------------|------------------|--------------------|
|  | R'000              |                      | R'000          | R'000            | R'000              |
| <b>BUILDINGS AND OTHER FIXED STRUCTURES</b>    | <b>-</b>           | <b>-</b>             | <b>107 488</b> | <b>(107 388)</b> | <b>-</b>           |
| Non-residential building                       | -                  | -                    | 6 774          | (6 774)          | -                  |
| Other fixed structures                         | -                  | -                    | 100 714        | (100 714)        | -                  |
| <b>TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS</b> | <b>-</b>           | <b>-</b>             | <b>107 488</b> | <b>(107 488)</b> | <b>-</b>           |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

## 33.1 Additions

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

|   | Cash           | Non-cash<br>(Prior year<br>WIP) | Capital Work<br>in Progress | Received<br>current, not<br>paid<br><br>(Paid<br>current year,<br>received<br>prior year) | Total          |
|---|----------------|---------------------------------|-----------------------------|---|----------------|
|   | R'000          | R'000                           | R'000                       | R'000   | R'000          |
| <b>BUILDING AND OTHER FIXED STRUCTURES</b>                      | <b>105 604</b> | <b>54 055</b>                   | <b>(52 171)</b>             | <b>-</b>  | <b>107 488</b> |
| Non-residential buildings                                       | 17 493         | 5 726                           | (16 445)                    | -   | 6 774          |
| Other fixed structures  | 88 111         | 48 329                          | (35 726)                    | -   | 100 714        |
| <b>TOTAL ADDITIONS TO IMMOVABLE<br/>TANGIBLE CAPITAL ASSETS</b> | <b>105 604</b> | <b>54 055</b>                   | <b>(52 171)</b>             | <b>-</b>  | <b>107 488</b> |

## 33.2 Disposals

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

|   | Sold for cash | Non-cash<br>disposal | Total<br>disposals | Cash<br>Received<br>Actual |
|---|---------------|----------------------|--------------------|----------------------------|
|   | R'000         | R'000                | R'000              | R'000                      |
| <b>BUILDINGS AND OTHER FIXED STRUCTURES</b>                     |               | <b>107 488</b>       | <b>107 488</b>     | <b>-</b>                   |
| Non-residential buildings                                       | -             | 6 774                | 6 774              | -                          |
| Other fixed structures  |               | 100 714              | 100 714            | -                          |
| <b>TOTAL DISPOSALS OF IMMOVABLE TANGIBLE CAPITAL<br/>ASSETS</b> | <b>-</b>      | <b>107 488</b>       | <b>107 488</b>     | <b>-</b>                   |

## 33.3 Movement for 2017/18

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

|  | Opening<br>balance | Prior period<br>error | Additions      | Disposals        | Closing<br>Balance |
|--|--------------------|-----------------------|----------------|------------------|--------------------|
|  | R'000              | R'000                 | R'000          | R'000            | R'000              |
| <b>BUILDINGS AND OTHER FIXED<br/>STRUCTURES</b>    | <b>-</b>           | <b>-</b>              | <b>158 962</b> | <b>(158 962)</b> | <b>-</b>           |
| Non-residential buildings                          | -                  | -                     | 22 552         | (22 552)         | -                  |
| Other fixed structures                             | -                  | -                     | 136 410        | (136 410)        | -                  |
| <b>TOTAL IMMOVABLE TANGIBLE CAPITAL<br/>ASSETS</b> | <b>-</b>           | <b>-</b>              | <b>158 962</b> | <b>(158 962)</b> | <b>-</b>           |



### 33.4 Capital Work-in-progress

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

|                                      | Note              | Opening balance<br>1 April 2017 | Current Year<br>WIP | Ready for<br>use (Assets<br>to the AR) | Closing<br>balance<br>31 March<br>2018 |
|--------------------------------------|-------------------|---------------------------------|---------------------|--|--|
|                                      | <i>Annexure 7</i> | R'000                           | R'000               | R'000                                  | R'000                                  |
| Buildings and other fixed structures |                   | 54 055                          | 105 604             | (107 488)                              | 52 171                                 |
| <b>TOTAL</b>                         |                   | <b>54 055</b>                   | <b>105 604</b>      | <b>(107 488)</b>                       | <b>52 171</b>                          |

| Age analysis on ongoing projects | Number of projects                      |                                     | 2018/19        |
|----------------------------------|---|-------------------------------------|----------------|
|                                  | Planned,<br>Construction not<br>started | Planned,<br>Construction<br>started | Total<br>R'000 |
| 1 to 3 Years                     | 13                                      | 19                                  | 52 171         |
| <b>Total</b>                     | <b>13</b>                               | <b>19</b>                           | <b>52 171</b>  |

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

|                                      | Note              | Opening balance<br>1 April 2017 | Prior period<br>error | Current Year<br>WIP | Ready for<br>use (Assets<br>to the AR) | Closing<br>balance<br>31 March<br>2018 |
|--------------------------------------|-------------------|---------------------------------|-----------------------|---------------------|--|--|
|                                      | <i>Annexure 7</i> | R'000                           | R'000                 | R'000               | R'000                                  | R'000                                  |
| Buildings and other fixed structures |                   | 75 803                          | -                     | 137 214             | (158 962)                              | 54 055                                 |
| <b>TOTAL</b>                         |                   | <b>75 803</b>                   | <b>-</b>              | <b>137 214</b>      | <b>(158 962)</b>                       | <b>54 055</b>                          |

### 34. Prior period errors

#### 34.1 Correction of prior period errors

|                                       | Note | Amount bef error<br>correction | Prior period<br>error | Restated<br>Amount |
|---------------------------------------|------|--------------------------------|-----------------------|--------------------|
|                                       |      | 2017/18                        | 2017/18               | 2017/18            |
|                                       |      | R'000                          | R'000                 | R'000              |
| <b>Assets:</b>                        |      |                                |                       |                    |
| Biological asset                      |      | 5 480                          | (15)                  | 5 465              |
| Minor Assets: Biological assets       |      | 4 315                          | 6                     | 4 321              |
| Machinery and equipment               |      | 230 071                        | (14 570)              | 215 501            |
| Minor assets: machinery and equipment |      | 38 713                         | (1 779)               | 36 934             |
| <b>Net effect</b>                     |      | <b>278 579</b>                 | <b>(16 358)</b>       | <b>262 221</b>     |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

|                                    | <i>Note</i> | Amount bef error<br>correction | Prior period<br>error | Restated<br>Amount |
|------------------------------------|-------------|--------------------------------|-----------------------|--------------------|
|                                    |             | 2017/18                        | 2017/18               | 2017/18            |
|                                    |             | R'000                          | R'000                 | R'000              |
| <b>Other:</b>                      |             |                                |                       |                    |
| Irregular expenditure              |             | 967                            | (5)                   | 962                |
| Fruitless and wasteful expenditure |             | 62                             | 5                     | 67                 |
| <b>Net effect</b>                  |             | <b>1 029</b>                   | <b>-</b>              | <b>1 029</b>       |

|                             | <i>Note</i> | Amount bef error<br>correction | Prior period<br>error | Restated<br>Amount |
|-----------------------------|-------------|--------------------------------|-----------------------|--------------------|
|                             |             | 2017/18                        | 2017/18               | 2017/18            |
|                             |             | R'000                          | R'000                 | R'000              |
| <b>Expenditure:</b>         |             |                                |                       |                    |
| Prepayment and advance paid |             | -                              | 3 452                 | 3 452              |
| <b>Net effect</b>           |             | <b>-</b>                       | <b>3 452</b>          | <b>3 452</b>       |

### 35. Inventories

#### 35.1 Inventories for the year ended 31 March 2019

|                                 | Farming Supplies | Materials and Supplies | Food and food supplies | Fuel, Oil & gas | Learn & teaching supply materials |
|---------------------------------|------------------|------------------------|------------------------|-----------------|-----------------------------------|
|                                 | R'000            | R'000                  | R'000                  | R'000           | R'000                             |
| Opening balance                 | -                | -                      | -                      | -               | -                                 |
| Add: Additions/Purchases – Cash | 106 365          | 18 971                 | 530                    | 1 826           | 29                                |
| (Less): Disposals               | -                | -                      | -                      | -               | -                                 |
| (Less): Issues                  | (106 365)        | (18 971)               | (530)                  | (1 826)         | (29)                              |
| <b>Closing balance</b>          | -                | -                      | -                      | -               | -                                 |

#### Inventories for the year ended 31 March 2019, continued

|                                 | Cloth materials & accessories | Medical Supplies | Medicine | Other Supplies | TOTAL     |
|---------------------------------|-------------------------------|------------------|----------|----------------|-----------|
|                                 | R'000                         | R'000            | R'000    | R'000          | R'000     |
| Opening balance                 | -                             | -                | -        | -              | -         |
| Add: Additions/Purchases – Cash | 42                            | 823              | 33 308   | 17 250         | 179 144   |
| (Less): Disposals               | -                             | -                | -        | -              | -         |
| (Less): Issues                  | (42)                          | (823)            | (33 308) | (17 250)       | (179 144) |
| <b>Closing balance</b>          | -                             | -                | -        | -              | -         |

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

|                                 | Farming Supplies | Materials and Supplies | Food and food supplies | Fuel, Oil & gas | Learn & teaching supply materials |
|---------------------------------|------------------|------------------------|------------------------|-----------------|-----------------------------------|
|                                 | R'000            | R'000                  | R'000                  | R'000           | R'000                             |
| Opening balance                 | -                | -                      | -                      | -               | -                                 |
| Add: Additions/Purchases – Cash | 121 705          | 10 359                 | 471                    | 810             | 6                                 |
| (Less): Disposals               | -                | -                      | -                      | -               | -                                 |
| (Less): Issues                  | (121 705)        | (10 359)               | (471)                  | (810)           | (6)                               |
| <b>Closing balance</b>          | -                | -                      | -                      | -               | -                                 |

**Inventories for the year ended 31 March 2018, continued**

|                                 | Cloth materials & accessories | Medical Supplies | Medicine | Other Supplies | TOTAL     |
|---------------------------------|-------------------------------|------------------|----------|----------------|-----------|
|                                 | R'000                         | R'000            | R'000    | R'000          | R'000     |
| Opening balance                 | -                             | -                | -        | -              | -         |
| Add: Additions/Purchases – Cash | 151                           | 1 096            | 32 202   | 8 235          | 175 035   |
| (Less): Disposals               | -                             | -                | -        | -              | -         |
| (Less): Issues                  | (151)                         | (1 096)          | (32 202) | (8 235)        | (175 035) |
| <b>Closing balance</b>          | -                             | -                | -        | -              | -         |

**36. STATEMENT OF CONDITIONAL GRANTS RECEIVED**

| NAME OF DEPARTMENT            | GRANT ALLOCATION                           |              |                  |                   |                 | SPENT                         |                        |  | 2017/18                 |                            |
|-------------------------------|--|--------------|------------------|-------------------|-----------------|-------------------------------|------------------------|--|-------------------------|----------------------------|
|                               | Division of Revenue Act/ Provincial Grants | Roll Overs   | DORA Adjustments | Other Adjustments | Total Available | Amount received by department | Under / (Overspending) | % of available funds spent by department | Division of Revenue Act | Amount spent by department |
|                               | R'000                                      | R'000        | R'000            | R'000             | R'000           | R'000                         | R'000                  | %  | R'000                   | R'000                      |
| CASP                          | 262 161                                    | 1 979        | 20 000           | -                 | 284 140         | 284 140                       | 22 435                 | 92%                                      | 248 996                 | 244 115                    |
| Land care                     | 10 966                                     | -            | 35 950           | -                 | 46 916          | 46 916                        | 12 778                 | 73%                                      | 11 812                  | 11 690                     |
| Letsema/Ilima                 | 71 263                                     | -            | -                | -                 | 71 263          | 71 263                        | 3 881                  | 93%                                      | 67 356                  | 67 282                     |
| Extended Public Works Program | 2 502                                      | -            | -                | -                 | 2 502           | 2 502                         | -                      | 100%                                     | 2 000                   | 2 000                      |
|                               | <b>346 892</b>                             | <b>1 979</b> | <b>55 950</b>    | <b>-</b>          | <b>404 821</b>  | <b>404 821</b>                | <b>39 094</b>          |  | <b>330 164</b>          | <b>325 087</b>             |

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

| DEPARTMENT/ AGENCY/ ACCOUNT       | TRANSFER ALLOCATION 2018/19        |                        |                      |                             | TRANSFER                    |   | 2017/18<br>Appropriation Act<br>R'000 |
|-----------------------------------|------------------------------------|------------------------|----------------------|-----------------------------|-----------------------------|---|---------------------------------------|
|                                   | Adjusted<br>Appropriation<br>R'000 | Roll<br>Overs<br>R'000 | Adjustments<br>R'000 | Total<br>Available<br>R'000 | Actual<br>Transfer<br>R'000 | % of<br>Available funds<br>Transferred<br>% |                                       |
|                                   |                                    |                        |                      |                             |                             |   |                                       |
| ECRDA                             | 167 975                            | -                      | -                    | 167 975                     | 167 975                     | 100%  | 166 390                               |
| Macadamia Nuts                    | 32 640                             | -                      | -                    | 32 640                      | 32 640                      | 100%  | 10 000                                |
| Red meat improvement( NAMAC)      | 3 046                              | -                      | -                    | 3 046                       | 3 046                       | 100%  | 3 000                                 |
| Magwa Rescue programme            | 53 313                             | -                      | 3 500                | 56 813                      | 56 813                      | 100%  | 45 059                                |
| Chris Hani Development Agency     | 2 889                              | -                      | -                    | 2 889                       | 2 889                       | 100%  | 3 658                                 |
| IDC/Nguni Cattle Development      | 11 954                             | -                      | -                    | 11 954                      | 11 954                      | 100%  | 7 000                                 |
| Agric. National Marketing Council | 8 645                              | -                      | (1 645)              | 7 000                       | 7 000                       | 100%  | -                                     |
| <b>TOTAL</b>                      | <b>280 462</b>                     | <b>-</b>               | <b>1 855</b>         | <b>282 317</b>              | <b>282 317</b>              |   | <b>235 107</b>                        |

**ANNEXURE 1B****STATEMENT OF TRANSFERS TO HIGHER EDUCATION INSTITUTIONS**

| NAME OF HIGHER EDUCATION INSTITUTION     | TRANSFER ALLOCATION             |                     |                       |                          |                          | TRANSFER                        |                                  |                              | 2017/18 |
|--|---------------------------------|---------------------|-----------------------|--------------------------|--------------------------|---------------------------------|----------------------------------|------------------------------|---------|
|  | Adjusted Appropriation<br>R'000 | Roll Overs<br>R'000 | Adjust-ments<br>R'000 | Total Available<br>R'000 | Actual Transfer<br>R'000 | Amount not transferred<br>R'000 | % of Available funds Transferred | Final Appropriation<br>R'000 |         |
| Fort Cox College (subsidy)               | 53 318                          | -                   | -                     | 53 318                   | 53 318                   | -                               | .00%                             | 50 396                       |         |
| Fort Cox College (Rural wealth creation) | -                               | -                   | -                     | -                        | -                        | -                               | -                                | 4 399                        |         |
| Fort Cox : Student bail-out              | -                               | -                   | 3 900                 | 3 900                    | 3 900                    | -                               | -                                | -                            |         |
| <b>TOTAL</b>                             | <b>53 318</b>                   | <b>-</b>            | <b>3 900</b>          | <b>57 218</b>            | <b>57 218</b>            | <b>-</b>                        | <b>-</b>                         | <b>54 795</b>                |         |

## ANNEXURE IC

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

| NAME OF PUBLIC CORPORATION/PRIVATE ENTERPRISE | TRANSFER ALLOCATION                       |                        |                      |                             | EXPENDITURE                 |  |                  | 2017/18<br>Final<br>Appropriation<br>R'000 |                  |
|---|---|------------------------|----------------------|-----------------------------|-----------------------------|--|------------------|--|------------------|
|   | Adjusted<br>Appropriation<br>Act<br>R'000 | Roll<br>Overs<br>R'000 | Adjustments<br>R'000 | Total<br>Available<br>R'000 | Actual<br>Transfer<br>R'000 | % of<br>Available<br>funds<br>Transferred<br>% | Capital<br>R'000 |  | Current<br>R'000 |
| <b>Private Enterprises</b>                    |   |                        |                      |                             |                             |  |                  |  |                  |
| <b>Transfers</b>                              |   |                        |                      |                             |                             |  |                  |  |                  |
| Blue Karoo Trust                              | 4 050                                     | -                      | -                    | 4 050                       | 4 050                       | 100%   | -                | 4 050                                      | 8 300            |
| Grain SA                                      | 9 600                                     | -                      | -                    | 9 600                       | 9 600                       | 100%   | -                | 9 600                                      | 9 600            |
| Grain Farmers Development Agency              | 8 064                                     | -                      | -                    | 8 064                       | 15 000                      | 186%   | -                | 15 000                                     | 8 064            |
| Growers Development Co.                       | 5 520                                     | -                      | -                    | 5 520                       | 5 520                       | 100%   | -                | 5 520                                      | 9 000            |
| <b>Total</b>                                  | <b>27 234</b>                             | <b>-</b>               | <b>-</b>             | <b>27 234</b>               | <b>34 170</b>               | <b>125.5%</b>                                  | <b>-</b>         | <b>34 170</b>                              | <b>34 964</b>    |

**ANNEXURE ID**  
**STATEMENT OF TRANSFERS TO NON-PROFIT INSTITUTIONS**

|                                | TRANSFER ALLOCATION 2018/19         |                     |                      |                          | EXPENDITURE              |                                  | 2017/18                    |
|--------------------------------|-------------------------------------|---------------------|----------------------|--------------------------|--------------------------|----------------------------------|----------------------------|
|                                | Adjusted Appropriation Act<br>R'000 | Roll overs<br>R'000 | Adjustments<br>R'000 | Total Available<br>R'000 | Actual Transfer<br>R'000 | % of Available funds transferred | Appropriation Act<br>R'000 |
| <b>NON-PROFIT INSTITUTIONS</b> |                                     |                     |                      |                          |                          |                                  |                            |
| <b>Transfers</b>               |                                     |                     |                      |                          |                          |                                  |                            |
| Deciduous Fruit                | -                                   | -                   | -                    | -                        | -                        | -                                | 7 480                      |
| <b>Total</b>                   |                                     |                     |                      |                          |                          |                                  | <b>7 480</b>               |



## ANNEXURE 1E

### STATEMENT OF TRANSFERS TO HOUSEHOLDS

|   | TRANSFER ALLOCATION                       |                        |                      |                             | EXPENDITURE                 |  | 2017/18<br>Appropriation<br>Act<br>R'000 |
|---|---|------------------------|----------------------|-----------------------------|-----------------------------|--|--|
|   | Adjusted<br>Appropriation<br>Act<br>R'000 | Roll<br>Overs<br>R'000 | Adjustments<br>R'000 | Total<br>Available<br>R'000 | Actual<br>Transfer<br>R'000 | % of<br>Available<br>funds<br>Transferred<br>% |  |
|   |   |                        |                      |                             |                             |  |  |
| <b>HOUSEHOLDS</b>                           |   |                        |                      |                             |                             |  |  |
| <b>Transfers</b>                            |   |                        |                      |                             |                             |  |  |
| Leave gratuity                              | 17 739                                    | -                      | -                    | 17 739                      | 17 739                      | 100%   | 21 961                                   |
| RID/REID: Rural Livelihoods                 | -   | -                      | -                    | -                           | -                           | -  | 2 000                                    |
| Claims against the state: Arbitration award | 502                                       | -                      | -                    | 502                         | 502                         | 100%   | 53                                       |
| University of Fort Hare                     | 1 900                                     | -                      | -                    | 1 900                       | 1 900                       | 100%   | 1 900                                    |
| Injury on duty                              | -   | -                      | -                    | -                           | 10                          | -  | -  |
| <b>Total</b>                                | <b>20 141</b>                             | <b>-</b>               | <b>-</b>             | <b>20 141</b>               | <b>20 151</b>               | <b>-</b>                                       | <b>25 914</b>                            |

**ANNEXURE 1F**

**STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED**

| NAME OF ORGANISATION                       | NATURE OF GIFT, DONATION OR SPONSORSHIP | 2018/19  | 2017/18    |
|--|---|----------|------------|
|  |   | R'000    | R'000      |
| Received in kind                           |   |          |            |
| Dept. of Agriculture, Fisheries & Forestry | Library books                           | -        | 862        |
| <b>TOTAL</b>                               |   | <b>-</b> | <b>862</b> |

**ANNEXURE 1G****STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE**

| NATURE OF GIFT, DONATION OR SPONSORSHIP                     | 2018/19    | 2017/18    |
|---|------------|------------|
|   | R'000      | R'000      |
| <b>Made in kind</b>   |            |            |
| Donations (livestock) for numerous events and beneficiaries | 225        | 158        |
| Livestock improvement scheme                                | 76         | 12         |
| <b>TOTAL</b>  | <b>301</b> | <b>170</b> |

**ANNEXURE 2****STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO ENTITIES**

| Name of Public Entity      | Nature of business             | Cost of investment |          | Net Asset value of investment |               | Amounts owing to Entities |          | Amounts owing by Entities |              |
|----------------------------|--------------------------------|--------------------|----------|-------------------------------|---------------|---------------------------|----------|---------------------------|--------------|
|                            |                                | R'000              |          | R'000                         |               | R'000                     |          | R'000                     |              |
|                            |                                | 2018/19            | 2017/18  | 2018/19                       | 2017/18       | 2018/19                   | 2017/18  | 2018/19                   | 2017/18      |
| <b>Controlled entities</b> |                                |                    |          |                               |               |                           |          |                           |              |
| Magwa Tea                  | Planting and harvesting of tea | -                  | -        | 18 576                        | 14 447        | -                         | -        | -                         | 5 385        |
| <b>TOTAL</b>               |                                | <b>-</b>           | <b>-</b> | <b>18 576</b>                 | <b>14 447</b> | <b>-</b>                  | <b>-</b> | <b>-</b>                  | <b>5 385</b> |

The government has 100% ownership of Magwa Enterprise Tea which was held by Eastern Cape Development Corporation (ECDC). The ownership of Magwa Enterprise Teas was transferred to the department during the year under review. The department holds 100 shares valued at R1 per share. A shareholder's loan amounting to R5 million was also ceded to department.

Due to the nature of the AFS template, the value of the share round up to zero and it is not reflected in the template.

**ANNEXURE 3A****STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2019 – LOCAL**

| Guarantor institution | Original guaranteed capital amount | Opening balance 1 April 2018 | Guarantees draw downs during the year | Guarantees repayments/ cancelled/ reduced/ released during the year | Revaluations | Closing balance 31 March 2019 | Guaranteed interest for year ended 31 March 2019 | Realised losses not recoverable i.e. claims paid out |
|-----------------------|------------------------------------|------------------------------|---------------------------------------|---|--------------|-------------------------------|--|--|
|                       | R'000                              | R'000                        | R'000                                 | R'000   | R'000        | R'000                         | R'000  | R'000  |
| <b>Housing</b>        |                                    |                              |                                       |   |              |                               |  |  |
| Standard Bank         | -                                  | 233                          | -                                     | (70)  | -            | 163                           | -  | -  |
| Nedbank               | -                                  | 49                           | -                                     | (28)  | -            | 21                            | -  | -  |
| FirstRand Bank        | -                                  | 43                           | -                                     | (24)  | -            | 19                            | -  | -  |
| ABSA                  | -                                  | 314                          | -                                     | (190)   | -            | 124                           | -  | -  |
| Unique Bank           | -                                  | 4                            | 12                                    | (9)   | -            | 7                             | -  | -  |
| <b>TOTAL</b>          | <b>-</b>                           | <b>643</b>                   | <b>12</b>                             | <b>(321)</b>  | <b>-</b>     | <b>334</b>                    | <b>-</b>   | <b>-</b>   |

## UNAUDITED ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

## ANNEXURE 3B

## STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 20

| Nature of Liability                                | Opening Balance<br>1 April 2018 | Liabilities incurred<br>during the year | Liabilities paid/<br>cancelled/reduced<br>during the year | Liabilities<br>recoverable (Provide<br>details hereunder) | Closing<br>Balance<br>31 March 2019 |
|--|---------------------------------|---|---|---|-------------------------------------|
|  | R'000                           | R'000                                   | R'000   | R'000   | R'000                               |
| <b>Claims against the department</b>               |                                 |   |   |   |                                     |
| JM Ngxiya  | 102                             | -                                       | -   | -   | 102                                 |
| Gungwana Ntyhanga                                  | 5                               | -                                       | -   | -   | 5                                   |
| Zimasile Ncamiso                                   | 50                              | -                                       | -   | -   | 50                                  |
| Thomas Construction                                | 95                              | -                                       | -   | -   | 95                                  |
| Ntuli Flora Novusile                               | 50                              | -                                       | -   | -   | 50                                  |
| Ntuli Mphakamisi / Minister of Dept of Agriculture | 5                               | -                                       | -   | -   | 5                                   |
| Xplosive Investments 902cc                         | 50                              | -                                       | -   | -   | 50                                  |
| Sammy B Mandeane/DRDAR                             | 50                              | -                                       | (50)  | -   | -                                   |
| Ukhahlamba District Municipality                   | 5                               | -                                       | (5)   | -   | -                                   |
| L. Sibanyoni                                       | 50                              | -                                       | -   | -   | 50                                  |
| Eagles Multi-purpose Primary Co-operative          | 4 983                           | -                                       | -   | -   | 4 983                               |
| Lukhanyo Fesi                                      | 100                             | -                                       | -   | -   | 100                                 |
| Umuhle Development                                 | 100                             | -                                       | -   | -   | 100                                 |
| N. Stemele   | 150                             | -                                       | -   | -   | 150                                 |
| Zimele Sandi & 3 others                            | 100                             | -                                       | -   | -   | 100                                 |
| Nozipho Hlongwane                                  | 12 200                          | -                                       | -   | -   | 12 200                              |
| Ayabulela Ngoqo                                    | 58                              | -                                       | -   | -   | 58                                  |
| Mfuneko Sikunyana                                  | 20                              | -                                       | -   | -   | 20                                  |
| Easten Cape Development Corporation                | 565                             | -                                       | -   | -   | 565                                 |
| Ningiza Homer Inc/ ECATU& Premier EC               | 749                             | -                                       | -   | -   | 749                                 |
| Nokwanda Ndlebe/ MEC for DRDAR                     | 350                             | -                                       | -   | -   | 350                                 |
| Robert Boakye Yladom / MEC for DRDAR               | 50                              | -                                       | -   | -   | 50                                  |
| Manelisi Zukile Somhlahlol/ MEC for DRDAR & Ather  | 100                             | -                                       | -   | -   | 100                                 |

## UNAUDITED ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

| Nature of Liability                         | Opening Balance<br>1 April 2018 | Liabilities incurred<br>during the year | Liabilities paid/<br>cancelled/reduced<br>during the year | Liabilities<br>recoverable (Provide<br>details hereunder) | Closing<br>Balance<br>31 March 2019 |
|---|---------------------------------|---|---|---|-------------------------------------|
|   | R'000                           | R'000                                   | R'000   | R'000   | R'000                               |
| Emthonjeni Agricultural & Irrigation System | 4 410                           | -                                       | 4 410   | -   | -                                   |
| L Musisi                                    | 100                             | -                                       | -   | -   | 100                                 |
| Azile Ndaba                                 | 200                             | -                                       | -   | -   | 200                                 |
| Manengele                                   | 50                              | -                                       | -   | -   | 50                                  |
| Malibongwe Mayekiso                         | 100                             | -                                       | -   | -   | 100                                 |
| Sizwe Mayekiso                              | 100                             | -                                       | -   | -   | 100                                 |
| Siphindilela Majjobela                      | 100                             | -                                       | -   | -   | 100                                 |
| Ntobeko Weber                               | 50                              | -                                       | -   | -   | 50                                  |
| A Mtati                                     | 50                              | -                                       | -   | -   | 50                                  |
| Goishana & Nehawu                           | 100                             | -                                       | -   | -   | 100                                 |
| TO Molefe                                   | 100                             | -                                       | -   | -   | 100                                 |
| Rentworks Africa                            | 1 410                           | -                                       | -   | -   | 1 410                               |
| Luphawu Constradction                       | 50                              | -                                       | -   | -   | 50                                  |
| SM KOTO                                     | -                               | 100                                     | -   | -   | 100                                 |
| Ncora irrigation                            | -                               | 100                                     | -   | -   | 100                                 |
| TM Ngaliwa                                  | -                               | 773                                     | -   | -   | 773                                 |
| Neliswa Manuqalaza                          | -                               | 50                                      | -   | -   | 50                                  |
| Nonceba Princess Goniwe                     | -                               | 50                                      | -   | -   | 50                                  |
| Zanele Mpondlana                            | -                               | 50                                      | -   | -   | 50                                  |
| <b>Subtotal</b>                             | <b>26 807</b>                   | <b>1 123</b>                            | <b>4 465</b>  | <b>-</b>  | <b>23 465</b>                       |

## ANNEXURE 4

### CLAIMS RECOVERABLE

| Government Entity                 | Confirmed balance outstanding |                     | Unconfirmed balance outstanding |                     | Total               |                     | Cash in transit at year end 2017/18                             |                 |
|-----------------------------------|-------------------------------|---------------------|---------------------------------|---------------------|---------------------|---------------------|---|-----------------|
|                                   | 31/03/2019<br>R'000           | 31/03/2018<br>R'000 | 31/03/2019<br>R'000             | 31/03/2018<br>R'000 | 31/03/2019<br>R'000 | 31/03/2018<br>R'000 | Receipt date up<br>to six (6) working<br>days after year<br>end | Amount<br>R'000 |
| <b>Department</b>                 |                               |                     |                                 |                     |                     |                     |   |                 |
| TARDI: Revitalisation of Colleges | -                             | 3 085               | -                               | -                   | -                   | 3 085               | -   | -               |
| Provincial Treasury               | -                             | -                   | 424                             | -                   | 424                 | -                   | -   | -               |
| ECRDA                             | -                             | -                   | 380                             | -                   | 380                 | -                   | -   | -               |
| SARS                              | 2 876                         | -                   | -                               | -                   | 2 876               | -                   | -   | -               |
| <b>Sub-total</b>                  | <b>2 876</b>                  | <b>3 085</b>        | <b>804</b>                      | <b>-</b>            | <b>3 680</b>        | <b>3 085</b>        | <b>-</b>  | <b>-</b>        |



UNAUDITED ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

| Government Entity     | Confirmed balance outstanding |                     | Unconfirmed balance outstanding |                     | Total               |                     | Cash in transit at year end 2017/18                             |                 |
|-----------------------|-------------------------------|---------------------|---------------------------------|---------------------|---------------------|---------------------|---|-----------------|
|                       | 31/03/2019<br>R'000           | 31/03/2018<br>R'000 | 31/03/2019<br>R'000             | 31/03/2018<br>R'000 | 31/03/2019<br>R'000 | 31/03/2018<br>R'000 | Receipt date up<br>to six (6) working<br>days after year<br>end | Amount<br>R'000 |
| <b>Other Entities</b> |                               |                     |                                 |                     |                     |                     |   |                 |
| Microsoft             | 5 316                         | -                   | -                               | -                   | 5 316               | -                   | -   | -               |
| <b>Sub-total</b>      | <b>5 316</b>                  | <b>-</b>            | <b>-</b>                        | <b>-</b>            | <b>5 316</b>        | <b>-</b>            | <b>-</b>  | <b>-</b>        |
| <b>GRAND TOTAL</b>    | <b>8 192</b>                  | <b>3 085</b>        | <b>804</b>                      | <b>-</b>            | <b>8 996</b>        | <b>3 085</b>        | <b>-</b>  | <b>-</b>        |

## ANNEXURE 5 INTER-GOVERNMENT PAYABLES

| GOVERNMENT ENTITY                         | Confirmed balance outstanding |                     | Unconfirmed balance outstanding |                     | TOTAL               |                     | Cash in transit at year end 2017/18<br>Payment date up to six (6) working days before year end | Amount<br>R'000 |
|---|-------------------------------|---------------------|---------------------------------|---------------------|---------------------|---------------------|--|-----------------|
|   | 31/03/2019<br>R'000           | 31/03/2018<br>R'000 | 31/03/2019<br>R'000             | 31/03/2018<br>R'000 | 31/03/2019<br>R'000 | 31/03/2018<br>R'000 |  |                 |
| <b>DEPARTMENT : Current</b>               |                               |                     |                                 |                     |                     |                     |  |                 |
| Department of Trade and Industry          | -                             | -                   | 27                              | -                   | 27                  | -                   | -  | -               |
| Department of Health                      | 17                            | 28                  | -                               | -                   | 17                  | 28                  | -  | -               |
| Department of labour                      | 10                            | -                   | -                               | -                   | 10                  | -                   | -  | -               |
| Department of International Relations     | 14                            | -                   | -                               | -                   | 14                  | -                   | -  | -               |
| Department of Local Government            | -                             | 9                   | -                               | -                   | -                   | 9                   | -  | -               |
| Department of Public Works                | 23                            | -                   | -                               | -                   | 23                  | -                   | -  | -               |
| <b>Sub-total</b>                          |                               |                     |                                 |                     | <b>64</b>           | <b>37</b>           | <b>27</b>  | <b>91</b>       |
|   |                               |                     |                                 |                     |                     |                     |  | <b>37</b>       |
| <b>OTHER GOVERNMENT ENTITIES: Current</b> |                               |                     |                                 |                     |                     |                     |  |                 |
| AGRISETA                                  | 57                            | 113                 | -                               | -                   | 57                  | 113                 | -  | -               |
| HWSETA                                    | 3 368                         | 391                 | -                               | -                   | 3 368               | 391                 | -  | -               |
| Mhlonto Municipality                      | 165                           | 608                 | -                               | -                   | 165                 | 608                 | -  | -               |
| OR Tambo Municipality                     | 5                             | 1                   | -                               | -                   | 5                   | 1                   | -  | -               |
| Other                                     | 2                             | 1                   | -                               | -                   | 2                   | 1                   | -  | -               |
| <b>Total</b>                              | <b>3 597</b>                  | <b>1 114</b>        | <b>-</b>                        | <b>-</b>            | <b>3 597</b>        | <b>1 114</b>        | <b>-</b>   | <b>-</b>        |
| <b>Grand Total</b>                        | <b>3 661</b>                  | <b>1 151</b>        | <b>27</b>                       | <b>-</b>            | <b>3 688</b>        | <b>1 151</b>        | <b>-</b>   | <b>-</b>        |

## UNAUDITED ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

## ANNEXURE 6

## INVENTORIES

| Inventory: summary                                  | Note | 2018/19   |           | 2017/18   |           |
|---|------|-----------|-----------|-----------|-----------|
|   |      | R'000     | R'000     | R'000     | R'000     |
| Opening balance                                     |      | -         | -         | -         | -         |
| Add: Additions/Purchases - Cash                     | 5.4  | 179 144   | 179 144   | 175 035   | 175 035   |
| (Less): Issues                                      |      | (179 144) | (179 144) | (175 035) | (175 035) |
| <b>Closing balance</b>                              |      | -         | -         | -         | -         |
| <b>Inventory: Cloth materials &amp; accessories</b> |      |           |           |           |           |
| Opening balance                                     |      | -         | -         | -         | -         |
| Add: Additions/Purchases - Cash                     | 5.4  | 42        | 42        | 151       | 151       |
| (Less): Issues                                      |      | (42)      | (42)      | (151)     | (151)     |
| <b>Closing balance</b>                              |      | -         | -         | -         | -         |
| <b>Inventory: Farming supplies</b>                  |      |           |           |           |           |
| Opening balance                                     |      | -         | -         | -         | -         |
| Add: Additions/Purchases - Cash                     | 5.4  | 106 365   | 106 365   | 121 705   | 121 705   |
| (Less): Issues                                      |      | (106 365) | (106 365) | (121 705) | (121 705) |
| <b>Closing balance</b>                              |      | -         | -         | -         | -         |
| <b>Inventory: Food and food supplies</b>            |      |           |           |           |           |
| Opening balance                                     |      | -         | -         | -         | -         |
| Add: Additions/Purchases - Cash                     | 5.4  | 530       | 530       | 471       | 471       |
| (Less): Issues                                      |      | (530)     | (530)     | (471)     | (471)     |
| <b>Closing balance</b>                              |      | -         | -         | -         | -         |

## UNAUDITED ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

|   | Note | 2018/19  | 2017/18   |
|---|------|----------|-----------|
|   |      | R'000    | R'000     |
| <b>Inventory: Fuel, Oil &amp; Gas</b>                   |      |          |           |
| Opening balance   |      | -        | -         |
| Add: Additions/Purchases - Cash                         | 5.4  | 1 826    | 810       |
| (Less): Issues  |      | (1826)   | (810)     |
| <b>Closing balance</b>                                  |      | -        | -         |
| <b>Inventory: Learn &amp; teaching supply materials</b> |      |          |           |
| Opening balance   |      | -        | -         |
| Add: Additions/Purchases - Cash                         | 5.4  | 29       | 6         |
| (Less): Issues  |      | (29)     | (6)       |
| <b>Closing balance</b>                                  |      | -        | -         |
| <b>Inventory: Materials and supplies</b>                |      |          |           |
| Opening balance   |      | -        | -         |
| Add: Additions/Purchases - Cash                         | 5.4  | 18 971   | 10 359    |
| (Less): Issues  |      | (18 971) | (10 359)) |
| <b>Closing balance</b>                                  |      | -        | -         |
| <b>Inventory: Medical supplies</b>                      |      |          |           |
| Opening balance   |      | -        | -         |
| Add: Additions/Purchases - Cash                         | 5.4  | 823      | 1 096     |
| (Less): Issues  |      | (823)    | (1 096)   |
| <b>Closing balance</b>                                  |      | -        | -         |

## UNAUDITED ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

|                                  | Note | 2018/19  | 2017/18  |
|----------------------------------|------|----------|----------|
|                                  |      | R'000    | R'000    |
| <b>Inventory: Medicine</b>       |      |          |          |
| Opening balance                  |      | -        | -        |
| Add: Additions/Purchases - Cash  | 5.4  | 33 308   | 32 202   |
| (Less): Issues                   |      | (33 308) | (32 202) |
| <b>Closing balance</b>           |      | -        | -        |
| <b>Inventory: Other supplies</b> |      |          |          |
| Opening balance                  |      | -        | -        |
| Add: Additions/Purchases - Cash  | 5.4  | 17 250   | 8 235    |
| (Less): Issues                   |      | (17 250) | (8 235)  |
| <b>Closing balance</b>           |      | -        | -        |

**ANNEXURE 7****MOVEMENT IN CAPITAL WORK IN PROGRESS FOR THE YEAR ENDED 31 MARCH 2019**

|   | Opening balance | Current Year Capital WIP | Ready for use (Asset register) | Closing balance |
|---|-----------------|--------------------------|--------------------------------|-----------------|
|   | R'000           | R'000                    | R'000                          | R'000           |
| <b>BUILDINGS AND OTHER FIXED STRUCTURES</b> | <b>54 055</b>   | <b>105 604</b>           | <b>(107 488)</b>               | <b>52 171</b>   |
| Non-residential buildings                   | 5 726           | 17 493                   | (6 774)                        | 16 445          |
| Other fixed structures                      | 48 328          | 88 111                   | (100 714)                      | 35 726          |
| <b>TOTAL</b>                                | <b>54 055</b>   | <b>105 604</b>           | <b>(107 488)</b>               | <b>52 171</b>   |

|   | Number of projects                      |                                  | 2018/19<br>Total<br>R'000 |
|---|---|----------------------------------|---------------------------|
|   | Planned,<br>Construction not<br>started | Planned,<br>Construction started |                           |
| <b>Age analysis on ongoing projects</b> |   |                                  |                           |
| 1 to 3 Years                            | 13                                      | 19                               | 52 171                    |
| <b>Total</b>                            | <b>13</b>                               | <b>19</b>                        | <b>52 171</b>             |

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

|   | Opening balance<br>R'000 | Prior period error<br>R'000 | Current Year Capital<br>WIP<br>R'000 | Ready for use (Asset<br>register)<br>R'000 | Closing balance<br>R'000 |
|---|--------------------------|-----------------------------|--------------------------------------|--|--------------------------|
| <b>BUILDINGS AND OTHER FIXED STRUCTURES</b> |                          |                             |                                      |  |                          |
| Non-residential buildings                   | -                        | -                           | -                                    | -  | -                        |
| Other fixed structures                      | 75 803                   | -                           | 137 214                              | (158 962)                                  | 54 055                   |
| <b>TOTAL</b>                                | <b>75 803</b>            | <b>-</b>                    | <b>137 214</b>                       | <b>(158 962)</b>                           | <b>54 055</b>            |

