

# Vote 3

## Agriculture and Rural Development

R thousand	2017/18			
	Main appropriation	Adjusted appropriation	Decrease	Increase
Operational budget	2 195 242	2 195 242		
MEC remuneration <sup>1</sup>	1 902	1 902		
<b>Total amount to be appropriated</b>	<b>2 197 144</b>	<b>2 197 144</b>		
<i>of which:</i>				
Current payments	1 806 173	1 750 425	(55 748)	
Transfers and subsidies	269 631	292 873		23 242
Payments for capital assets	121 340	153 846		32 506
Payments for financial assets	-	-		
Responsible MEC	MEC for Agriculture and Rural Development			
Administering department	Agriculture and Rural Development			
Accounting Officer	Head: Agriculture and Rural Development			

### 1. Vision and mission

#### Vision

The vision of the Department of Agriculture and Rural Development (DARD) is: *An inclusive, sustainable and radically transformed agricultural sector that builds thriving communities in balance with nature.*

#### Mission statement

The department's mission is: *To advance sound agricultural practices that stimulate comprehensive economic growth, food security and advancement of rural communities.*

### 2. Strategic objectives

**Strategic policy direction:** The department has reviewed its strategy and the realigned strategic direction will be biased towards food security at subsistence and household level, thereby addressing poverty, inequality and unemployment.

The department has set the following goals and strategic objectives in order to achieve this:

- **Corporate governance and integrated service delivery:** Provision of sound and transparent corporate and financial management systems.
- **Develop and promote the agricultural potential in KwaZulu-Natal:** Promotion of optimal agricultural production for improved economic development and job creation.
- **Sustainable natural environmental management:** Promotion of natural resource conservation for improved agricultural production.
- **Promote sustainable rural livelihoods:** Improve access to services in rural areas through co-ordination.

<sup>1</sup>At the time of going to print, the proclamation determining the 2017 salary adjustment relating to public office bearers had not been signed, hence this amount remains unchanged from the 2017/18 EPRE.

### 3. Summary of adjusted estimates for the 2017/18 financial year

The main appropriation of the department amounted to R2.197 billion in 2017/18. During the year, the department did not receive any additional allocations.

The main reasons for various virements and shifts undertaken by the department are summarised below, and explained in detail in Section 4.

- *Virement between programmes:* The following virements were undertaken across programmes:
  - Savings of R6.913 million were identified under Programme 2: Agriculture against *Compensation of employees* due to vacant posts such as Director: District Agricultural Services, Director: Veterinary Services, Director: Training Institutes, Animal Health Technicians, Lecturers, Engineers, as well as officials at various levels exiting the department during the year. These savings were moved to Programme 1: Administration against *Goods and services* for computer services in respect of the migration to Microsoft that was not finalised in 2016/17 and hence was carried over into 2017/18.
  - Savings of R5.186 million were identified under Programme 3: Rural Development against *Goods and services* in respect of the implementation of the Unemployed Agricultural Graduates Youth Programme (UAGYP), which relates to the communication, set-up and management of the youth portal on the departmental website, partnership with the Future Farmers Foundation to place graduates, to provide mentorship, etc., effective from December 2017. These savings were due to the implementation of various planned activities, including recruitment of contract workers to provide administrative support, being behind schedule. These funds were moved to Programme 2 against *Goods and services* to augment funding for agricultural inputs.

In addition to the above virements across programmes, the department undertook extensive virements within programmes, affecting sub-programmes, sub-sub-programmes and economic classifications, details of which are provided per programme in Section 4. Some of the virements within programmes require Legislature approval, and these are highlighted in grey shading under the relevant programmes.

The virement of R5.186 million from Programme 3 to Programme 2 exceeds the 8 per cent limit in terms of the transferring programme, and therefore Legislature approval is required.

- *Shifts:* The department undertook the following shifts:
  - R3.732 million was shifted within *Compensation of employees* from Programme 2 to Programme 3 in respect of the correct placement of officials following the matching and placing of staff, such as Agricultural Economists, into the new organisational structure against Programme 3. The purpose of the funds remains unchanged.
  - An amount of R28.650 million was shifted from *Goods and services* to *Transfers and subsidies to: Public corporations and private enterprises* as follows:
    - R26.426 million was shifted within Programme 2 in respect of planned projects such as Mbangweni Beef Project, Nozinkanyiso, Mpofana Land Reform Cluster and Siyathuthuka Farms which will receive direct grant funding instead of being implemented by the department.
    - R2.224 million was shifted within Programme 3 in respect of the UAGYP where the department has a partnership with the Future Farmers Foundation to place 50 unemployed graduates at various farms so that they can receive mentoring, training and experience.

Tables 3.1 and 3.2 reflect a summary of the 2017/18 adjusted appropriation of the department, summarised according to programme and economic classification.

Note that further details of adjustments at economic classification level are provided in *Annexure – Vote 3: Agriculture and Rural Development*.

Table 3.1 : Summary by programmes

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Administration	510 164	-	-	6 913	-	-	6 913	517 077
2. Agriculture	1 655 274	-	-	(1 727)	(3 732)	-	(5 459)	1 649 815
3. Rural Development	31 706	-	-	(5 186)	3 732	-	(1 454)	30 252
<b>Total</b>	<b>2 197 144</b>	-	-	-	-	-	-	<b>2 197 144</b>
Amount to be voted								-

Table 3.2 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
<b>Current payments</b>	<b>1 806 173</b>	-	-	(27 098)	(28 650)	-	(55 748)	1 750 425
Compensation of employees	1 125 922	-	-	(110 952)	-	-	(110 952)	1 014 970
Goods and services	680 176	-	-	83 552	(28 650)	-	54 902	735 078
Interest and rent on land	75	-	-	302	-	-	302	377
<b>Transfers and subsidies to:</b>	<b>269 631</b>	-	-	(5 408)	28 650	-	23 242	292 873
Provinces and municipalities	1 586	-	-	12	-	-	12	1 598
Departmental agencies and accounts	137 820	-	-	(13 613)	-	-	(13 613)	124 207
Higher education institutions	-	-	-	44	-	-	44	44
Foreign governments and international organisations	-	-	-	-	-	-	-	-
Public corporations and private enterprises	106 798	-	-	6 050	28 650	-	34 700	141 498
Non-profit institutions	11 023	-	-	-	-	-	-	11 023
Households	12 404	-	-	2 099	-	-	2 099	14 503
<b>Payments for capital assets</b>	<b>121 340</b>	-	-	32 506	-	-	32 506	153 846
Buildings and other fixed structures	77 897	-	-	33 173	-	-	33 173	111 070
Machinery and equipment	42 715	-	-	(1 447)	-	-	(1 447)	41 268
Heritage assets	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-
Biological assets	668	-	-	204	-	-	204	872
Land and subsoil assets	-	-	-	-	-	-	-	-
Software and other intangible assets	60	-	-	576	-	-	576	636
<b>Payments for financial assets</b>	-	-	-	-	-	-	-	-
<b>Total</b>	<b>2 197 144</b>	-	-	-	-	-	-	<b>2 197 144</b>
Amount to be voted								-

#### 4. Changes to programme purposes and service delivery measures

The department has not changed the purpose of any of its programmes.

It is noted that there have been few minor changes to service delivery measures, as well as new performance indicators introduced, to align the targets originally published in the 2017/18 *EPRE* with the department's APP, which was published after the 2017/18 *EPRE*.

##### 4.1 Programme 1: Administration

The primary role of Programme 1 is to support the line function components of the department in achieving their goals.

Tables 3.3 and 3.4 summarise the 2017/18 adjusted appropriation of Programme 1, summarised according to sub-programme and economic classification.

Details of the main adjustments, which resulted in an overall increase of R6.913 million, are given in the paragraphs following the tables.

Table 3.3 : Programme 1: Administration

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Office of the MEC	15 342	-	-	-	-	-	-	15 342
2. Senior Management	42 249	-	-	(6 987)	-	-	(6 987)	35 262
3. Corporate Services	247 141	-	-	27 552	-	-	27 552	274 693
4. Financial Management	176 864	-	-	(11 383)	-	-	(11 383)	165 481
5. Communication Services	28 568	-	-	(2 269)	-	-	(2 269)	26 299
<b>Total</b>	<b>510 164</b>	-	-	6 913	-	-	6 913	517 077
Amount to be voted								6 913

Table 3.4 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation	
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts			Other adjustments
<b>Current payments</b>	<b>451 954</b>	-	-	<b>7 362</b>	-	-	<b>7 362</b>	<b>459 316</b>
Compensation of employees	229 785			(18 925)			(18 925)	210 860
Goods and services	222 169			25 985			25 985	248 154
Interest and rent on land				302			302	302
<b>Transfers and subsidies to:</b>	<b>8 561</b>	-	-	<b>962</b>	-	-	<b>962</b>	<b>9 523</b>
Provinces and municipalities	850						-	850
Departmental agencies and accounts	2 871						-	2 871
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises							-	-
Non-profit institutions							-	-
Households	4 840			962			962	5 802
<b>Payments for capital assets</b>	<b>49 649</b>	-	-	<b>(1 411)</b>	-	-	<b>(1 411)</b>	<b>48 238</b>
Buildings and other fixed structures	26 759						-	26 759
Machinery and equipment	22 890			(1 411)			(1 411)	21 479
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
<b>Payments for financial assets</b>							-	-
<b>Total</b>	<b>510 164</b>	-	-	<b>6 913</b>	-	-	<b>6 913</b>	<b>517 077</b>
<b>Amount to be voted</b>								<b>6 913</b>

### Virement – Programme 1: Administration: R6.913 million

Various virements were undertaken in respect of Programme 1, resulting in an increase of R6.913 million in the main appropriation as follows:

- Savings of R6.913 million were identified under Programme 2 against *Compensation of employees* due to vacant posts as detailed under Programme 2, as well as officials at various levels exiting the department during the year. These savings were moved to this programme in the Corporate Services sub-programme against *Goods and services* in respect of computer services for the migration to Microsoft which was not finalised in 2016/17 and hence was carried over into the current year, as well as to provide for protective clothing for General Workers, Artisans and Farm Aids as there was inadequate provision made in the main budget.
- Additional virements were undertaken within the programme, resulting in a reduction in the Senior Management, Financial Management and Communications sub-programmes, mainly in respect of vacant posts as explained below:
  - Savings of R20.336 million were identified within the programme as follows:
    - Savings of R18.925 million were identified from *Compensation of employees* across all four sub-programmes, except the Office of the MEC sub-programme due to delays in the filling of vacant budgeted posts such as Director: SCM, Director: Monitoring and Evaluation, Chief Director: Agricultural Services, among others.
    - Savings of R1.411 million were identified from *Machinery and equipment* in respect of office machinery and equipment which will not be purchased until the above-mentioned posts are filled. Also impacting was a review done on equipment requirements in line with cost-cutting.

These savings were moved as follows:

- An amount of R19.072 million was moved to *Goods and services* within the programme to fund computer services for the migration to Microsoft (R12.300 million) which was not finalised by 31 March 2017 and hence was carried over into the current year, protective clothing (R3.931 million) for General Workers, Artisans and Farm Aids as there was inadequate provision made in the main budget, and increased telecommunications and security costs (R2.841 million).
- R302 000 was moved to *Interest and rent on land* for the payment of penalties in the form of interest to SARS. This emanates from back dated salary adjustments which were recorded by SARS as arrear PAYE payments because the payments were for prior tax periods.

- o The balance of R962 000 was moved to *Transfers and subsidies to: Households* within Programme 1, in respect of higher than anticipated staff exit costs.

The above virements account for the movements across sub-programmes, and are permissible in terms of the PFMA and Treasury Regulations. The reduction in *Machinery and equipment* does not require Legislature approval, as the Vote as a whole does not show a decrease against *Payments for capital assets*.

## 4.2 Programme 2: Agriculture

The information for the programme is given at sub-programme and sub-sub-programme level because of the level of detail required by the sector. Programme 2 has two main core functions, namely Agriculture and Veterinary Services. Agriculture encompasses crop production, livestock farming, land use and land reform (a national priority run by DARD at provincial level). Veterinary services entails animal disease control, prevention of zoonotic diseases, and ensuring safety of food products of animal origin. Tables 3.5 and 3.6 summarise the 2017/18 adjusted appropriation of Programme 2 according to sub-programme, sub-sub programme and economic classification. Details of the main adjustments, which resulted in an overall decrease of R5.459 million, are provided in the paragraphs following the tables.

**Table 3.5 : Programme 2: Agriculture**

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
<b>1. Sustainable Resource Management</b>	<b>101 490</b>	-	-	(21 072)	-	-	(21 072)	<b>80 418</b>
Engineering Services	38 473			(24 072)			(24 072)	14 401
Land Care	45 013						-	45 013
Land Use Management	14 281						-	14 281
Disaster Risk Management	3 723			3 000			3 000	6 723
<b>2. Farmer Support and Development</b>	<b>1 067 071</b>	-	-	(13 800)	(3 732)	-	(17 532)	<b>1 049 539</b>
Farmer-Settlement and Development	265 788			55 748			55 748	321 536
Extension and Advisory Services	601 283			(68 126)	(3 732)		(71 858)	529 425
Food Security	200 000			(1 422)			(1 422)	198 578
<b>3. Veterinary Services</b>	<b>163 348</b>	-	-	<b>21 892</b>	-	-	<b>21 892</b>	<b>185 240</b>
Animal Health	123 405			21 892			21 892	145 297
Veterinary Public Health	9 380			(800)			(800)	8 580
Veterinary Laboratory Services	30 563			800			800	31 363
<b>4. Research and Technology Development Services</b>	<b>191 848</b>	-	-	<b>21 534</b>	-	-	<b>21 534</b>	<b>213 382</b>
Research	121 429			2 735			2 735	124 164
Infrastructure Support Services	70 419			18 799			18 799	89 218
<b>5. Agricultural Economic Services</b>	<b>8 063</b>	-	-	<b>679</b>	-	-	<b>679</b>	<b>8 742</b>
Agri-Business Support and Development	8 063			679			679	8 742
<b>6. Structured Agricultural Education and Training</b>	<b>123 454</b>	-	-	<b>(10 960)</b>	-	-	<b>(10 960)</b>	<b>112 494</b>
Higher Education and Training	99 432			(12 504)			(12 504)	86 928
Further Education and Training (FET)	24 022			1 544			1 544	25 566
<b>Total</b>	<b>1 655 274</b>	-	-	<b>(1 727)</b>	<b>(3 732)</b>	-	<b>(5 459)</b>	<b>1 649 815</b>
<b>Amount to be voted</b>								<b>(5 459)</b>

**Table 3.6 : Summary by economic classification**

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
<b>Current payments</b>	<b>1 322 867</b>	-	-	(29 129)	(30 158)	-	(59 287)	<b>1 263 580</b>
Compensation of employees	889 191			(92 027)	(3 732)		(95 759)	793 432
Goods and services	433 601			62 898	(26 426)		36 472	470 073
Interest and rent on land	75						-	75
<b>Transfers and subsidies to:</b>	<b>261 070</b>	-	-	<b>(6 551)</b>	<b>26 426</b>	-	<b>19 875</b>	<b>280 945</b>
Provinces and municipalities	736			12			12	748
Departmental agencies and accounts	134 949			(13 613)			(13 613)	121 336
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises	106 798			6 050	26 426		32 476	139 274
Non-profit institutions	11 023						-	11 023
Households	7 564			1 000			1 000	8 564
<b>Payments for capital assets</b>	<b>71 337</b>	-	-	<b>33 953</b>	-	-	<b>33 953</b>	<b>105 290</b>
Buildings and other fixed structures	51 138			33 173			33 173	84 311
Machinery and equipment	19 471						-	19 471
Heritage assets							-	-
Specialised military assets							-	-
Biological assets	668			204			204	872
Land and subsoil assets							-	-
Software and other intangible assets	60			576			576	636
<b>Payments for financial assets</b>							-	-
<b>Total</b>	<b>1 655 274</b>	-	-	<b>(1 727)</b>	<b>(3 732)</b>	-	<b>(5 459)</b>	<b>1 649 815</b>
<b>Amount to be voted</b>								<b>(5 459)</b>

**Virement – Programme 2: Agriculture: (R1.727 million)**

Extensive virements were undertaken within the programme, at sub-programme, sub-sub-programme and economic classification level, which resulted in an overall decrease of R1.727 million. The detail of the virements is explained below:

- Savings of R6.913 million were identified across all sub-programmes against *Compensation of employees* due to vacant posts such as Directors: District Agricultural Services, Director: Veterinary Services, Director: Training Institutes, Animal Health Technicians, Lecturers, Engineers, as well as officials at various levels exiting the department during the year. These savings were moved to Programme 1 to partly fund the Microsoft migration costs. These savings were offset by an increase of R5.186 million allocated to *Goods and services* to augment funding for agricultural inputs under the Farmer Settlement and Development sub-sub-programme from Programme 3 in respect of the UAGYP. This resulted in a net reduction of R1.727 million in respect of Programme 2.
- In addition to the above, savings of R104.127 million were identified across all sub-programmes and economic classification within Programme 2, as follows:
  - A further R85.114 million was identified against *Compensation of employees* due to delays in filling vacant posts such as District Managers for eight districts, Engineers, Animal Health Technicians, etc. due to slow recruitment processes, as well as various officials exiting the department.
  - R13.613 million was identified from *Transfers and subsidies to: Departmental agencies and accounts*. The Agri-business Development Agency (ADA) was requested by the department to review and reprioritise their projects for the current financial year taking into account the slow spending of the entity in recent years. The reprioritisation resulted in savings of R13.613 million.
  - R5.400 million was identified against *Transfers and subsidies to: Public corporations and private enterprises* in respect of the revised funding agreement for the KZN Goat Agri-business Project. The total funding for the project remains at R10.975 million over the five-year period but the department's contribution will be more evenly spread across the last four years instead of a large tranche at the beginning of the first year.

These savings were moved within Programme 2, with significant increases against the Farmer Settlement and Development, and Veterinary Services and Research and Technology Development Services sub-programmes as follows:

- R57.712 million was moved to *Goods and services* to augment funding for agricultural inputs and dipping chemicals under the Farmer Settlement and Development sub-programme.
- R12 000 was moved to *Transfers and subsidies to: Provinces and municipalities* to fund rates and taxes for the Owen Sithole College of Agriculture (OSCA).
- R11.450 million was moved to *Transfers and subsidies to: Public corporations and private enterprises* of which R11.323 million was in respect of Ithala Development Finance Corporation (Ithala) to fund Ntingwe Tea Estate's operational costs, including the shortfall on their wage bill. The balance of R127 000 was an increase to the SA Sugarcane Research Institute to compensate for the annual wage adjustments in line with the funding agreement.
- R1 million was moved to *Transfers and subsidies to: Households* in respect of unanticipated staff exit costs.
- R33.173 million was moved to *Buildings and other fixed structures* for agricultural projects such as irrigation, animal houses, fencing, etc., that were inadequately budgeted for.
- R204 000 was moved to *Biological assets* to offset the shortfall as a result of the purchase of animals for various goat projects within the uMzinyathi district.
- R576 000 was moved to *Software and other intangible assets* in respect of software licences utilised by the Engineering Services sub-sub-programme which were ordered in 2016/17 but only delivered and paid for in 2017/18.

The above virements account for the extensive adjustments effected against sub-programmes in Table 3.5. These virements are permissible in terms of the PFMA and Treasury Regulations. The increase in *Transfers and subsidies to: Public corporations and private enterprises* in respect of Ithala and SA Sugarcane Research Institute was approved by Provincial Treasury.

Legislature approval is required for the decrease in *Transfers and subsidies to: Departmental agencies and accounts* in respect of ADA and *Transfers and subsidies to: Public corporations and private enterprises* for the KZN Goat Agri-business Project.

### Shifts – Programme 2: Agriculture: (R3.732 million)

The department undertook shifts resulting in a net reduction of R3.732 million in Programme 2, as follows:

- R3.732 million was shifted from this programme under the Extension and Advisory Services sub-sub-programme in the Farmer Support and Development sub-programme to Programme 3 under the Rural Development Co-ordination and the Social Facilitation sub-programmes in respect of *Compensation of employees* for the correct placement of officials such as Agricultural Economists and Facilitators, who were previously placed under Programme 2. The purpose of the funds remains unchanged.
- R26.426 million was moved from *Goods and services* to *Transfers and subsidies to: Public corporations and private enterprises* for various projects under the Farmer Settlement and Development sub-programme. These projects were initially planned to be rolled-out by the department, but will now be undertaken by various organisations on behalf of the department and, as such, the purpose of the funds remains unchanged. Details of the transfers are as follows:
  - o Mbangweni Beef Project in respect of infrastructure development and inputs – R2.200 million.
  - o Nozinkanyiso for beef production in respect of infrastructure development and inputs – R2.200 million.
  - o Mpofana Land Reform Cluster in respect of livestock and crop production – R21.356 million.
  - o Siyathuthuka Farms for vegetable production, and this is the final tranche to complete projects that commenced in 2016/17 – R670 000.

### Service delivery measures – Programme 2: Agriculture

Table 3.7 shows the service delivery measures relating to Programme 2, including both customised measures prescribed for the Agriculture sector, as well as several measures which are not prescribed by the sector. Two new measures were introduced in the APP after the *EPRE* was published, and these are indicated as “New” in the Original target column and targets are shown in the Revised target column. It must be noted that not all the targets fall in line with the APP, which was tabled subsequent to the *EPRE*, and this accounts for the amounts reflected in the Revised target column.

**Table 3.7 : Service delivery measures – Programme 2: Agriculture**

Outputs	Performance indicators	Performance targets		
		2017/18 Original target	2017/18 Mid-year actual	2017/18 Revised target
<b>1. Sustainable Resource Management</b>				
1.1 Engineering services	• No. of agricultural infrastructure established	73	8	85
1.2 Land use	• No. of ha of agricultural land protected through guiding subdivision / rezoning / change of agricultural land use	4 000	1 249	
	• No. of natural resource assessments complete	New	4	16
	• No of soil profiles described (NRS)	New	212	5 000
1.3 Disaster risk management	• No. of disaster risk reduction programmes managed	1	1	
	• No. of disaster relief schemes managed	1	-	
1.4 Land care	• No. of green jobs created	1 088	1 046	
	• No. of ha protected/rehabilitated to improve agricultural production	8 800	5 076	

Table 3.7 : Service delivery measures – Programme 2: Agriculture

Outputs	Performance indicators	Performance targets			
		2017/18 Original target	2017/18 Mid-year actual	2017/18 Revised target	
<b>2. Farmer Support and Development</b>					
2.1	Farmer-settlement and development	• No. of smallholder producers receiving support	6 285	1 694	7 010
		• No. of smallholder producers supported with agricultural advice	23 851	13 112	30 724
2.2	Food security	• No. of households benefitting from agricultural food security initiatives	65 807	74 803	54 180
		• No. of ha cultivated for food production in communal areas and land reform projects	18 289	140	7 020
<b>3. Veterinary Services</b>					
3.1	Animal health	• No. of epidemiological units visited for veterinary interventions	13 680	3 719	
3.2	Export control	• No. of clients serviced for animal and animal products export control	2 264	454	
3.3	Veterinary Public Health	• Percentage level of abattoir compliance to meat safety legislation	100%	55%	
3.4	Veterinary laboratory services	• No. of tests performed the quality of which meets ISO 17025 standard and OIE requirements	65 000	31 002	
<b>4. Research and Technology Development Services</b>					
4.1	Research	• No. of research and technology development projects implemented to improve agricultural production	96	59	
4.2	Technology transfer services	• No. of research presentations made nationally or internationally	101	114	
		• No. of scientific papers published nationally or internationally	11	-	
4.3	Infrastructure Support Services	• No. of research infrastructure managed	11	-	
<b>5. Agricultural Economic Services</b>					
5.1	Agri-business support and development	• No. of agri-businesses supported with agricultural economic services to access markets	20	19	
		• No. of clients who have benefitted from agricultural economic advice provided	1 000	300	1 100
<b>6. Structured Agricultural Education and Training</b>					
6.1	Higher Education and Training	• No. of agricultural Higher Education and Training graduates	90	-	
6.2	Further education and training (FET)	• No. of participants trained in agricultural skills development programmes	2 400	651	

### 4.3 Programme 3: Rural Development

The aim of the programme is to initiate, plan and monitor development in specific rural areas (comprehensive rural development project sites) across the three spheres of government and to facilitate rural development initiatives by engaging communities on priorities and to institutionalise and support community organisational structures.

Tables 3.8 and 3.9 reflect a summary of the 2017/18 adjusted appropriation of Programme 3, summarised according to sub-programme and economic classification.

Details of the main adjustments, which resulted in an overall decrease of R1.454 million, are given in the paragraphs below the tables.

Table 3.8 : Programme 3: Rural Development

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts		
1. Rural Development Co-ordination	4 848				1 130	1 130	5 978
2. Social Facilitation	26 858			(5 186)	2 602	(2 584)	24 274
<b>Total</b>	<b>31 706</b>	<b>-</b>	<b>-</b>	<b>(5 186)</b>	<b>3 732</b>	<b>(1 454)</b>	<b>30 252</b>
Amount to be voted							(1 454)



Table 3.9 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation	
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts			Other adjustments
<b>Current payments</b>	<b>31 352</b>	-	-	<b>(5 331)</b>	<b>1 508</b>	-	<b>(3 823)</b>	<b>27 529</b>
Compensation of employees	6 946				3 732		3 732	10 678
Goods and services	24 406			(5 331)	(2 224)		(7 555)	16 851
Interest and rent on land							-	-
<b>Transfers and subsidies to:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>181</b>	<b>2 224</b>	<b>-</b>	<b>2 405</b>	<b>2 405</b>
Provinces and municipalities							-	-
Departmental agencies and accounts							-	-
Higher education institutions				44			44	44
Foreign governments and international organisations							-	-
Public corporations and private enterprises					2 224		2 224	2 224
Non-profit institutions							-	-
Households				137			137	137
<b>Payments for capital assets</b>	<b>354</b>	<b>-</b>	<b>-</b>	<b>(36)</b>	<b>-</b>	<b>-</b>	<b>(36)</b>	<b>318</b>
Buildings and other fixed structures							-	-
Machinery and equipment	354			(36)			(36)	318
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
<b>Payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>31 706</b>	<b>-</b>	<b>-</b>	<b>(5 186)</b>	<b>3 732</b>	<b>-</b>	<b>(1 454)</b>	<b>30 252</b>
Amount to be voted								<b>(1 454)</b>

### Virement – Programme 3: Rural Development: (R5.186 million)

Various virements were undertaken affecting the programme both at sub-programme and economic classification level, which resulted in an overall decrease of R5.186 million. The detail of the virements is explained below:

- Savings of R5.331 million were identified in the Social Facilitation sub-programme under *Goods and services* in Programme 3, of which R5.186 million was in respect of the implementation of the UAGYP, which relates to the communication, set-up and management of the youth portal on the departmental website, partnership with the Future Farmers Foundation to place graduates, to provide mentorship, etc. These savings were due to implementation of the various planned activities, including recruitment of contract workers to provide administrative support, being behind schedule. These funds were moved to Programme 2 against *Goods and services* under the Farmer Settlement and Development sub-sub-programme. The balance of R145 000 was moved within Programme 3 against *Transfers and subsidies to: Households* to fund the costs of leave gratuities (R101 000) and a donation (R44 000) to the University of KwaZulu-Natal towards a postgraduate research and innovation day which was held on 26 October 2017 under *Transfers and subsidies to: Higher education institutions*.
- An amount of R36 000 identified under *Machinery and equipment* was moved to fund higher than anticipated staff exit costs under *Transfers and subsidies to: Households*.

These virements are permissible in terms of the PFMA and Treasury Regulations. The virement out of *Machinery and equipment* is permissible as the Vote as a whole does not reflect a reduction in *Payments for capital assets*. The introduction of a new transfer in respect of *Transfers and subsidies to: Higher education institutions* was approved by Provincial Treasury.

The virement of R5.186 million from Programme 3 to Programme 2 exceeds the 8 per cent limit in terms of the transferring programme, and therefore Legislature approval is required.

### Shifts – Programme 3: Rural Development: R3.732 million

The department undertook the following shifts:

- An amount of R3.732 million was shifted within *Compensation of employees* from Programme 2 to Programme 3 in respect of the correct placement of officials following the matching and placing of staff, such as Agricultural Economists, into the new organisational structure against Programme 3. The purpose of the funds remains unchanged.

- R2.224 million was shifted from *Goods and services* to *Transfers and subsidies to: Public corporations private enterprises* in respect of the UAGYP where the department has a partnership with the Future Farmers Foundation to place 50 unemployed graduates at various farms so that they can be given mentoring, training and experience. This budget was allocated against *Goods and services* as the funding was finalised just before the main budget was submitted. The department has now finalised these partnerships, hence the shifting of these funds. The purpose of the funds remains unchanged.

### Service delivery measures – Programme 3: Rural Development

Table 3.10 shows the service delivery measures relating to Programme 3.

One new measure was introduced in the APP after the *EPRE* was published, and this is indicated as “New” in the Original target column and targets are shown in the Revised target column. Some of the targets are annual, and are not reported on at mid-year. Also, one target is no longer valid and is shown in the table as “n/a” in the 2017/18 Mid-year actual and Revised target columns.

**Table 3.10 : Service delivery measures – Programme 3: Rural Development**

Outputs	Performance indicators	Performance targets			
		2017/18 Original target	2017/18 Mid-year actual	2017/18 Revised target	
<b>1. Rural Development Co-ordination</b>					
1.1	Effective Rural Development monitoring and evaluation	<ul style="list-style-type: none"> <li>Develop and co-ordinate a comprehensive Rural Development Policy and Strategy framework</li> <li>Develop a KZN programme of action aligned to Outcome 7</li> <li>Establish a rural infrastructure development database</li> <li>No. of KZN Interdepartmental task team meetings convened to track rural development implementation</li> <li>District rural development plans integrated into IDPs</li> <li>No. of youth, women and people with disabilities who participate in rural development projects</li> <li>Develop outcome 7 performance reports for the province</li> <li>Develop quarterly agri-parks' reports</li> <li>No. of reported sub-outcomes verified</li> <li>No. of impact assessments completed</li> <li>No. of statistical review reports produced</li> </ul>	<ul style="list-style-type: none"> <li>1</li> <li>1</li> <li>1</li> <li>4</li> <li>11</li> <li>2 000</li> <li>4</li> <li>4</li> <li>2</li> <li>2</li> <li>2</li> </ul>	<ul style="list-style-type: none"> <li>-</li> <li>1</li> <li>-</li> <li>n/a</li> <li>-</li> <li>-</li> <li>1</li> <li>-</li> <li>-</li> <li>1</li> <li>-</li> </ul>	<ul style="list-style-type: none"> <li>-</li> <li>1</li> <li>-</li> <li>n/a</li> <li>-</li> <li>1 550</li> <li>-</li> <li>-</li> <li>-</li> <li>-</li> <li>-</li> </ul>
<b>2. Social Facilitation</b>					
2.1	Maximisation of agricultural profitability for benefit of society	<ul style="list-style-type: none"> <li>No. of irrigation scheme enterprises market strategies developed</li> <li>No. of business entities (incl. co-ops) equipped with rural enterprise development skills (youth, women and other)</li> <li>No. of projects mentored</li> <li>No. of social organisations representing rural community enterprise interests supported</li> <li>No. of agricultural graduates linked to agricultural opportunities</li> <li>No. of partnerships signed in promoting rural enterprise and industry development</li> </ul>	<ul style="list-style-type: none"> <li>6</li> <li>175</li> <li>50</li> <li>50</li> <li>New</li> <li>4</li> </ul>	<ul style="list-style-type: none"> <li>-</li> <li>21</li> <li>16</li> <li>7</li> <li>-</li> <li>-</li> </ul>	<ul style="list-style-type: none"> <li>-</li> <li>15</li> <li>50</li> <li>-</li> <li>-</li> </ul>

## 5. Specifically and exclusively appropriated allocations

The department's only specifically and exclusively appropriated funds relate to the conditional grant funds, as well as transfers to its public entities, ADA and Mjindi Farming (Pty) (Mjindi), which are detailed in Sections 8 and 9.

## 6. Gifts, donations and sponsorships

The department is not envisaging any gifts, donations and sponsorships above R100 000 in 2017/18.

## 7. Infrastructure

Table 3.11 shows the summary of infrastructure payments per main category.

Details of the main adjustments, which resulted in an overall increase of R33.173 million, are provided in the paragraphs following the tables.

**Table 3.11 : Summary of infrastructure payments by category**

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
<b>Existing infrastructure assets</b>	<b>48 953</b>	-	-	-	(1 103)	-	(1 103)	<b>47 850</b>
Maintenance and repair: Current	8 769						-	8 769
Upgrades and additions: Capital					472		472	472
Refurbishment and rehabilitation: Capital	40 184				(1 575)		(1 575)	38 609
<b>New infrastructure assets: Capital</b>	<b>37 713</b>			<b>33 173</b>	<b>1 103</b>		<b>34 276</b>	<b>71 989</b>
<b>Infrastructure transfers</b>	<b>10 621</b>	-	-	-	-	-	-	<b>10 621</b>
Infrastructure transfers: Capital	10 621						-	10 621
Infrastructure transfers: Current							-	-
<b>Infrastructure: Payments for financial assets</b>							-	-
<b>Infrastructure: Leases</b>							-	-
<b>Non infrastructure</b>							-	-
Capital infrastructure	88 518	-	-	33 173	-	-	33 173	121 691
Current infrastructure	8 769	-	-	-	-	-	-	8 769
<b>Total</b>	<b>97 287</b>	-	-	<b>33 173</b>	-	-	<b>33 173</b>	<b>130 460</b>
<b>Amount to be voted</b>								<b>33 173</b>

- *Virement*: Savings of R33.173 million were identified under *Compensation of employees* due to vacant posts and were moved to *New infrastructure assets: Capital* for agricultural projects such as irrigation, animal houses, fencing, etc. that were under-budgeted for.
- *Shifts*: An amount of R1.575 million was shifted from *Refurbishment and rehabilitation: Capital* to correct the classification of projects which were incorrectly classified when the main budget was prepared. In this regard, an amount of R472 000 was moved to *Upgrades and additions: Capital* and R1.103 million was moved to *New infrastructure assets: Capital*. The purpose of the funds remains unchanged, and this shift is within capital infrastructure, hence is only evident in this table.

## 8. Conditional grants

Tables 3.12 and 3.13 provide a summary of changes to conditional grants.

Details of the main adjustments, which resulted in no change to the overall conditional grant allocation of R297.432 million, but were undertaken across economic categories within the Comprehensive Agricultural Support Programme (CASP) grant, are given in the paragraphs below the tables.

**Table 3.12 : Summary of changes to conditional grants**

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
<b>2. Agriculture</b>	<b>297 432</b>	-	-	-	-	-	-	<b>297 432</b>
CASP grant	209 598						-	209 598
Ilima/Letsema Projects grant	67 356						-	67 356
Land Care Programme grant	12 012						-	12 012
EPWP Integrated Grant for Provinces	8 466						-	8 466
<b>Total</b>	<b>297 432</b>	-	-	-	-	-	-	<b>297 432</b>
<b>Amount to be voted</b>								<b>-</b>

Table 3.13 : Summary of conditional grants by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
<b>Current payments</b>	<b>239 631</b>	-	-	(27 087)	(41 747)	-	(68 834)	170 797
Compensation of employees	19 109			1 891			1 891	21 000
Goods and services	220 522			(28 978)	(41 747)		(70 725)	149 797
Interest and rent on land							-	-
<b>Transfers and subsidies to:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>27 087</b>	<b>41 747</b>	<b>-</b>	<b>68 834</b>	<b>68 834</b>
Provinces and municipalities							-	-
Departmental agencies and accounts				27 087			27 087	27 087
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises					41 747		41 747	41 747
Non-profit institutions							-	-
Households							-	-
<b>Payments for capital assets</b>	<b>57 801</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>57 801</b>
Buildings and other fixed structures	49 867						-	49 867
Machinery and equipment	7 934						-	7 934
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
<b>Payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>297 432</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>297 432</b>
<b>Amount to be voted</b>								<b>-</b>

- **Virement:** The following virements were undertaken affecting only the CASP allocation:
  - An amount of R27.087 million was moved from *Goods and services* to *Transfers and subsidies to: Departmental agencies and accounts* in respect of projects that are implemented by ADA following the finalisation of the CASP grant business plan. These projects were identified specifically for ADA. This virement is not evident in any other table, as the funds were already budgeted for transfer to ADA, but funded from the equitable share and not the conditional grant.
  - An amount of R1.891 million was moved from *Goods and services* to *Compensation of employees* in respect of the portion of salaries for the Extension Recovery Programme (ERP) paid from the CASP grant, which was under-budgeted for.
- **Shifts:** R41.747 million was moved from *Goods and services* to *Transfers and subsidies to: Public corporations and private enterprises* in respect of projects that receive direct grant funding as follows:
  - R15.321 million in respect of various projects was erroneously included under *Goods and services* in the conditional grant table in the 2017/18 EPRE, instead of *Transfers and subsidies to: Public corporations and private enterprises*. This shift therefore is only evident in Table 3.13, and relates to the following projects:
    - Nyezenhle Holdings: Roadside Abattoir – R3.900 million.
    - Ndisinduna Multi-purpose Co-op Ltd – R800 000.
    - THB Matebese Trading 114 CC – R4.121 million.
    - Ekuphileni Poultry and Agricultural Farming Primary Co-operative – R6.500 million.
  - R26.426 million in respect of the following new transfers that were approved by Provincial Treasury, as mentioned in Section 4.2 above:
    - Mbangweni Beef Project in respect of infrastructure development and inputs – R2.200 million.
    - Nozinkanyiso for beef production in respect of infrastructure development and inputs – R2.200 million.
    - Mpofana Land Reform Cluster in respect of livestock and crop production – R21.356 million.
    - Siyathuthuka Farms for vegetable production and this is the final tranche to complete projects that commenced in 2016/17 – R670 000.

The purpose of the above funds remains unchanged.

## 9. Transfers and subsidies

Table 3.14 shows the summary of transfers and subsidies by programme and main category. The table includes transfers made to the department's public entities, namely ADA and Mjindi, as well as the government business enterprise Ithala, which are specifically and exclusively appropriated in terms of the KZN Adjustments Appropriation Act. Details of the main adjustments, which resulted in an overall increase of R23.242 million in the transfers and subsidies allocation, are provided in the paragraphs following the table.

**Table 3.14 : Summary of transfers and subsidies by programme and main category**

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts		
<b>1. Administration</b>	<b>8 561</b>	-	-	<b>962</b>	-	-	<b>9 523</b>
Provinces and municipalities	850	-	-	-	-	-	850
Motor vehicle licences	850	-	-	-	-	-	850
Departmental agencies and accounts	2 871	-	-	-	-	-	2 871
Skills Development Levy	2 871	-	-	-	-	-	2 871
Households	4 840	-	-	962	-	-	5 802
Bursaries	4 300	-	-	-	-	-	4 300
Staff exit costs	540	-	-	962	-	-	1 502
<b>2. Agriculture</b>	<b>261 070</b>	-	-	<b>(6 551)</b>	<b>26 426</b>	-	<b>280 945</b>
Provinces and municipalities	736	-	-	12	-	-	748
Motor vehicle licences	696	-	-	-	-	-	696
Municipal accounts	40	-	-	12	-	-	52
Departmental agencies and accounts	134 949	-	-	(13 613)	-	-	121 336
Agri-Business Development Agency	134 948	-	-	(13 613)	-	-	121 335
TV and radio licences	1	-	-	-	-	-	1
Public corporations and private enterprises	106 798	-	-	6 050	26 426	-	139 274
Mjindi	56 001	-	-	-	-	-	56 001
Ithala	-	-	-	11 323	-	-	11 323
Agricultural Show Societies	105	-	-	-	-	-	105
SA Sugarcane Research Institute	2 565	-	-	127	-	-	2 692
SA Sugar Association	8 744	-	-	-	-	-	8 744
Soil Conservation Subsidy	1 717	-	-	-	-	-	1 717
Siyathuthuka Farms	-	-	-	-	670	-	670
Communal Estates	13 995	-	-	-	-	-	13 995
Mpofana Land Reform Cluster	-	-	-	-	21 356	-	21 356
Nyezenhle Holdings - Roadside Abattoir	3 900	-	-	-	-	-	3 900
Mbangweni Beef Project	-	-	-	-	2 200	-	2 200
Nozinkanyiso	-	-	-	-	2 200	-	2 200
KZN Goat Agri-business Project	8 350	-	-	(5 400)	-	-	2 950
Ndisinduna Multi-purpose Co-op Ltd	800	-	-	-	-	-	800
THB Matebese Trading 114 CC	4 121	-	-	-	-	-	4 121
Ekuphileni Poultry and Agric. Farming Prim. Co-op.	6 500	-	-	-	-	-	6 500
Non-profit institutions	11 023	-	-	-	-	-	11 023
Zakhe Agricultural College	2 540	-	-	-	-	-	2 540
Agricultural Schools	8 483	-	-	-	-	-	8 483
Households	7 564	-	-	1 000	-	-	8 564
Staff exit costs	7 564	-	-	1 000	-	-	8 564
<b>3. Rural Development</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>181</b>	<b>2 224</b>	<b>-</b>	<b>2 405</b>
Higher education institutions	-	-	-	44	-	-	44
University of KwaZulu-Natal	-	-	-	44	-	-	44
Public corporations and private enterprises	-	-	-	-	2 224	-	2 224
Future Farmers Foundation	-	-	-	-	2 224	-	2 224
Households	-	-	-	137	-	-	137
Staff exit costs	-	-	-	137	-	-	137
<b>Total</b>	<b>269 631</b>	<b>-</b>	<b>-</b>	<b>(5 408)</b>	<b>28 650</b>	<b>-</b>	<b>292 873</b>
<b>Amount to be voted</b>							<b>23 242</b>

- *Virement*: The department undertook the following virements resulting in a net decrease of R5.408 million against *Transfers and subsidies*:
  - o In respect of Programme 1:
    - *Households* was increased by R962 000 in respect of higher than anticipated staff exit costs, moved from within the programme from *Compensation of employees*.
  - o In respect of Programme 2:
    - *Provinces and municipalities* was increased by R12 000 to fund rates and taxes for OSCA from savings within Programme 2.

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- *Departmental agencies and accounts* was decreased by R13.613 million in respect of savings through reprioritisation by ADA. ADA was requested by the department to review and reprioritise their projects for the current financial year, taking into account the slow spending of the entity in recent years. The reprioritisation resulted in savings of R13.613 million, which were moved to offset other areas of spending pressure within Programme 2, as mentioned.
- *Public corporations and private enterprises* was increased by a net amount of R6.050 million in respect of a new transfer to Ithala to fund the operational costs, including the wage bill, for Ntingwe Tea Estate (R11.323 million) and an increased transfer to the SA Sugarcane Research Institute (R127 000) in respect of the annual wage adjustment. These increases were offset by a decrease of R5.400 million to the KZN Goat Agri-business Project in line with the revised funding agreement for this project.
- *Households* was increased by R1 million in respect of unanticipated staff exit costs from savings within Programme 2.
- o In respect of Programme 3:
  - *Higher education institutions* reflects an increase of R44 000 in respect of a donation to the University of KwaZulu-Natal towards a postgraduate research and innovation day which was held on 26 October 2017.
  - *Households* increased by R137 000 in respect of unanticipated staff exit costs.

The above virements are permissible in terms of the PFMA and Treasury Regulations, and the increase in *Public corporations and private enterprises* for Ithala and the SA Sugarcane Research Institute and the introduction of a new transfer in respect of *Transfers and subsidies to: Higher education institutions* was approved by Provincial Treasury.

Legislature approval is required for the decrease in *Transfers and subsidies to: Departmental agencies and accounts* in respect of ADA and *Transfers and subsidies to: Public corporations and private enterprises* for the KZN Goat Agri-business Project, as highlighted in the table.

- *Shifts*: The department undertook the following shifts:
  - o R26.426 million was moved from *Goods and services* to *Public corporations and private enterprises* for the following projects under Programme 2 which were initially planned to be rolled-out by the department, as mentioned:
    - Mbangweni Beef Project in respect of infrastructure development and inputs – R2.200 million.
    - Nozinkanyiso for beef production in respect of infrastructure development and inputs – R2.200 million.
    - Mpofana Land Reform Cluster in respect of livestock and crop production – R21.356 million.
    - Siyathuthuka Farms for vegetable production and this is the final tranche to complete projects that commenced in 2016/17 – R670 000.
  - o R2.224 million was shifted from *Goods and services* to *Public corporations and private enterprises* in respect of the UAGYP where the department has a partnership with the Future Farmers Foundation to place 50 unemployed graduates at various farms so that they can receive mentoring, training and experience.

## 10. Transfers to local government

Tables 3.15 shows the details of transfers to local government, which relate to rates in respect of OSCA. It is noted that the Transfers to local government section in the *EPRE* inadvertently omitted to include the rates budget relating to OSCA.

It is noted that the amount against *Transfers and subsidies to: Provinces and municipalities* in Table 3.13 includes provision for motor vehicle licences. This amount is excluded from the transfers to local government table, as these funds will not be transferred to any municipality. The adjusted appropriation increased by R12 000 to fund rates and taxes for OSCA from savings within Programme 2.

Table 3.15 : Summary of transfers to local government

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation	
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts			Other adjustments
Total: King Cetshwayo Municipalities		40	-	-	12	-	12	52
C	DC28 King Cetshwayo District Municipality	40	-	-	12	-	12	52
<b>Total</b>		<b>40</b>	<b>-</b>	<b>-</b>	<b>12</b>	<b>-</b>	<b>12</b>	<b>52</b>
Amount to be voted								<b>12</b>

## 11. Actual payments and revised spending projections for the rest of 2017/18

Tables 3.16 and 3.17 reflect actual payments as at the end of September 2017, projected payments for the rest of the financial year and the total revised spending in Rand value and as a percentage of the Adjusted Appropriation per programme and economic classification. The tables also show the 2016/17 Audited outcome.

Table 3.16 : Actual payments and revised spending projections by programme

R thousand	2016/17 Audited outcome	Adjusted appropriation	Actual payments		Projected payments		Projected actual
			April 2017 - September 2017	% of budget	October 2017 - March 2018	% of budget	
1. Administration	457 419	517 077	231 003	44.7	286 074	55.3	517 077
2. Agriculture	1 744 190	1 649 815	647 119	39.2	1 002 696	60.8	1 649 815
3. Rural Development	14 757	30 252	7 067	23.4	23 185	76.6	30 252
<b>Total</b>	<b>2 216 366</b>	<b>2 197 144</b>	<b>885 189</b>	<b>40.3</b>	<b>1 311 955</b>	<b>59.7</b>	<b>2 197 144</b>

Table 3.17 : Actual payments and revised spending projections by economic classification

R thousand	2016/17 Audited outcome	Adjusted appropriation	Actual payments		Projected payments		Projected actual
			April 2017 - September 2017	% of budget	October 2017 - March 2018	% of budget	
<b>Current payments</b>	<b>1 638 403</b>	<b>1 750 425</b>	<b>749 593</b>	<b>42.8</b>	<b>1 000 832</b>	<b>57.2</b>	<b>1 750 425</b>
Compensation of employees	950 488	1 014 970	491 092	48.4	523 878	51.6	1 014 970
Goods and services	687 813	735 078	258 199	35.1	476 879	64.9	735 078
Interest and rent on land	102	377	302	80.1	75	19.9	377
<b>Transfers and subsidies to:</b>	<b>374 371</b>	<b>292 873</b>	<b>99 286</b>	<b>33.9</b>	<b>193 587</b>	<b>66.1</b>	<b>292 873</b>
Provinces and municipalities	1 278	1 598	531	33.2	1 067	66.8	1 598
Departmental agencies and accounts	97 000	124 207	44 305	35.7	79 902	64.3	124 207
Higher education institutions	3 000	44	-	-	44	100.0	44
Foreign governments and international organisations	-	-	-	-	-	-	-
Public corporations and private enterprises	253 903	141 498	46 400	32.8	95 098	67.2	141 498
Non-profit institutions	3 569	11 023	-	-	11 023	100.0	11 023
Households	15 621	14 503	8 050	55.5	6 453	44.5	14 503
<b>Payments for capital assets</b>	<b>201 754</b>	<b>153 846</b>	<b>36 310</b>	<b>23.6</b>	<b>117 536</b>	<b>76.4</b>	<b>153 846</b>
Buildings and other fixed structures	163 282	111 070	21 746	19.6	89 324	80.4	111 070
Machinery and equipment	38 252	41 268	13 728	33.3	27 540	66.7	41 268
Heritage assets	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-
Biological assets	169	872	350	40.1	522	59.9	872
Land and subsoil assets	-	-	-	-	-	-	-
Software and other intangible assets	51	636	486	76.4	150	23.6	636
<b>Payments for financial assets</b>	<b>1 838</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>2 216 366</b>	<b>2 197 144</b>	<b>885 189</b>	<b>40.3</b>	<b>1 311 955</b>	<b>59.7</b>	<b>2 197 144</b>

The total expenditure at mid-year was at 40.3 per cent of the adjusted budget which is below the straight-line benchmark of 50 per cent.

Spending against Programme 1 was at 44.7 per cent of the adjusted budget, despite the virement of R18.925 million from *Compensation of employees* in this programme. The fairly low rate of spending was mainly due to vacant posts, slower than anticipated progress relating to upgrades/renovations at departmental offices.

Programme 2 shows actual expenditure of R647.119 million or 39.2 per cent of the adjusted budget spent. The below benchmark spending is largely due to the seasonal nature of agricultural activities relating to the planting season in the second part of year, as well as a number of vacant posts and lower than anticipated transfer payments as the funding agreements were still being finalised.

Spending against Programme 3 was significantly low, at 23.4 per cent, mainly because the largest proportion of this programme's budget is for the roll-out of the UAGYP, which will only be fully

implemented in the second half of the year. This is a new intervention that requires significant planning and engagement with all stakeholders, particularly with regard to the placement of graduates on farms.

As at mid-year, the department is projecting to fully spend the adjusted budget of R2.197 billion.

With regard to economic category:

- Spending against *Compensation of employees* was slightly low at 48.4 per cent against the adjusted budget despite the virement of R110.952 million from this category. The low spending is due to delays in the filling of vacant posts.
- *Goods and services* expenditure was low at mid-year, with 35.1 per cent of the adjusted budget spent, as a result of the seasonal nature of the agricultural activities, such as the planting season in the third and fourth quarters. The department issued orders of R116 million by 30 September 2017, meaning that 50.9 per cent of the adjusted budget was spent and/or committed by mid-year.
- With regard to *Transfers and subsidies*:
  - Expenditure against *Provinces and municipalities* was at 33.2 per cent due to the fact that this is dependent on when vehicles were purchased which determines when the licence renewals are due.
  - Spending on *Departmental agencies and accounts* was lower than the mid-year benchmark of 50 per cent at 35.7 per cent due to delays in finalising the 2017/18 funding agreement for ADA.
  - *Higher education institutions* increased by R44 000 in respect of a donation to the University of KwaZulu-Natal towards a postgraduate research and innovation day held on 26 October 2017.
  - Spending on *Public corporations and private enterprises* was low compared to the mid-year benchmark at 32.8 per cent due to the fact that this item depends on progress made by implementing agents and project beneficiaries, as well as new transfers of R26.426 million included in the Adjustments Estimate, which will be transferred in the second half of the year.
  - *Non-profit institutions* relates to the agricultural schools' rehabilitation programme and no transfers were made at mid-year as the schools were behind schedule in terms of this project. However, R5.543 million or 50.3 per cent of the budget was transferred in October 2017.
  - Expenditure against *Households* was above the mid-year benchmark at 55.5 per cent due to unplanned staff exits.
- *Buildings and other fixed structures* was significantly low at 19.6 per cent at mid-year, largely due to the slow progress by the Department of Public Works, challenges with invoices from implementing agents and many agricultural projects such as fencing, irrigation and animal production infrastructure being at the final procurement stages.
- *Machinery and equipment* was lower than the mid-year benchmark of 50 per cent. This low rate of spending is partly due to challenges with the SITA contract for the procurement of computers as the contract had expired and is in the processes of being renewed.
- *Biological assets* was at 40.1 per cent and relates to the delivery of goats for the goat projects in the uMzinyathi District which were ordered in 2016/17. The projection for the remainder of the year is for animals for research purposes.
- *Software and other intangible assets* spending was high at 76.4 per cent of the annual budget due to the delivery of engineering software that was ordered in 2016/17.



Table 3.A : Summary by economic classification : Agriculture and Rural Development

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation	
		Roll-overs	Unforeseeable/ unavoidable	Virement	Shifts			Other adjustments
<b>Current payments</b>	<b>1 806 173</b>	-	-	<b>(27 098)</b>	<b>(28 650)</b>	-	<b>(55 748)</b>	<b>1 750 425</b>
Compensation of employees	1 125 922	-	-	(110 952)	-	-	(110 952)	1 014 970
Salaries and wages	963 999	-	-	(114 965)	-	-	(114 965)	849 034
Social contributions	161 923	-	-	4 013	-	-	4 013	165 936
Goods and services	680 176	-	-	83 552	(28 650)	-	54 902	735 078
Administrative fees	1 641	-	-	371	-	-	371	2 012
Advertising	6 837	-	-	(2 807)	-	-	(2 807)	4 030
Minor assets	8 633	-	-	1 091	-	-	1 091	9 724
Audit cost: External	6 352	-	-	(1 104)	-	-	(1 104)	5 248
Bursaries: Employees	1 603	-	-	(150)	-	-	(150)	1 453
Catering: Departmental activities	2 638	-	-	1 975	-	-	1 975	4 613
Communication (G&S)	32 256	-	-	1 888	-	-	1 888	34 144
Computer services	38 513	-	-	24 530	-	-	24 530	63 043
Cons & prof serv: Business and advisory services	674	-	-	2 912	-	-	2 912	3 586
Infrastructure and planning	69 543	-	-	46 556	(28 650)	-	17 906	87 449
Laboratory services	471	-	-	(409)	-	-	(409)	62
Scientific and technological services	-	-	-	-	-	-	-	-
Legal costs	2 673	-	-	229	-	-	229	2 902
Contractors	46 436	-	-	(14 328)	-	-	(14 328)	32 108
Agency and support / outsourced services	15 530	-	-	2 467	-	-	2 467	17 997
Entertainment	-	-	-	-	-	-	-	-
Fleet services (including government motor transport)	44 141	-	-	(3 792)	-	-	(3 792)	40 349
Housing	-	-	-	-	-	-	-	-
Inventory: Clothing material and accessories	5 841	-	-	(3 658)	-	-	(3 658)	2 183
Inventory: Farming supplies	85 549	-	-	41 993	-	-	41 993	127 542
Inventory: Food and food supplies	-	-	-	-	-	-	-	-
Inventory: Fuel, oil and gas	3 610	-	-	-	-	-	-	3 610
Inventory: Learner and teacher support material	1 423	-	-	(223)	-	-	(223)	1 200
Inventory: Materials and supplies	7 661	-	-	29 353	-	-	29 353	37 014
Inventory: Medical supplies	548	-	-	550	-	-	550	1 098
Inventory: Medicine	18 310	-	-	(6 085)	-	-	(6 085)	12 225
Medsas inventory interface	-	-	-	-	-	-	-	-
Inventory: Other supplies	4 295	-	-	-	-	-	-	4 295
Consumable supplies	22 939	-	-	4 189	-	-	4 189	27 128
Consumable: Stationery, printing and office supplies	10 248	-	-	(2 227)	-	-	(2 227)	8 021
Operating leases	33 697	-	-	(961)	-	-	(961)	32 736
Property payments	99 639	-	-	(9 536)	-	-	(9 536)	90 103
Transport provided: Departmental activity	320	-	-	(320)	-	-	(320)	-
Travel and subsistence	85 136	-	-	(23 768)	-	-	(23 768)	61 368
Training and development	10 961	-	-	(2 139)	-	-	(2 139)	8 822
Operating payments	10 196	-	-	(4 185)	-	-	(4 185)	6 011
Venues and facilities	1 862	-	-	1 095	-	-	1 095	2 957
Rental and hiring	-	-	-	45	-	-	45	45
Interest and rent on land	75	-	-	302	-	-	302	377
Interest	-	-	-	302	-	-	302	302
Rent on land	75	-	-	-	-	-	-	75
<b>Transfers and subsidies to</b>	<b>269 631</b>	-	-	<b>(5 408)</b>	<b>28 650</b>	-	<b>23 242</b>	<b>292 873</b>
Provinces and municipalities	1 586	-	-	12	-	-	12	1 598
Provinces	1 546	-	-	-	-	-	-	1 546
Provincial Revenue Funds	-	-	-	-	-	-	-	-
Provincial agencies and funds	1 546	-	-	-	-	-	-	1 546
Municipalities	40	-	-	12	-	-	12	52
Municipalities	-	-	-	-	-	-	-	-
Municipal agencies and funds	40	-	-	12	-	-	12	52
Departmental agencies and accounts	137 820	-	-	(13 613)	-	-	(13 613)	124 207
Social security funds	-	-	-	-	-	-	-	-
Entities receiving funds	137 820	-	-	(13 613)	-	-	(13 613)	124 207
Higher education institutions	-	-	-	44	-	-	44	44
Foreign governments and international organisations	-	-	-	-	-	-	-	-
Public corporations and private enterprises	106 798	-	-	6 050	28 650	-	34 700	141 498
Public corporations	56 001	-	-	11 323	-	-	11 323	67 324
Subsidies on production	-	-	-	-	-	-	-	-
Other transfers	56 001	-	-	11 323	-	-	11 323	67 324
Private enterprises	50 797	-	-	(5 273)	28 650	-	23 377	74 174
Subsidies on production	-	-	-	-	-	-	-	-
Other transfers	50 797	-	-	(5 273)	28 650	-	23 377	74 174
Non-profit institutions	11 023	-	-	-	-	-	-	11 023
Households	12 404	-	-	2 099	-	-	2 099	14 503
Social benefits	8 104	-	-	2 099	-	-	2 099	10 203
Other transfers to households	4 300	-	-	-	-	-	-	4 300
<b>Payments for capital assets</b>	<b>121 340</b>	-	-	<b>32 506</b>	-	-	<b>32 506</b>	<b>153 846</b>
Buildings and other fixed structures	77 897	-	-	33 173	-	-	33 173	111 070
Buildings	26 759	-	-	-	-	-	-	26 759
Other fixed structures	51 138	-	-	33 173	-	-	33 173	84 311
Machinery and equipment	42 715	-	-	(1 447)	-	-	(1 447)	41 268
Transport equipment	18 938	-	-	-	-	-	-	18 938
Other machinery and equipment	23 777	-	-	(1 447)	-	-	(1 447)	22 330
Heritage assets	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-
Biological assets	668	-	-	204	-	-	204	872
Land and sub-soil assets	-	-	-	-	-	-	-	-
Software and other intangible assets	60	-	-	576	-	-	576	636
<b>Payments for financial assets</b>	-	-	-	-	-	-	-	-
<b>Total</b>	<b>2 197 144</b>	-	-	-	-	-	-	<b>2 197 144</b>
<b>Amount to be voted</b>	-	-	-	-	-	-	-	-