

# DEPARTMENT OF RURAL DEVELOPMENT & LAND REFORM



rural development  
& land reform

Department:  
Rural Development and Land Reform  
REPUBLIC OF SOUTH AFRICA

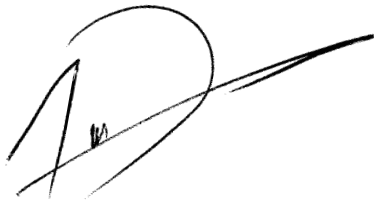


## Submission of the Annual Report to the Minister for the year ended 31 March 2011

The Honourable GE Nkwinti (MP)

Minister of Rural Development and Land Reform

I have the honour of submitting the Annual Report of the  
Department of Rural Development and Land Reform for the period  
1 April 2010 to 31 March 2011.



Mduduzi Shabane  
Director-General  
20 September 2011

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# Part 1

**DEPARTMENT OF RURAL DEVELOPMENT & LAND REFORM**



# Part

# 1 General Information



**DEPARTMENT OF RURAL DEVELOPMENT & LAND REFORM**



# Part 1: General Information

DEPARTMENT OF RURAL DEVELOPMENT & LAND REFORM

## Vision, Mission & Values

### Vision

Vibrant, equitable and sustainable rural communities

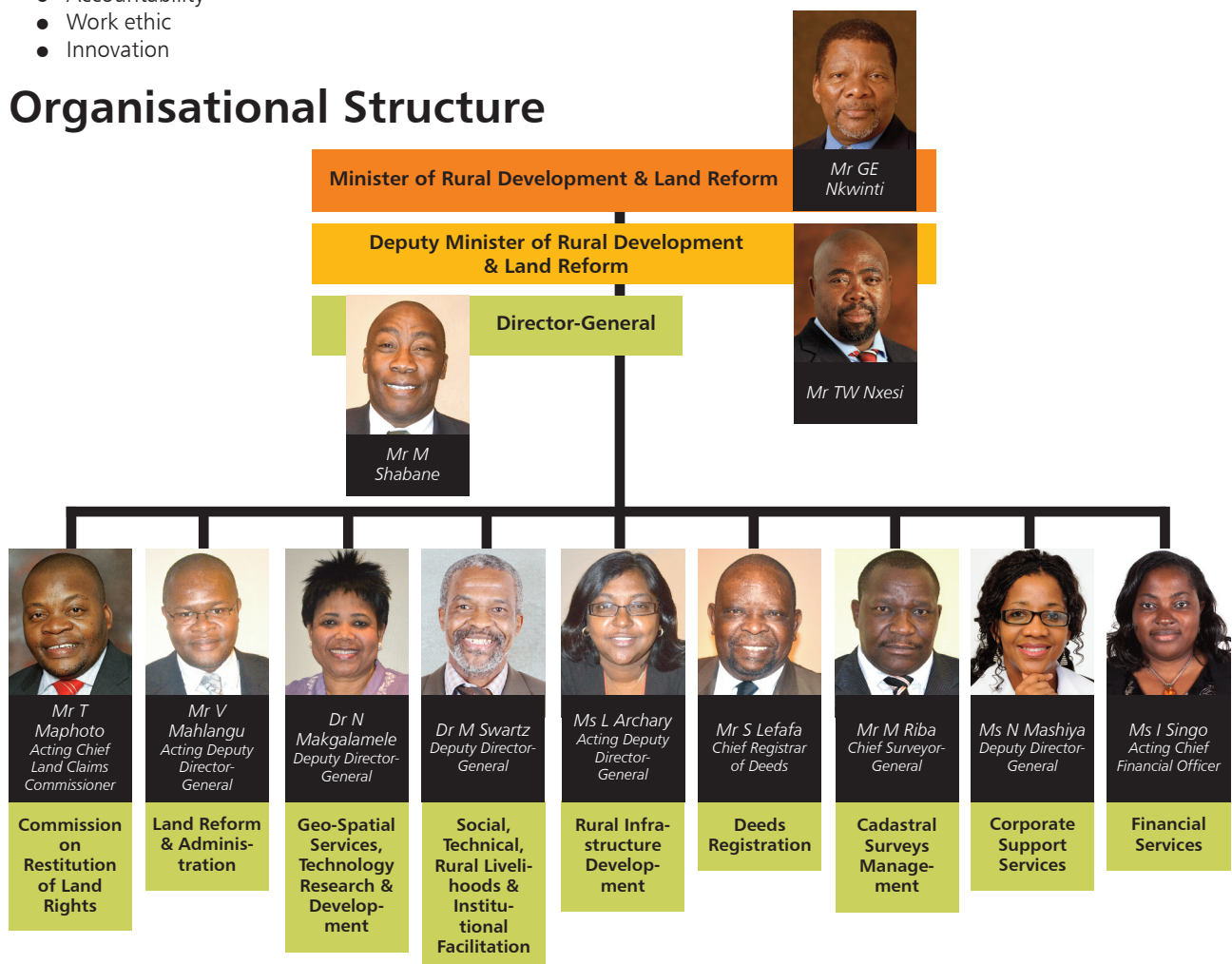
### Mission

Facilitate integrated development and social cohesion through participatory approaches in partnership with all sectors of society.\*

### Values

- Batho Pele
- Commitment
- Accountability
- Work ethic
- Innovation

## Organisational Structure



\* The mission has subsequently changed to "To initiate, facilitate, coordinate, catalyse and implement an integrated rural development programme."

# Legislative Mandate

The overarching mandate of the department is to create and maintain an equitable and sustainable land dispensation and act as a catalyst for rural development that ensures rural livelihoods, decent work and continued social and economic advancement for all South Africans.

## Constitutional framework

Section 25 of the Constitution of the Republic of South Africa establishes the framework for the implementation of Land Reform.

## Legislative mandates

- Abolition of Certain Title Conditions Act, 1999 (Act No. 43 of 1999).
- Communal Property Associations Act, 1996 (Act No. 28 of 1996).
- Deeds Registries Act, 1937 (Act No. 47 of 1937).
- Development Facilitation Act, 1995 (Act No. 67 of 1995).
- Distribution and Transfer of Certain State Land Act, 1993 (Act No. 119 of 1993).
- Extension of Security of Tenure Act, 1997 (Act No. 62 of 1997).
- Interim Protection of Informal Land Rights Act, 1996 (Act No. 31 of 1996).
- Kimberley Leasehold Conversion to Freehold Act, 1961 (Act No. 40 of 1961).
- KwaZulu-Natal Ingonyama Trust Act, 1994 (Act No. 3 of 1994 [Kwazulu]).
- Land Administration Act, 1995 (Act No. 2 of 1995).
- Land Reform (Labour Tenants) Act, 1996 (Act No. 3 of 1996).
- Land Reform: Provision of Land and Assistance Act, 1993 (Act No. 126 of 1993).
- Land Survey Act, 1997 (Act No. 8 of 1997).
- Land Titles Adjustment Act, 1993 (Act No. 111 of 1993).
- Physical Planning Act, 1967 (Act No. 88 of 1967).
- Physical Planning Act, 1991 (Act No. 125 of 1991).
- Planning Profession Act, 2002 (Act No. 36 of 2002).
- Professional and Technical Surveyors Act, 1984 (Act No. 40 of 1984).
- Removal of Restrictions Act, 1967 (Act No. 84 of 1967).
- Restitution of Land Rights Act, 1994 (Act No. 22 of 1994).
- Sectional Titles Act, 1986 (Act No. 95 of 1996).
- Spatial Data Infrastructure Act, 2003 (Act No. 54 of 2003).
- State Land Disposal Act, 1961 (Act No. 48 of 1961).
- Upgrading of Land Tenure Rights Act, 1991 (Act No. 112 of 1991).

## Legislation tabled during 2010/2011

The following pieces of legislation were tabled in Parliament during the 2010/11 financial year:

- Land Reform General Amendment Bill.
- Black Authorities Repeal Bill.
- Deeds Registries Amendment Bill.
- Sectional Titles Amendment Bill.

# Entities reporting to the Minister

The following entities report to the Minister of Rural Development and Land Reform:

| Name of entity  | Legislation   | Nature of Business   |
|---|---|--|
| <ul style="list-style-type: none"> <li>Deeds Registration Trading Account</li> </ul>  | <ul style="list-style-type: none"> <li>Deeds Registries Act, 1937 (Act No. 47 of 1937) read with the Public Finance Management Act, 1999 (Act No. 1 of 1999)</li> </ul> | <ul style="list-style-type: none"> <li>The main purpose of the Deeds Registration Trading Account is to finance the operating costs of the various Deeds Registries responsible for the registration of conventional bonds, sectional titles and leaseholds.</li> <li>The Deeds Registries are established in terms of the Deeds Registries Act, 1937 (Act No. 47 of 1937), falling within the Branch Deeds Registration. The Deeds Registries are responsible to provide a high quality deeds registration system whereby secure titles are registered and speedy and accurate information is provided. Furthermore, they maintain public registers of land. The impact thereof is security of title, efficient land use and land administration services.</li> </ul>   |
| <ul style="list-style-type: none"> <li>Agricultural Land Holding Account</li> </ul>   | <ul style="list-style-type: none"> <li>Land Reform: Provision of Land and Assistance Act, 1993 (Act No. 126 of 1993) as amended in 2008</li> </ul>                      | <ul style="list-style-type: none"> <li>The Agricultural Land Holding Account was established in terms of the Land Reform: Provision of Land and Assistance Act, 1993 (Act No.126 of 1993) as amended in 2008. Section 10(1) (a) gives legal effect to the proactive acquisition of land, where the Minister may, from money appropriated by Parliament for this purpose acquire land for the purposes of this Act. Therefore the State will proactively target land and match this with the demand or need for land. The need for the establishment of the entity emanated during the National Land Summit of 2005. The Minister reaffirmed that one of the measures that need to be in place "to ensure that land and agrarian reform moves to the new trajectory that will contribute to the higher path of growth, employment and equity by 2014" is the "introduction of proactive land acquisition by the State for targeted groups in the land market".</li> <li>The main advantages of this approach are to:               <ul style="list-style-type: none"> <li>accelerate the land redistribution process;</li> <li>ensure that the Department of Rural Development and Land Reform (DRDLR) can acquire land in the nodal areas and in the identified agricultural corridors and other areas of high agricultural potential to meet the objectives of Land Reform;</li> <li>improve the identification and selection of beneficiaries and the planning of land on which people would be settled; and</li> <li>ensure maximum productive use of land acquired.</li> </ul> </li> </ul> |
| <ul style="list-style-type: none"> <li>KwaZulu-Natal Ingonyama Trust Board</li> </ul> | <ul style="list-style-type: none"> <li>The KwaZulu-Natal Ingonyama Trust Act, (Act No. 3 of 1994). This Act was amended by National Act 9 of 1997.</li> </ul>           | <ul style="list-style-type: none"> <li>The core business of the Trust is to manage the land for the "material benefit and social well being of the individual members of the tribes". However, no alienation or burdening of the land may occur without the written permission of the relevant traditional or community authority.</li> </ul>  |





## Minister's Statement

During the 2010 budget policy speech, the Ministry and department set out to fulfil a set of objectives, as depicted in the 2009-2014 Strategic Plan. This annual report serves as a reflection of what the department has implemented in giving effect to this.

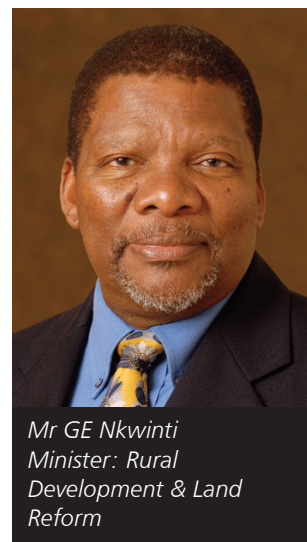
The government adopted the Outcomes Based approach, which has ensured that government operates in both a co-operative and corporate manner. This is evident in the various projects we have implemented throughout the country, utilising the Comprehensive Rural Development Programme (CRDP), as well as implementing land reform within the principles of the CRDP. The 2010/11 financial year, reflects the first full financial year of implementing the CRDP. It also depicts the first full year of reporting on the work undertaken by the department, taking into consideration that the 2009/10 reporting was based on an interim Strategic Plan, as well as the department undergoing a transition and organisational renewal.

The department has strengthened its 'Back Office' organisation, in its continuing quest to improve planning, workflow processes, human resource management and effective and efficient corporate support to the service delivery arm of the organisation. This step is mainly responsible for the department's under-spending of 2.3% (R171m) during the last financial year, as the re-organisation and rationalisation led to many funded posts not being filled, with consequent non-spending on related goods and services. We need horses for courses!

The Commission on the Restitution of Land Rights has been rationalised to create better synergy with, and clearer lines of accountability to, the department in its day-to-day operations. The core of the Commission, the Chief Land Claims Commissioner (CLCC), the Deputy Chief Land Claims Commissioner (DCLCC) and the Regional Land Claims Commissioner (RLCC), remains within the ambit of the founding legislation. In the Provinces, however, restitution support personnel have been placed under the Public Service Act. Responsibilities for restitution support services will be delegated to them by the CLCC. Chief Directors: Restitution Support will take charge of these delegated responsibilities, and report directly to the CLCC. The post-level for the CLCC is, from the 1st of April 2011, that of the Deputy Director-General. This streamlining of authority structure should result in greater clarity with respect to role-relationships. The Director-General, in so far as the finances of the department are concerned, is fully accountable, while the CLCC remains the responsibility authority. These changes are informed by lessons learnt during the implementation of the Restitution Programme over the years; and, they have one objective – to improve our performance and thus, service to the people.

Land Restitution is a complex and emotive issue. Improving our service delivery in this programme is not an option – it is a must. Many claimants have passed on waiting for the day their claims would have come true. We have, on behalf of the President and government, used every opportunity we got to apologise to affected families; and, our people have heartily appreciated this gesture from the President and government. But, we cannot take this goodwill from our people for granted. We must respond in kind.

The Recapitalisation and Development Programme, supported by strategic partnerships and a Recapitalisation and Development Fund, is proving to be one of the most strategic decisions the department has taken during this period, despite the numerous challenges it has confronted, and continues to do. One of the observations, particularly from some commercial farmers, is that the department's method of selecting strategic partners, especially as mentors, needs a review. They hold that in certain instances strategic partners chosen by the department are failed farmers. The other criticism, this time coming from emerging farmers, is that the department's selection of beneficiaries of redistributive land is not assisting the cause of food security. They complain that land is often given to people who have no interest or ability and passion for farming. Both



*Mr GE Nkwinti  
Minister: Rural  
Development & Land  
Reform*



criticisms are valid; and, have been accepted by the department. The two groups have requested to be part of the selection processes; and, the department has accepted the request. It is now left to the anticipated National Reference Group on Land Reform (the Nareg), working with the department, to develop the modalities.

One of the biggest success stories is the piloting of small rural towns' revitalisation. Two pilot projects are underway at the Prince Albert Hamlet (PAH), Witzenburg Municipality and in Dysselsdorp, in the Greater Oudtshoorn Municipality. Both are in the Western Cape Province. These are two examples of what could be achieved in working together as the three spheres of government and the community. Dysselsdorp is a good example of what could be defined as 'an emergent vibrant, equitable and sustainable community', where generally all sectors of the community are involved in the development of their community. The PAH is an example of what young people could achieve, given an opportunity and back-up support. Both have become our reference / learning points in their respective areas of strength.

The largest single pilot in youth development is the National Rural Youth Service Corps (the Narysec). The Narysec commenced on the 1st of September 2010. It has since been rolled out in all the Provinces, but KwaZulu-Natal (KZN). In its initial phase it enlisted 7 956 young people of between 18 and 35 years of age, with a minimum standard of Grade 10. They have been drawn from rural wards across the country, including farms, and small rural towns and some peri-urban areas. These young people, 50% of whom are women and at least every 4th one should be a person with some form of disability, have been enlisted on a continuous 24-months contract. This is one of our programmes which offers another good example of collaborative or inter-sectoral effort. It involves the following departments: Defence and Military Veterans; Higher Education and Training (FET Colleges, mainly in the Western Cape); National Treasury (StatsSA); Social Development (NISIS); some provinces (especially Gauteng, which engages these young people in practical work on farms in the province); and, some local municipalities and communities where they come from.

On a very small scale, the department, working with partners from both the public and private sectors, intervened in areas which had been hit by natural disasters – lightning, flash floods and thunderstorms. These interventions, small as they may be, go a very long way in assisting affected households to quickly recover from the shock and trauma of suddenly being without valuable assets; and, provide the government with an opportunity to pilot new techniques of helping vulnerable households.

Land reform remains a critical priority for this government and one of the central pillars of the CRDP. In recent years, the Land Redistribution and Restitution programmes have come under critical review both within and outside government. As a result the department initiated a series of provincial and national consultative workshops with all social partners in our sector (Farm Equity Schemes, Land Redistribution for Agricultural Development, Pro-active Land Acquisition Strategy, and other similar former programmes of the former Department of Land Affairs), since November, 2010.

The objective has been to share with them our current policy, legislative, strategic and operational dimensions. We needed to learn directly from them how they have been experiencing these in their daily lives as farmers. We utilised these workshops to test our future policy and legislative thoughts and plans, including key elements of the Draft Green Paper on Land Reform, as well as the Draft Land Tenure Security Bill, 2010. The National Consultative Workshop of the 27-28, May 2011, resolved that the National Reference Group should meet with the department once a quarter, to evaluate progress on all land reform programmes; and, that the National Social Partners Plenary should sit every six months or twice a year, to provide feed-back to the department on the performance of its land reform programmes, as people experience them. This is one of the powerful interventions which were made by stakeholders at these workshops.

The year under review, and the achievements highlighted in this report, reflects our commitment to achieving our vision of vibrant, equitable and sustainable rural communities. We remain committed to this vision.



Nkwinti G.E (MP)  
MINISTER: RURAL DEVELOPMENT AND LAND REFORM  
Date: 21 September 2011





### Deputy Minister's Statement

This is the first full annual report for the Department of Rural Development and Land Reform which was created as recently as 2009. As such it represents a singular achievement both in addressing the challenges of land reform inherited from the past, and in beginning to map out a clear direction for rural development going forward.

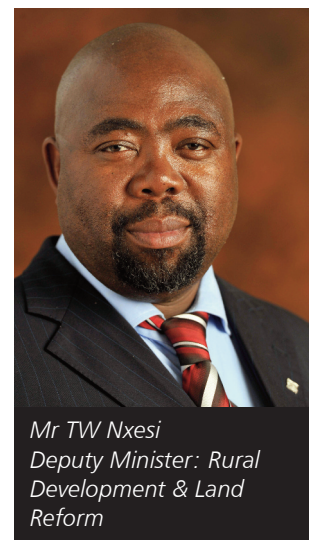
I want to comment on an aspect of restitution and land reform which has gone unheralded. For the year 2010/11, preliminary analysis indicates that 48% of beneficiaries of land reform programmes were women, whilst 51% of successful restitution claims were for female headed households. This augers well for the advancement of gender equity in the countryside.

The department's lead project, the National Rural Youth Service Corps (NARYSEC) is at the heart of the Comprehensive Rural Development Programme (CRDP). We cannot have a successful rural development strategy which leaves the youth behind. We are all aware of the high level of youth unemployment, particularly of rural youth. The NARYSEC aims to recruit youth from every rural municipal ward. So far almost 8 000 youth are undergoing training.

The youth are provided with skills related to the needs of their rural communities, identified through community and household profiling. The NARYSEC youth are also involved in the household profiling as part of their training. Current priorities are construction skills, disaster management and records management. Half (50%) of the recruits from each ward must be female, whilst 25% must be persons living with disabilities.

The aim now, is to expand the NARYSEC so that we make a meaningful impact on the lives of rural communities.

I would like to thank all the senior managers, officials and employees in the department that I have worked with and who have assisted the executive to fulfill its mandate.



Nxesi T.W. (MP)  
Deputy Minister of Rural Development and Land Reform





# Part 1: General Information

DEPARTMENT OF RURAL DEVELOPMENT & LAND REFORM

## Accounting Officer's Overview

In the year under review, the department has made commendable progress in ensuring that its priorities, as reflected in the Medium Term Strategic Framework (MTSF) 2010 – 2013 strategic plan, are achieved. The department committed itself to rolling out the Comprehensive Rural Development Programme (CRDP) in 160 wards, recapitalising and developing all distressed land reform projects, settling outstanding land restitution claims and improving its efficiency in the registration of cadastral and deeds documents. Key achievements in the period under review are as follows:

### Comprehensive Rural Development Programme

The CRDP is a strategic response to the needs of the marginalised rural communities. It was developed to ensure that rural communities are mobilised so that they can take centre stage in the improvement of their own quality of life. Thus the essence of the CRDP is that people are not the targets of development but rather subjects of their own development. The CRDP is also aimed at facilitating infrastructure development linked to the job creation model.

The focus of the rural development programme during this financial year was firstly to establish 16 225 community and institutional gardens; and to establish agri-parks in an effort to contribute to the improvement of food security in the country. As a result, a total of 1 918 gardens were established as well as two agri-parks. One trade agreement was also entered into.

The second focus area in the roll-out of the CRDP is to develop economic, social Information Communication Technology (ICT) and public amenities infrastructure. These would contribute towards sustainable livelihoods of the targeted communities.

In the period under review, we continued to roll-out the CRDP in 39 wards and three clinics in Muyexe and Makgolokoe villages and Moses Kotane District have been upgraded and one in Sending is under construction. Energy solutions have been rolled out in four CRDP sites and off-the-grid energy projects (solar panels) have been provided to 350 households. Three e-rap centres were completed in Muyexe (Limpopo), Sending and Vredesvallei (Riemvasmaak, Northern Cape), thereby providing much needed ICT infrastructure. A total of 47 village viewing areas (VVAs) were established in the CRDP sites to enable rural communities to have access to the 2010 Soccer World Cup.

In an effort to support sustainable livelihoods, social cohesion and development, community structures were established. This entailed organising and establishing 221 cooperatives in Muyexe, Makgolokoeng, and Mhlonto. One of the most important aspects of the CRDP is the job creation model which is aimed at uplifting communities by providing jobs. In this regard, more than 1 800 people received training in various skills. A total of 9 260 jobs were created through community profiling, National Rural Youth Services Corps (NARYSEC), infrastructure and community enterprises.

The NARYSEC is one of our strategic interventions in providing skills for the youth in rural areas. This programme has been well received by Cabinet and the general public.



## **Recapitalisation and development**

The Recapitalisation and Development Programme is aimed at resuscitating all distressed land reform projects implemented since 1994. In the period under review the department had planned to develop 504 farms under distress. In response to this, we advertised 852 projects and ultimately 411 farms were selected for recapitalisation and development. Irrigation systems were installed in Boschhoek, Igalelo and at Nxamalala in Msinga (KwaZulu-Natal). We are currently working with our stakeholders towards the revitalisation of seven defunct irrigation schemes at an estimated cost of R370 million. This project will be implemented in the 2011/12 financial year. It is envisaged that this programme will contribute a great deal to improving food security in the country.

## **Land reform**

The focus of the land reform programme, during the year under review, was to acquire and redistribute 283,592 hectares of land. During the period under review, a total of 322,844.9931 hectares were acquired and redistributed. More than 50,473 hectares were acquired and warehoused.

## **Restitution**

The Commission on Restitution of Land Rights settled a total of 457 claims between April 2010 and March 2011, benefiting 13,310 households. Consequently, a total of 124,507.2600 hectares was restored and the cost of land paid thus far translates to over R800 million (R870,326,508.43). The financial compensation paid to beneficiaries is over R460 million.

## **Human Resources Management and Development**

In the period under review the departmental structure was approved and efforts were made to fill vacant posts in order to ensure that service delivery is not hampered. The department also sought to ensure a skilled and capacitated department to deliver on the departmental mandate through the Human Resources Development directorate. In this regard 81% of employees were trained in line with their Personnel Development Plans (PDPs) and performance against the Strategic Plan was monitored on a quarterly basis.

## **Geospatial and Cadastral Services**

Support was provided to the Land Reform and Rural Development programmes to enhance service delivery by improving the turn-around times of cadastral documents and deeds registration. In addition, spatial planning and information support was provided to rural municipalities. Due to lack of adequate funding, the department did not manage to register much progress in the establishment of disaster management desks in rural areas as well as research on indigenous knowledge systems and appropriate technologies applicable to CRDP sites.

## **Conclusion**

I wish to take this opportunity to express my sincere appreciation and gratitude to the Minister and Deputy Minister for their continued guidance and sound leadership. I also wish to thank managers and officials who demonstrated full dedication and commitment in ensuring that the department delivers on its mandate.



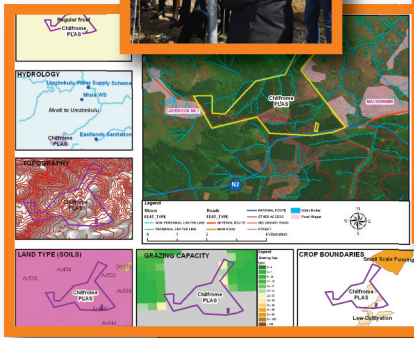
# Part 2

**DEPARTMENT OF RURAL DEVELOPMENT & LAND REFORM**



# Part 2

## Information on Predetermined Objectives



**DEPARTMENT OF RURAL DEVELOPMENT & LAND REFORM**



# Part 2: Information on Predetermined Objectives

DEPARTMENT OF RURAL DEVELOPMENT & LAND REFORM

## 2.1 Overall Performance

### 2.1.1 Voted funds

| Main Appropriation R'000 | Adjusted Appropriation R'000                    | Actual Amount Spent R'000 | Under Expenditure R'000 |
|--------------------------|---|---------------------------|-------------------------|
| 6 769 555                | 7 293 382                                       | 7 122 855                 | 170 527                 |
| Responsible Minister     | Minister of Rural Development and Land Reform   |                           |                         |
| Administering Department | Department of Rural Development and Land Reform |                           |                         |
| Accounting Officer       | Director-General                                |                           |                         |

### 2.1.2 Aim of vote

The aim of the Department of Rural Development and Land Reform is to create and maintain an equitable and sustainable land dispensation and act as a catalyst for rural development that ensures rural livelihoods, decent work and continued social and economic advancement for all South Africans.

### 2.1.3 Summary of Programmes

During the year under review the programmes of the Department of Rural Development and Land Reform were restructured to align both human and financial resources to the new mandate of rural development. A new programme dealing specifically with rural development was added while other programmes were combined, thus reducing the number of programmes from seven to five organised as follows:

**Programme 1:** Administration: Its purpose is to provide strategic and logistical support in the form of executive and corporate services, the acquisition of vehicles for departmental use, oversee departmental capital works, and make a nominal contribution to the Public Sector Education and Training Authority.

**Programme 2:** Geospatial and Cadastral Services: Its purpose is to provide geospatial, cadastral surveys and spatial planning information as well as technical services in support of sustainable land development.

**Programme 3:** Rural Development: Its purpose is to initiate, facilitate, coordinate and catalyse the implementation of a comprehensive rural development programme that leads to sustainable and vibrant rural communities.

**Programme 4:** Restitution: Its purpose is the settlement of land restitution claims under the Restitution of Land Rights Act (Act No. 22 of 1994) and to provide settlement support to beneficiaries.

**Programme 5:** Land Reform: Its purpose is to provide sustainable land reform programmes in South Africa.





## 2.1.4 Key strategic objectives

During the period under review, the department's strategic objectives were organised into reward objectives and supporting outputs as follows:

- Strategic output 1: Sustainable land reform aligned to CRDP.
- Strategic output 2: Food security for all.
- Strategic output 3: Rural development and sustainable livelihoods.
- Strategic output 4: Increased income and access to job opportunities.
- Supportive output 1: Provision of efficient and effective cadastral surveys.
- Supportive output 2: Provision of efficient deeds registration that underpins security of land tenure.
- Supportive output 3: To ensure efficient and effective functionality of the department to support the core vision.

## 2.1.5 Overview of the service delivery environment for 2010/11

Pursuant to the establishment of the new Department of Rural Development and Land Reform some of the services and deliverables, initially planned, had to be reviewed in terms of their relevance to the mandate of the new department and the general focus and approach of government. Fortunately, the department did not have to drastically change the services it offered to the public. In the year under review the following key programmes and services were provided:

- Recapitalisation and development of farms under distress since 1994.
- Grants to facilitate access to land.
- Settlement of land restitution claims.
- Maps, aerial photographs and digital topographic information.
- Registration of deeds.
- Cadastral related information.

In delivering the above services, the department transferred 322,844.9931 hectares of land to 3 089 beneficiaries through its land reform programme. It further developed 411 farms through the recapitalisation and development programme. With regards to the settlement of restitution claims, 457 claims were settled. The Registrar of Deeds registered and documented 904 928 deeds.

The department trained more than 960 rural youth on participatory and rural appraisal and social survey methods with a view of employing them as field workers in the community and household profiling. Furthermore, through the NARYSEC programme, a further 7 956 rural youth were recruited for a period of 24 months.

Although there were notable successes, there were also challenges that were beyond the department's control that hindered its ability to deliver some of the services, more especially on the land reform and restitution programmes. These centred around disputes amongst beneficiaries, untraceable claimants, exorbitant land costs, disputes relating to the validity of claims by farmers, protracted negotiations, etc. The CRDP also experienced some challenges in formalising working agreements with stakeholders. The review of the clinics policy by the Department of Health also hampered the department's pace in the establishment of clinics at all CRDP sites.

The department has been mandated to coordinate Outcome 7 which seeks to ensure vibrant, sustainable, equitable rural communities and food security for all. In the year under review we have succeeded in institutionalising the coordination with relevant sector departments and municipalities.

## 2.1.6 Overview of the organisational environment for 2010/11

Following the re-organisation of the new administration, a Department of Rural Development and Land Reform was established. The key objective of the department is the achievement of vibrant and sustainable rural communities with the overall outcome focused on social cohesion and development which includes shared growth and development, full employment, equity and cultural progress.

To give effect to this, the department has developed a new organisational structure and establishment in consultation with the Department of Public Service and Administration. The proposed organisational structure and establishment was

approved by the Minister on 03 March 2011 for implementation with immediate effect. The department has been restructured into eight branches and the Commission, namely: Commission on Restitution of Land Rights, Land Reform and Administration, Geo-Spatial Services, Technology Research and Development, Rural Infrastructure Development, Social Technical Livelihood and Institutional Facilitation, Deeds Registration, Cadastral Surveys Management, Corporate Support Services and Financial Management Services. It should be noted that the Commission of Land Restitution has been restructured and the Chief Land Claims Commissioner is now at the level of Deputy Director-General, assisted by one Deputy Chief Land Claims Commissioner and one Regional Land Claims Commissioner, both at the level of Chief Director. They will be appointed on five year contract terms. The Regional Land Claims Commission offices in the provinces have been restructured, and each office will be headed by a Chief Director: Land Restitution Support, appointed on a permanent basis. The establishment of the Chief Directors: Land Restitution Support has been integrated into the establishment of the department. The structure can only be partially funded due to financial constraints, the funding available will, therefore be prioritised for posts in those components where service delivery is directly affected. The process of implementing the new structure is under way.

The top management monitored the monthly progress reports on the filling of posts. The monitoring of the filling of posts has contributed to a significant reduction in the vacancy rate. A total of 351 posts were filled. Significant appointments include the appointment of the Director-General, Deputy Director-General: Corporate Support Services, Chief Surveyor-General, Chief Registrar of Deeds and Chief Audit Executive.

## 2.1.7 Key policy developments and legislative changes

The Recapitalisation and Development Policy was approved during the period under review.

## 2.1.8 Departmental revenue, expenditure, and other specific topics

### Collection of departmental revenue

**Departmental revenue collected:** non-tax revenue is made up of Sales of Goods and Services other than Capital Asset - R18,418 million; Sales of Scrap, Waste & other goods – R4,628.03; Interest, Dividends & Rent on Land – R25,087 million; Sale of Capital Assets – R225,018.41 (R51,300 is disposal of three caravans by Survey and Mapping and R150,000.00 is transfer of portion 16 (portion of portion 5) of the farm Gembokfontein 199 JR, Mpumalanga to the Holy Jerusalem Church of Repentance and R23,718.41 misallocation from Eastern Cape) and Financial Transactions in Assets & Liabilities – R5,065 million. The decrease in non-tax revenue is due to Pro-active Land Acquisition Strategy (PLAS) revenue no longer being received as part of State land lease revenue.

The table below provides a breakdown of the sources of revenue:

|  | 2007/08<br>Actual | 2008/09<br>Actual | 2009/10<br>Actual | 2010/11<br>Target | 2010/11<br>Actual | % deviation<br>from target |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|----------------------------|
| <b>Tax revenue</b>   | Nil               | Nil               | Nil               | Nil               | Nil               | Nil                        |
| <b>Non-tax revenue</b>   | 168,661           | 54,408            | 38,804            | 64,220            | 43,511            | -32%                       |
| <b>Sales of capital assets</b>   | 2,468             | 963               | 498               | 0                 | 225               | 100%                       |
| <b>Financial transactions<br/>(Recovery of loans and<br/>advances)</b> | <b>7,478</b>      | <b>10,748</b>     | <b>4,745</b>      | <b>4,200</b>      | <b>5,066</b>      | <b>21%</b>                 |
| <b>TOTAL DEPARTMENTAL<br/>RECEIPTS</b>                                 | <b>178,607</b>    | <b>66,119</b>     | <b>44,047</b>     | <b>68,420</b>     | <b>48,802</b>     | <b>-29%</b>                |

## 2.1.9 Departmental expenditure

The Department of Rural Development and Land Reform expenditure as at 31 March 2011 amounted to R7,123 billion (97.7%) against adjusted appropriation amounting to R7,293 billion. This resulted in an under spending of R170,5 million at the end of 2010/11 financial year. The under spending was mainly due to vacant posts not filled as a result of the moratorium issued on the filling of vacancies to allow for a rationalisation of the department's organisational structure, which was only finalised in January 2011. This also had a carry on effect on personnel related expenditure such as travelling costs, communication costs, stationery, office equipment and furniture across all programmes.



To realize the above-mentioned spending performance, the department developed a restitution intervention plan which focused on settling some of the restitution commitments. This resulted in 100% spending performance on the restitution grants budget.

## 2.1.10 Transfer payments

The following table provides a list of institutions and departmental entities that received transfer payments made by the department.

| Name of entity or institution       | Purpose for the transfer   | Actual expenditure R'000 |
|-------------------------------------|--|--------------------------|
| Deeds Registration Trading Account  | To augment the budget of the trading entity.                                       | 27,861                   |
| Agricultural Land Holding Account   | To fund the pro-active acquisition of the strategically located agricultural land. | 1,028,480                |
| South African Council for Planners  | To pay for the department's membership in the council.                             | 2,425                    |
| KwaZulu-Natal Ingonyama Trust Board | To augment the budget of the board.  | 9,157                    |
| <b>TOTAL</b>                        |  | <b>1,067,923</b>         |

## 2.1.11 Conditional grants and earmarked funds

The department did not have conditional grants that it transferred to other spheres of government during the 2010/11 financial year.

## 2.1.12 Capital investment, maintenance and asset management plan

### Capital investment

The department did not have any capital investments during the period under review.

### Asset Management

The department had 74 properties that it leased both nationally and provincially during the 2010/11 financial year. To upgrade some of these properties, it undertook the following major maintenance projects:

- Cape Town, Mowbray, Van Der Sterr Building: Upgrading and installation of a back-up generator.
- Cape Town, Surveyor-General, 90 Plein Street: Upgrading of kitchen and toilet facilities.
- Pietermaritzburg, Deeds Office and Surveyor-General: Upgrading, repairs and renovations.
- Pretoria, 184 Jacob Mare building: Upgrading of power supply and reticulation.
- Pretoria, 184 Jacob Mare building: Upgrading of Network Center.
- Cape Town, Deeds Office, Construction: Site Clearance.

The implementation of all of the above projects, except the upgrading of the network center, will carry over to the 2011/12 financial year. Additionally, the department has also planned to undertake the damp proofing project of the building situated at 15 Mark Street in Stellenbosch, Western Cape in 2011/12.



# Part 2: Information on Predetermined Objectives

DEPARTMENT OF RURAL DEVELOPMENT & LAND REFORM

## 2.2 Programme Performance

The activities of the Department of Rural Development and Land Reform are organised according to the following programmes:

1. Programme 1: Administration
2. Programme 2: Geospatial and Cadastral Services
3. Programme 3: Rural Development
4. Programme 4: Restitution
5. Programme 5: Land Reform

### Legislative programme

Progress made in the legislative programme is depicted in the table below.

| LEGISLATIVE PROGRAMME  |                                     |   |  |                                       |  |
|--|-------------------------------------|---|--|---------------------------------------|--|
| Strategic objective  | Output                              | Action  | Indicator  | Target                                | Actual   |
| Legislation and policy to support rural development and land reform. | Tenure reform policy developed.     | Review land tenure system.  | Policy and legislation on land tenure in place by March 2012.  | Policy Framework approved by Cabinet. | Policy Framework was approved by Cabinet.  |
|  |                                     | Draft legislation repealing the Extension of Security of Tenure Act and the Land Reform: Labour Tenants Act approved by Cabinet.    | Draft legislation repealing the Extension of Security of Tenure Act and the Land Reform: Labour Tenants Act approved by Cabinet. | July 2010                             | Draft Tenure Security Bill published in the Government Gazette for public comments in December 2010. |
|  | Land Reform General Amendment Bill. | Draft amendments to effect consequential changes to own administered Acts in terms of the National Macro Organisation of the State. | All consequential amendments to own administered Acts attended.  | Land Reform General Amendment Bill.   | Bill adopted by NCOP on 24 March 2011 and was referred to President for assent.                      |
|  | Black Authorities Repeal Bill.      | Draft Bill repealing entire Black Authorities Act.  | Repeal Bill submitted to Cabinet by April 2010.  | Black Authorities Repeal Bill.        | Bill adopted by Parliament and assented to by the President.   |
|  | Deeds Registries Amendment Bill.    | Draft amendments to Deeds Registries Act.   | Draft legislation amending Deeds Registries Act submitted to Cabinet by April 2010.  | Deeds Registries Amendment Bill.      | Bill was adopted by both the houses of Parliament and assented to by the President.                  |
|  | Sectional Titles Amendment Bill.    | Draft amendments to Sectional Titles Act.   | Draft legislation amending Sectional Titles Act submitted to Cabinet by April 2010.  | Sectional Titles Amendment Bill.      | Bill was adopted by both Houses of Parliament and assented to by the President.                      |



| LEGISLATIVE PROGRAMME  |  |   |   |   |   |
|--|--|---|---|---|---|
| Strategic objective  | Output   | Action  | Indicators  | Target  | Actual  |
| Legislation and policy to support rural development and land reform. | Geomatics Profession Bill.   | Draft legislation repealing the Professional and Technical Surveyors Act approved by Cabinet for public comment by June 2010. | Draft legislation repealing the Professional and Technical Surveyors Act approved by Cabinet for public comment by June 2010. | Geomatics Profession Bill.                                    | Draft Geomatics Profession Bill published in the Government Gazette for public comments in May 2010.  |
|  | Land Protection Bill.  | Draft legislation submitted to Cabinet by March 2010.   | Approved policy framework and Bill by March 2010 .  | Policy framework and Bill approved.                           | Technical editing of Bill completed. The target was not met.  |
|  | Rural Development Agency Bill.   | Policy Framework submitted to Cabinet by March 2011 and Draft Bill by July 2011.  | Approved business case, approved policy framework and Bill.   | Policy framework approved.                                    | Initial scoping exercise for policy development has been done and terms of reference prepared.  |
|  | Green/White Paper on Agrarian Transformation, Rural Development and Land Reform. | Draft Green and White Papers.   | Green Paper gazetted by May 2010. White Paper submitted to Cabinet by March 2011.   | Green Paper consultations, developing a rural sector profile. | Draft Green Paper was presented to Cabinet. Cabinet directed that Green Paper must be split into two separate Green Papers on Land Reform and on Rural Development. |





# Part 2: Information on Predetermined Objectives

DEPARTMENT OF RURAL DEVELOPMENT & LAND REFORM

## Programme 1: Administration

**Purpose:** Strategic and logistical support in the form of executive and corporate services, the acquisition of vehicles for departmental use, oversee departmental capital works, and make a nominal contribution to the Public Sector Education and Training Authority. The programme is divided into the following sub-programmes:

- The Ministry
- Management
- Corporate Support Services
- Office Accommodation
- Government Motor Transport
- Sector Education and Training Authority
- Capital Works

### Strategic Objectives:

- To ensure efficient and effective functionality of the department to support the core vision.

This programme supports the achievement of strategic objectives by providing strategic direction, financial and human resources support. This contributes largely to the achievement of the outcomes of the department and priorities of the State.

### Service Delivery Objectives and Indicators:

| Measurable outputs  | Indicator  | Actual performance against targets        |   | Reason for variance or comments  |
|---|--|---|---|--|
|   |  | Target                                    | Actual                                    |  |
| Skilled and capacitated department to deliver on the departmental mandate.                      | Training linked to PMDS.   | 80%                                       | 81%                                       | None   |
|   | % vacancy rate.  | 12%                                       | 11%                                       | None   |
| Periodic performance review reports on departmental performance.                                | Performance monitored and evaluated on a quarterly and annual basis. | Quarterly and annual performance reports. | Quarterly and annual performance reports. | Performance Monitoring Evaluation reports, Comprehensive Performance Evaluation reports have been produced.  |
| Provisioning of an enabling environment for improved financial compliance and service delivery. | Improvement on the internal audit findings.                          | Unqualified audit opinion.                | Qualified audit opinion.                  | The completeness of the immovable asset register is still a challenge. The Auditor-General has however acknowledged the improvements made in the 2010/11 financial year towards a complete immovable asset register. |
|   | % of expenditure aligned to strategic objectives.                    | 99%                                       | 98 %                                      | The variance of 1% is mainly attributed to vacant posts not filled.  |



# Part 2: Information on Predetermined Objectives

DEPARTMENT OF RURAL DEVELOPMENT & LAND REFORM



## Programme 2: Geospatial & Cadastral Services

**Purpose:** To provide geospatial, cadastral surveys and spatial planning information as well as technical services in support of sustainable land development. The programme is divided into the following sub-programmes:

**Cadastral Surveys sub-programme** is responsible for examining and approving all surveys for the registration of land and real rights that are intended to be registered in the deeds office; maintaining records; compiling, maintaining and revising maps of property boundaries; and providing cadastral advisory services to other government institutions. Funding in this sub-programme was mainly used for compensation of employees and goods and services.

The programme's service delivery priorities include Facilitation of Surveying of State Land, Examination and Approval of Diagrams, General Plans and Sectional Plans, Maintenance of Cadastral information, both on paper documentation and spatial (digital).

**National Geospatial Information sub-programme** promotes and controls all matters related to geodetic and topographical surveying, and geospatial information services. Funding in this sub-programme was mainly used for compensation of employees and goods and services.

**Spatial Planning sub-programme** provides for national land use management, spatial planning and spatial information systems. Funding in this sub-programme was mainly used for compensation of employees and goods and services.

**Registration of Deeds Trading Account sub-programme** provides for the growth of trading capital and the procurement of capital equipment for the deeds registration chief directorate. Funds in this sub-programme are used to augment any deficit that may occur in the trading account, compensation of employees, and goods and services.

**South African Council for Planners sub-programme** provides transfer payments to the South African Council for Planners in line with the Planning Profession Act, 2002 (Act No. 36 of 2002). Funding in this sub-programme was used mainly to support the South African Council for Planners, a non-profit organisation dealing with the registration and activities of the planning profession.

### Strategic Objectives:

- Provision of efficient and effective cadastral surveys.
- Provision of efficient deeds registration that underpins security of land tenure.

### Service Delivery Objectives and Indicators:

The measurable objective of this programme is to provide fundamental geospatial information as a national asset in accordance with user needs, improving the efficiency of cadastral information services and to promote equitable, sustainable land use and allocation through an integrated land planning and administration system.



## Cadastral Surveys Management

**Achievements:** A total of 53 projects consisting of Research Reports, Cadastral Survey information and plans from spatial information generated were addressed within six working days thus exceeding the set target of 15 days. The enabling factor was motivated staff in some of the Surveyors-General (SG) offices with limited resources.

The department examined and approved 29 projects involving rural development within six working days. These projects were performed at Surveyor-General: Bloemfontein Office. The indicator was exceeded as the set target was nine days. The enabling factor was that such projects were given priority.

Approximately 88% of National Spatial Data Set was completed in the financial year 2010/11. The enabling factors are that the examined and approved diagrams, general plans and sectional plans which have been archived assisted in the updating of the completeness of the National Spatial Data Set.

**Challenges:** Approval and examination of all other projects within 15 working days, number of projects processed and number of land parcels created. The department could not meet its set target in this regard due to a shortage of professional land surveyors in the following SG offices (Mpumalanga, Limpopo, KwaZulu-Natal and Pretoria) and the participation of some officials in the September/October public service strike action.

## Registration of Deeds Trading Account

**Achievements:** Deeds Registration has progressively introduced e-Cadastre which is aimed at improving cadastral surveys management and deeds registration as well as the consolidation of data stores in preparation for the e-Cadastre.

As at 31 March 2011, a total of 904 928 deeds and documents were registered in the 10 deeds registries country wide. In as far as the e-cadastre project is concerned, the enterprise architecture investigation, which is aimed at consolidating Cadastral Surveys and Deeds Registration data stores, has been concluded. Digital scanning of the microfilm records has commenced.

**Challenges:** Due to the moratorium on the filling of vacant posts some targets could not be realised. This moratorium contributed to the non-attainment of the some targets particularly in Cape Town, Pretoria, Johannesburg and Pietermaritzburg Deeds Registries which also received more deeds and documents which could not be processed within the target.

## Sub-programme: Cadastral Surveys Management

| Strategic Objective  | Indicator   | Actual performance against targets                                      |   | Reason for variance or comments  |
|--|---|---|---|--|
|  |   | Target  | Actual  |  |
| Surveyed State land, registrable diagrams, general plans, sectional plans and communal general plans.  | Research reports, cadastral survey information and plans from spatial information generated.                                      | Within 15 working days per request.                                     | Within six working days per request.<br><i>(All 53 research reports received addressed.)</i>                              | Motivated staff.   |
| Approved diagrams, general plans and sectional plans that comply with legislation and provide tenure security and sustainable rural and urban development. | Average number of days taken to examine and approve diagrams, generated plans and sectional title plans under a normal work load. | Projects involving rural development examined within nine working days. | Projects involving rural development examined within six working days.<br><i>(All 29 projects examined and approved.)</i> | Projects were given priority.  |
|  |   | All other projects within 15 working days.                              | All other projects within 24 working days.  | During 2009/10 the department embarked on the rationalisation process of the then version 2.5 of the organisational structure. This resulted in the issuing of the moratorium on the advertisement and filling of vacant positions. This in turn left a number of newly created components as well as existing components not filling their vacancies, hence the under-performance on set targets. |





| Strategic Objective  | Indicator   | Actual performance against targets |         | Reason for variance or comments                            |
|--|---|------------------------------------|---------|--|
|  |   | Target                             | Actual  |  |
| Complete and current cadastral information for all land parcels in both paper and digital format, including the creation of national spatial data set. | Number of projects processed.                         | 13 000                             | 10 775  | Shortage of staff.   |
|  | Number of land parcels created.                       | 200 000                            | 173 434 | Shortage of staff.   |
|  | Percentage completeness of National Spatial Data Set. | 65%                                | 88%     | Archived records assisted in the provision of information. |

## Sub-programme: Deeds Registration

| Measurable outputs      | Indicator   | Actual performance against targets                 |   | Reason for variance or comments  |
|-------------------------|---|--|---|--|
|                         |   | Target   | Actual                                  |  |
| Registered title deeds. | Number of days from lodgement until examination is completed (in accordance with legislation, practice and procedure).                  | Examining 95% of deeds lodged within seven days.   | 75.5% deeds examined within seven days. | During 2009/10 the department embarked on the rationalisation process of the then version 2.5 of the organisational structure. This resulted in the issuing of the moratorium on the advertisement and filling of vacant positions. This left a number of newly created components as well as existing components not filling their vacancies, hence the under-performance on set targets. |
|                         | Number of days after registration until registered deeds/document are delivered in accordance with legislation practice and procedure). | Delivering 95% of registered deeds within 15 days. | 48.8% deeds delivered within 15 days.   | During 2009/10 the department embarked on the rationalisation process of the then version 2.5 of the organisational structure. This resulted in the issuing of the moratorium on the advertisement and filling of vacant positions. This left a number of newly created components as well as existing components not filling their vacancies, hence the under-performance on set targets. |

## Sub-programme: Rural Disaster Mitigation Services

| Measurable outputs                  | Indicator   | Actual performance against targets |        | Reason for variance or comments  |
|-------------------------------------|---|------------------------------------|--------|--|
|                                     |   | Target                             | Actual |  |
| Natural resource conservation.      | Resource management plans for natural resource management and waste management in place and operational per ward. | 25                                 | 0      | During 2009/10 the department embarked on the rationalisation process of the then version 2.5 of the organisational structure. This resulted in the issuing of the moratorium on the advertisement and filling of vacant positions. This left a number of newly created components as well as existing components not filling their vacancies, hence the under-performance on set targets. |
|                                     | Number of joint programmes developed for natural resource management.   | 3                                  | 0      | During 2009/10 the department embarked on the rationalisation process of the then version 2.5 of the organisational structure. This resulted in the issuing of the moratorium on the advertisement and filling of vacant positions. This left a number of newly created components as well as existing components not filling their vacancies, hence the under-performance on set targets. |
| Disaster mitigation and management. | Disaster management desk established within Thusong Service Centres (MPCCs).                                      | 40                                 | 0      | During 2009/10 the department embarked on the rationalisation process of the then version 2.5 of the organisational structure. This resulted in the issuing of the moratorium on the advertisement and filling of vacant positions. This left a number of newly created components as well as existing components not filling their vacancies, hence the under-performance on set targets. |
|                                     | Mitigation strategy developed to address rural disaster management.   | Availability of strategy.          | None   | During 2009/10 the department embarked on the rationalisation process of the then version 2.5 of the organisational structure. This resulted in the issuing of the moratorium on the advertisement and filling of vacant positions. This left a number of newly created components as well as existing components not filling their vacancies, hence the under-performance on set targets. |



# Part 2: Information on Predetermined Objectives

DEPARTMENT OF RURAL DEVELOPMENT & LAND REFORM



## Programme 3: Rural Development

**Purpose:** To initiate, facilitate, coordinate and catalyse the implementation of a comprehensive rural development programme that leads to sustainable and vibrant rural communities. Rural Development is structured in two branches, the one is responsible for Social, Technical, Rural Livelihoods and Institutional Facilitation (STRIF) and the other is responsible for Rural Infrastructure Development (RID).

### Strategic Objectives:

- To contribute to the availability of, and increased access to, food security by all.
- Contribute to sustainable rural development and livelihoods.
- Increased income and access to job opportunities.

### Service Delivery Objectives and Indicators:

The measurable objective of Rural Development is to ensure that social, environmental and economic development is realised by rural communities through: training and skills development, establishing cooperatives and enterprises, establishing community organisations, facilitating integrated infrastructure delivery for socio-economic growth, revitalising and revamping old ICT infrastructure and developing new infrastructure, investing strategically in public amenities in rural areas over the Medium Term Expenditure Framework (MTEF) and improving access.

### Branch: Social, Technical, Rural Livelihoods and Institutional Facilitation (STRIF)

**Achievements:** STRIF mobilised 28 communities and profiled 13 694 households. The profiling results are captured on National Integrated Social Information System (NISIS) and reports have been drafted which present these results. During the period under review, more than 960 youth were trained in participatory rural appraisal and social survey methods. The youth were assigned as field workers in the community and household profiling.

Councils of Stakeholders (CoS) were established in 25 CDRP sites for the 2010/2011 financial year. The World Bank Technical programme has been to date assisting with the capacitation of the CoS. STRIF also supported the Alice Agri-Park project which can be regarded as a best practice joint venture between a university (University of Fort Hare), government and communities.

The NARYSEC programme has also been launched by the department. It is the first time that a skills development programme of this magnitude has been embarked upon in rural areas. The Minister of Rural Development and Land Reform is responsible for the overall coordination, monitoring and evaluation of the programme. The provincial MECs who are championing rural development, have been engaged to co-manage the programme.

The programme started on 1 September 2010 and has been rolled out to all provinces except KwaZulu-Natal; discussions with the province to participate in NARYSEC are currently underway. The number of the NARYSEC participants will gradually



be increased to reach a total of 20 000 during the next three years, depending on the availability of resources. The objectives of the NARYSEC are to:

- Train youth through specifically developed programmes linked to community needs in rural areas;
- Develop youth with multi-disciplinary skills through civic education;
- Capacitate youth in retaining knowledge and technical skills acquired during training; and
- Increase the number of rural communities receiving support in their self-development through the Comprehensive Rural Development Programme (CRDP).

The NARYSEC participants are contracted for a period of 24 months following their recruitment from rural communities. Recruitment is done through advertisement and selection by community structures.

The first part of the two-year programme is a foundational phase which consists of an orientation programme followed by training in conducting household profiling. The household profiling is followed by the actual conducting of household profiling in rural areas in conjunction with the Department of Social Development.

The youth thereafter undergo a seven week non-military training programme in the South African National Defence Force. The programme has been specifically designed as part of the National Youth Service and focuses on aspects of discipline, patriotism and service delivery in rural communities.

The foundational phase is followed by a skills development phase. The skills development programmes that will be presented to the NARYSEC participants will be related to the activities of the CRDP which are identified through the conducting of household profiling. The skills development programmes will therefore vary according to the needs of the various rural communities.

The immediate focus area of skills development has been determined to be construction in rural areas. The skills development phase will be followed by the community service phase where the youth will apply their newly acquired skills in rural communities under the leadership/mentorship of the responsible department.

The final phase or exit strategy of the NARYSEC will be linked to the maintenance and operations activities of local and district municipalities. The strategic outcomes of the programme in the long term are expected to be:

- A decline in the level of youth unemployment in rural areas.
- An increase in literacy and skills.
- An increase in disposable income for youth in rural areas as a result of employment and entrepreneurial opportunities.
- A decreased dependency on transfers from family members working in urban areas.

**Challenges:** Capacity has been the major constraint in achieving the targets in the chief directorates where posts of senior managers were not filled. The posts of chief directors in Rural Livelihoods and Food Security and Institution Building and Mentoring took an unreasonably long time to fill. This problem also prevailed in the provinces where implementation takes place. The posts of directors in the provinces have not been filled and this has bedevilled the implementation of programmes in the CRDP sites.

Rural development projects with high impact goals and effect on our strategic objectives (such as the agri-parks, rural enterprises, linking communities to markets and trade agreements) have a much longer cycle time than one year to have reported a meaningful impact to our communities. This has resulted in a number of projects and targets not being met in the 2010/11 financial year. It is anticipated that these targets will be met and achieved in the 2011/12 financial year.

## Branch: Rural Infrastructure Development (RID)

**Achievements:** The Rural Infrastructure Development Branch has succeeded in improving access to services in rural areas by facilitating the construction and renovation of schools, houses, sanitation systems, water infrastructure, energy infrastructure, fencing and roads.

Some of the achievements for the year included the roll-out of 47 village viewing areas which enabled rural people to have access to the 2010 Soccer World Cup. The establishment of three e-rap centres in Muyexe and Riemvasmaak has also contributed significantly to improved access to information and this work will continue in the new financial year.

**Challenges:** Some of the challenges experienced in the last financial year include the integration of infrastructure plans across all spheres of Government. To deal with this, the department will be focusing on institutionalising the CRDP management system and finalising norms and standards for rural areas that should enhance integrated planning and delivery.



## Branch: STRIF

### Sub-programme: Social, Technical, Rural Livelihoods & Institutional Facilitation

| Measurable outputs                                    | Indicator   | Actual performance against targets |                            | Reason for variance or comments   |
|---|---|------------------------------------|----------------------------|---|
|   |   | Target                             | Actual                     |   |
| Community and institutional school gardens developed. | 40% of public/ community institutions (churches, clinics) have gardens by 2014.             | 225                                | 418                        | 300 Gardens were fenced for the communities to continue ploughing on their own. 40 gardens were done in Dysseisdorp and one institution garden was done.  |
|   | 60% of rural schools have school gardens by 2014.   | 1 000                              | 0                          | Rural schools are the competency of the Department of Basic Education and the Branch has not yet established its own rural school gardens.  |
|   | Every household with a productive garden, crop field and/ or chicken-run on all CRDP sites. | 15 000                             | 1 500                      | The delay has come about as a result of protracted negotiations with service providers.   |
|   | Availability of joint agreements with relation to sector departments.                       | 4 (Health, DAFF, Water, Education) | 1 (Eastern Cape Education) | There was one functional agri-park in the Eastern Cape that must be linked to other departments through a joint agreement for the purposes of purchasing produce from the agri-park, hence the performance is indicating one agreement. In this agreement, the department signed with four provincial sector departments for the above-mentioned purpose. |
| Establishment of agri-parks through CRDP.             | One agri-park per district across the country by 2013.                                      | 10                                 | 2 (Alice and Dutywa.)      | The cycle time required to have a running agri-park is much longer than a year resulting in the targets set not being feasible. To date DRDLR has two agri-parks in the Eastern Cape, which have taken much longer to get them to the operational stages.   |
|   | Number of trade agreements entered into with markets.                                       | 10                                 | 1                          | Due to the longer cycle time to develop an agri-park which is more than one financial year, the department managed to operationalise one agri-park, instead of the 10. Therefore, each operational agri-park must be linked to an off-take agreement to the market, hence the achievement was one.  |

| Measurable outputs   | Indicator   | Actual performance against targets |   | Reason for variance or comments  |
|--|---|------------------------------------|---|--|
|  |   | Target                             | Actual  |  |
| Community structures established to support social cohesion and development. | Number of enterprises established and operational.  | 125                                | 45  | Mobilisation and registration of these enterprises are often protracted processes.   |
|  | Number of cooperatives established and operational.   | 375                                | 221<br>The department entered into agreements with DTI, SEDA and Agri-SETA for training of cooperatives in management technical skills and business planning. | Mobilisation and registration of these entities are often protracted processes.  |
|  | Councils of Stakeholders established and operational.   | 25                                 | 25  | None   |
| Job creation linked to skills training.                                      | Increase in number of jobs as a result of increased production on land reform.                            | 17 000                             | 0   | This information is reported below.  |
|  | One member per household (hh) employed in all CRDP wards for two years (estimation of 2 000 hh per ward). | 50 000                             | 9 260<br><i>(7 956 NARYSEC, 969 community profiling, 335 CRDP youth).</i>   | This figure does not include the members of the communities employed in projects such as housing and other projects undertaken by other departments in CRDP sites/wards. |
|  | Number of community members trained.  | 2 500                              | 1 869<br><i>(900 in Art and Craft production; 969 youth trained in PRA and in HH profiling).</i>  | This figure does not include training conducted by other departments in CRDP sites/wards.  |



## Sub-programme: Rural Infrastructure Development

| Measurable outputs  | Indicator   | Actual performance against targets |  | Reason for variance or comments  |
|---|---|------------------------------------|--|--|
|   |   | Target                             | Actual   |  |
| Roll out of CRDP to contribute to sustainable development.          | Number of wards with active CRDP intervention.  | 25                                 | 39 wards had a CRDP intervention.  | None   |
| Economic, social ICT and public amenities infrastructure developed. | One clinic per CRDP site.   | 25                                 | 4  | Dept of Health is revising its clinic policy, shifting from provision of clinics to primary healthcare facilities.   |
|   | % reduction in rural infrastructure backlog in CRDP sites.  | 20%                                | 20%<br>( <b>LP:</b> Muyexe : 80% of identified projects completed<br>Masia: Design work completed for identified project<br><b>NC:</b> Sending and Vredesvallei: 30% of identified projects completed<br><b>FS:</b> Diyatalawa (1): 30%<br><b>KZN:</b> Msinga: 30%<br><b>KZN:</b> Vryheid: (2)10%<br><b>MP:</b> Mkhondo: (1) 10%<br><b>NW:</b> (2) 50%<br><b>EC:</b> Mvezo (1): 10%<br><b>WC:</b> Dysseisdorp (1): 40%<br><b>WC:</b> Witzenberg (1): 60% | None   |
|   | Alternative energy solutions implemented in all CRDP sites.   | 25                                 | 4  | Insufficient funding restricted further rollout to more CRDP sites.  |
|   | 2010 Soccer World Cup viewing parks on CRDP sites across the country.   | 15                                 | 47   | 47 Village viewing delivered, providing 560 000 viewing opportunities and creating 500 jobs for a month.   |
|   | % of households with access to communication networks (internet, broadcast media, cellular/landline hardware and software) in CRDP sites. | 50%                                | 0%   | Delays in formalising working agreement with Dept of Communication and USSASA have hampered the assessment of communication infrastructure. ICASA is in the process of declaring the under serviced areas once this process is completed by the 2/3 Quarter 2011, the planning and improvement of infrastructure can commence. |



| Measurable outputs  | Indicator  | Actual performance against targets |        | Reason for variance or comments                                     |
|---|--|------------------------------------|--------|---|
|   |  | Target                             | Actual |   |
| Economic, social ICT and public amenities infrastructure developed. | E-centres established in CRDP sites.   | 15                                 | 3      | Insufficient funding restricted further rollout to more CRDP sites. |
|   | Number of joint infrastructure programmes facilitated with relevant departments (transport, water, energy, agriculture, housing, etc.) | 4                                  | 4      | None  |

## Sub-programme: Technology Research & Development

| Measurable outputs   | Indicator  | Actual performance against targets |   | Reason for variance or comments |
|--|--|------------------------------------|---|---------------------------------|
|  |  | Target                             | Actual  |                                 |
| Research conducted to enhance rural development initiatives. | Research and development of new technologies linked to indigenous knowledge conducted. | Reports available                  | Three research reports available<br><i>(Two audit reports and one feasibility report)</i> | No variance.                    |





# Part 2: Information on Predetermined Objectives

DEPARTMENT OF RURAL DEVELOPMENT & LAND REFORM



## Programme 4: Restitution

**Purpose:** To settle land restitution claims under the Restitution of Land Rights Act (Act No. 22 of 1994) and to provide settlement support to beneficiaries. The programme is divided into the following sub-programmes:

- Restitution National Office
- Restitution Regional Offices

**Restitution Grants** makes grants available on restored land. The sub-programme provides for payment of settlement planning, facilitation assistance, and contributes to resettling costs of communities.

**Strategic Objectives:** To ensure sustainable land reform aligned to CRDP.

**Service Delivery Objectives and Indicators:** The measurable objective of the restitution programme is to settle and finalise outstanding claims.

**Achievements:** The Commission on Restitution of Land Rights finalised a total of 714 land claims between 1 April 2010 and 31 March 2011. These included 257 claims that were dismissed because they did not comply with the Restitution of Land Rights Act, 1994 (Act No. 22 of 1994). An additional 1 318 backlog claims were finalised, owing to the additional R2 billion that was made available to the programme.

Apart from the focus on settling these claims, the commission continued with the process of finalising research on outstanding claims. The research exercise included refresher training sessions for officials responsible for research, sharing knowledge and lessons learnt from the interpretation of the Restitution of Land Rights Act and its Regulations as well as a review of research reports that had been accepted by Regional Land Claims Commissioners.

**Challenges:** The restitution process has been fraught with internal and external challenges. External challenges relate to community disputes; family disputes; demands for exorbitant amounts for the land that is claimed; boundary disputes between communities; disputes between communities and office bearers in communal property institutions; disputes between office bearers of communal property institutions and unavailability of financial resources to finalise land claims.

Internal challenges include insufficient capacity to administer the relevant functions such as, research claims and deal-making; high staff turnover and attrition rate; poor information and records management; and poor communication.

| Measurable outputs                            | Indicator                 | Actual performance against targets |        | Reason for variance or comments   |
|---|---------------------------|------------------------------------|--------|---|
|   |                           | Target                             | Actual |   |
| Settlement of outstanding restitution claims. | Number of claims settled. | 60                                 | 457    | More claims were settled due to additional funding reprioritised to the programme during the 2010 adjustment estimates. |





## Part 2: Information on Predetermined Objectives

DEPARTMENT OF RURAL DEVELOPMENT & LAND REFORM

### Programme 5: Land Reform

**Purpose:** To provide sustainable land reform programmes in South Africa

**Land Reform Grants** makes grants for project and programme planning, land acquisition and settlement, and allows the department to maintain, plan, develop or improve property. Funding in this sub-programme is mainly used for grants to households and compensation of employees and related costs for facilitating the implementation of land reform programmes and projects. Some of its activities are performed through the following sub programmes:

**KwaZulu-Natal Ingonyama Trust Board** makes grants for administering the Ingonyama Trust land.

**Agricultural Land Holding Account** provides transfers to the agricultural land holding account in terms of the Land Reform: Provision of Land and Assistance Act, 1993 (Act No.126 of 1993) as amended in 2008.

#### Strategic Objectives:

- To ensure sustainable land reform aligned to CRDP.
- To contribute to the availability of and increased access to food security by all.

#### Service Delivery Objectives and Indicators:

The measurable objective of Land Reform is to ensure that the sustainable benefits of economic growth accrue to previously disadvantaged communities, groups and individuals by delivering 321 122ha of agricultural land by 2012/13.

**Achievement:** The Land Reform Programme had a target of 283,592 hectares (ha) for the acquisition of strategically located land and a target for developing farms in distress through recapitalisation and development was set at 504 farms. The programme has transferred a total of 322,844.9931 ha, equalling 288 projects and provided access to land to a total of 3,089 beneficiaries through either leases or care-takership agreements. Of the total number of delivered ha, 276,396.6893 ha were registered in the name of the State and the remaining 46,448.3038 ha were transferred through Land Redistribution for Agricultural Development (LRAD) in order to finalise the commitments the department had at the time of the shift from grants based land reform to Pro Active Land Acquisition Strategy (PLAS).



## Programme: Land Reform

| Measurable outputs  | Indicator  | Actual performance against targets                                      |  | Reason for variance or comments   |
|---|--|---|--|---|
|   |  | Target  | Actual   |   |
| Strategically located land acquired and redistributed.                      | Number of hectares acquired and redistributed by 2014.                                     | 283,592 ha  | 322,844.9931 ha  | The over achievement is attributed to more than anticipated land acquired with allocated budget.  |
|   | Number of hectares acquired (for warehousing).   | 152,653 ha  | 50,473 ha  | The acquisition of repossessed land was done on an ad hoc basis.  |
| Improved access by beneficiaries.   | Availability of improved land acquisition instruments.                                     | Improved land acquisition instruments.                                  | Land acquisition instruments have been improved.                           | Proactive Land Acquisition Strategy was revised and information sessions were held in all provinces. The new model for the implementation of Farm Equity Schemes (FES) has been developed to allow farm dwellers, farm workers and labour tenants to participate in the economy through ownership of complex and expensive agricultural enterprises. Reviews were also conducted for LRAD, Settlement Land Acquisition Grant (SLAG) and Settlement, Production and Land Acquisition Grant (SPLAG) sub-programmes to improve land reform delivery. |
| Recapitalisation and development of farms in distress, acquired since 1994. | Functional, accredited strategic partners available.                                       | Database available Revitalise projects linked to required partnerships. | 21 Strategic partners appointed and 35 mentors appointed to assist farmers | None  |
|   | Number of farms developed including farms acquired through restitution and redistribution. | 504   | 411  | Some of the farms were not chosen by the strategic partner or mentor. In some cases the strategic partners withdrew due to fear of investing in a transaction that they regarded as insecure. Agreements between the strategic partner and beneficiaries not signed due to conflicts amongst beneficiaries and sometimes between potential strategic partner and beneficiaries.   |
|   | 80% of identified farms provided with functional agricultural infrastructure.              | 403   |  |   |

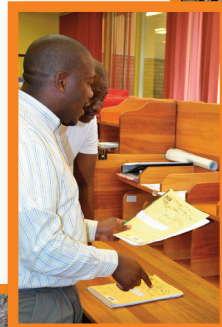
# Part 3

**DEPARTMENT OF RURAL DEVELOPMENT & LAND REFORM**



# Part 3

## Annual Financial Statements



**DEPARTMENT OF RURAL DEVELOPMENT & LAND REFORM**





# Part 3: Annual Financial Statements

DEPARTMENT OF RURAL DEVELOPMENT & LAND REFORM

## Report of the Audit Committee

We are pleased to present our report for the financial year ended 31 March 2011.

### Audit Committee members & attendance

The Audit Committee for the year under review ("the Committee") was constituted in terms of Section 38 of the PFMA and Treasury Regulation 3.1.2, and consisted of three external members. The Committee consisted of the members listed hereunder and should meet at least four times per annum in accordance to their approved charter. During the current year six meetings were held.

| Name of member   | Number of meetings attended |
|--|-----------------------------|
| Mr K. Buthelezi (Chairperson) (April 2010 to March 2011) | 6                           |
| Mr L. Mangquku (April 2010 to March 2011)                | 6                           |
| Ms K. Moloko (August 2010 to March 2011)                 | 3                           |
| Ms R. Mlonzi (April 2010 to July 2010)                   | 0                           |

### Audit Committee responsibility

The Committee has adopted appropriate formal terms of reference as contained in its Audit Committee Charter in line with the requirements of Section 38(1)(a) of the Public Finance Management Act, No.1 of 1999 and Treasury Regulations 3.1. The Committee has regulated its affairs in compliance with this charter and has discharged its responsibilities as contained therein.

### The effectiveness of internal control

In line with the PFMA requirements, Internal Audit provides the Committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, comprehensive internal audits, as well as the identification of corrective actions and suggested enhancements to the controls and processes. The system of internal control was not entirely effective for the year under review. During the year under review, several deficiencies in the system of internal control and/or deviations there from were reported by the internal auditors.

The Committee will review the report of the Auditor-General South Africa in terms of reported weaknesses in internal control.

### Evaluation of Financial Statements

The Committee has

- Reviewed and discussed the draft annual financial statements to be included in the annual report, with the Auditor General South Africa, the Accounting Officer and management.



The Committee will:

- Review the Auditor-General's management letter and management's response thereto;
- Review and discuss the report and audit opinion of the Auditor-General with the Auditor-General and management;
- Review possible changes in accounting policies and practices; and
- Review significant adjustments resulting from the audit.

We will consider the Auditor-General of South Africa's report on the annual financial statements, and comment on the audited annual financial statements read together with the report of the Auditor-General South Africa and the Auditor-General's opinion on the financial statements.

## Internal Audit

We are satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the department in its audits. Internal Audit has made significant progress with audits conducted in terms of its three-year rolling plan, as well as with the forensic and special investigations that were performed in addition to the plan. Capacity building is still posing a challenge to the Internal Audit function and therefore co-sourcing has been used as an interim measure.

## Auditor-General South Africa

We will meet with the Auditor-General South Africa to ensure that there are no unresolved issues.



Mr K. Buthelezi  
Chairperson of the Audit Committee  
5 September 2011



# Part 3: Annual Financial Statements

DEPARTMENT OF RURAL DEVELOPMENT & LAND REFORM

## Report by the Accounting Officer

to the Executive Authority and Parliament of the Republic of South Africa.

### 1. General review of the state of financial affairs

#### 1.1. Important policy decisions and strategic issues facing the department

The department is currently developing two separate Green Papers, one on Rural Development and the other on Land Reform and Agrarian Transformation. These papers will respectively articulate and elaborate on how South Africa will achieve effective rural change and equitable access to, and sustainable utilisation of, land.

Cabinet approved the Curatorship Model which is aimed at assisting financially distressed emerging farmers. An amount of R208 million has been put aside to give effect to such assistance. The department has partnered with the Land Bank in the implementation of this model.

The budget allocation of the Commission on Restitution of Land Rights (Commission) has gradually decreased over years. The decrease in the budget was because the Restitution Programme was expected to be completed in 2008. The decrease in budget resulted in the Commission being unable to honour outstanding financial commitments to third parties. As a result of the department's inability to honour such financial commitments due to budget constraints, the third parties took the department to court to compel it to honour such financial commitments. The department was obliged to reprioritise funds from the Land Reform Programme to Restitution Programme. The Commission's budget was then augmented by R2 billion which was made up of R1.5 billion reprioritised from the Land Reform Programme and R0.5 billion received from National Treasury through the roll-over process. In order to arrest the financial exposure faced by the department as a result of the Commission's financial commitments, the department has repositioned the operations of the Commission. Furthermore, the department continues to engage with National Treasury in order to devise a permanent solution with respect to the financial exposure of the Commission.

#### 1.2. Comment on significant events that have taken place during the year

During the year under review the then Director-General of the department and the Chief Land Claims Commissioner resigned. Furthermore, the term of office of the Deputy Chief Land Claims Commissioner and the Regional Land Claims Commissioners came to an end on 31 March 2011. The positions of the Chief Land Claims Commissioner, the Deputy Chief Land Claims Commissioner and the Regional Land Claims Commissioners have been advertised and are currently in the process of being filled.

A new Director-General was appointed in November 2010 and key critical posts were filled. This included the filling of the posts of the Deputy Director-General responsible for Corporate Support Services, the Chief Surveyor-General responsible for Cadastral Surveys Management and Surveys and Mapping and the Chief Registrar of Deeds responsible for Deeds Registration.

The department has undertaken a number of consultations with different land reform beneficiary groups and stakeholders in order to help find solutions to various challenges faced by such stakeholders in respect of land reform and restitution projects.





### 1.3. Major projects undertaken or completed during the year

During the year the department initiated a programme known as the National Rural Youth Service Corps (NARYSEC). The aim of the programme is to uplift the rural youth by providing opportunities that will enable them to be employable through skills development and training. NARYSEC participants are aged between 18 to 35 years and are contracted for a period of 24 months. More details on this programme are disclosed in Note 8.8 of the Annual Financial Statements.

### 1.4. Spending trends

The department has made significant improvements in the expenditure trends. The department increased its expenditure trend by 6.1% from 91.6% spent in 2009/10 financial year to 97.7% in the current financial year. The under-spending of 2.3% in the current financial year is mainly attributable to compensation of employees as a result of a moratorium that was put in place during the current financial year. The variances per programmes are detailed in the notes to the appropriation statements.

### 1.5. Virement

Virement were made to cater for excess expenditure in other programmes as per table below. The shifting of funds was approved by the delegated authority in accordance with section 44 of the Public Finance Management Act, 1999 (Act No. 1 of 1999).

| SHIFT FROM                         | SHIFT TO             | AMOUNT R'000 | REASONS                                 |
|------------------------------------|----------------------|--------------|---|
| 1. Administration                  | 3. Rural Development | 19,000       | Implementation of the NARYSEC programme |
| 1. Administration                  | 4. Restitution       | 42,000       | Payment of court orders                 |
| 2. Geospatial & Cadastral Services | 4. Restitution       | 38,000       | Payment of court orders                 |
| 5. Land Reform                     | 4. Restitution       | 120,000      | Payment of court orders                 |

### 1.6. Fruitless and wasteful

The increase in fruitless and wasteful expenditure is due to the interest paid on Commission's court orders as a result of prior years commitments from the Commission. The amount of interest paid is disclosed in note 9 of the Annual Financial Statements.

## 2. Service rendered by the department

### 2.1. Tariff policy

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

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

### 2.2. Free services

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

### **3. Capacity constraints**

The term of office of the Deputy Chief Land Claims Commissioner and the Regional Land Claims Commissioners came to an end on 31 March 2011. These positions, together with that of the Chief Land Claims Commissioner, have been advertised and are currently in the process of being filled.

### **4. Utilisation of donor funds**

An amount of R21 million was received from the European Union for the establishment of three large blueberry outgrowers at Keiskammahoek Amahlathi Local Municipality. The amount spent at year end was R10,327 million. The balance will be spent during the 2011/12 financial year.

### **5. Trading entities and public entities**

#### **5.1. The Deeds Registration Trading Account**

The Deeds Registrars are established in terms of the Deeds Registries Act, 1937 (Act No. 47 of 1937). The main source of funding is fees charged on the registration of deeds and on the sale of deeds information. The entity keeps full records of the financial affairs separately from that of the department. Shortfalls in the account, if any, are appropriated from the budget of the department under Programme 2. The entity's audited annual financial statements are included in this Annual Report.

#### **5.2. Agricultural Land Holding Account**

The Agricultural Land Holding Account was established in terms of the Land Reform: Provision of Land and Assistance Act, 1993 (Act No.126 of 1993) as amended in 2008. The entity receives its funding from the department's appropriated funds. It keeps full records of the financial affairs separately from that of the department. The entity's audited annual financial statements are included in this Annual Report.

#### **5.3. Ingonyama Trust Board**

The Ingonyama Trust is established in terms of the provisions of the KwaZulu-Natal Ingonyama Trust Act, 1994 (Act No. 3 of 1994). Its core business is to manage land for the material benefit and social wellbeing of the individual members of the tribes.

### **6. Transfer payments**

Transfer payments were made to municipalities in relation to levies on vehicle licences.

### **7. Public Private Partnerships**

The department has undertaken a Public Private Partnership (PPP) to relocate all of its Tshwane staff into one office campus, located on the old Berea sports ground. Of the three bids evaluated, a preferred bidder and a reserve bidder were selected. The results of the evaluation were submitted to National Treasury for approval and the approval thereof was obtained in July 2010. The negotiation process with the preferred bidder is nearing completion. The negotiation process has taken longer than planned but the final agreement will be submitted to National Treasury for their approval within the next few months.

### **8. Corporate governance arrangements**

#### **8.1. Risk Management Approach**

The department is fully committed to maintaining an effective risk management unit and ensuring that strategic and operational objectives are met. During the year the department took a decision to move the Risk Management Unit from the Office of the Director-General to the Office of the Chief Financial Officer in order to improve its operations and effectiveness.



The department has a Risk and Compliance Committee that is responsible for providing an oversight role in the implementation of risk management in the department. The Risk and Compliance Committee operates in accordance with an approved Risk and Compliance Charter. The department is implementing an Enterprise Wide Risk Management approach which covers all aspects of risk management within the department. The process for the identification of risks is an objective driven process which assesses the impact that risks would have on the achievability of the objectives of the department.

During the year under review, the risk management unit had capacity challenges, which affected its ability to provide effective risk management to the department. The situation is however improving as a result of the repositioning of the risk management unit.

## **8.2. Fraud Prevention Policies**

The department has completed the review process of the Fraud Prevention Policy and it has an updated Fraud Prevention Plan in place. The fraud risk registers for all the branches and provincial offices are also in place.

## **8.3. Internal Audit and Audit Committee**

The Audit Committee and Internal Audit respectively operate in accordance with the approved audit committee charter and internal audit charter. During the year the position of the Chief Audit Executive was filled. The Audit Committee provides oversight over the functioning of the Internal Audit.

## **9. New/proposed activities**

None.

## **10. Asset Management**

### **10.1. Movable Assets**

Movable assets that meet the definition and the recognition criteria of an asset in terms of the accounting standards have been recognized in the annual financial statements of the department. All recognisable movable assets are recorded in the asset register of the department.

### **10.2. Immovable Assets**

The department is the custodian of official land records in the country in terms of the Deeds Registries Act, 1937 (Act No. 47 of 1937) and the Land Survey Act, 1997 (Act No. 8 of 1997). By virtue of this responsibility, the department has commenced with a comprehensive audit of State land which seeks to accurately link the Deeds Registry with the Surveyor-General data as well as produce a complete record of State land in the country. This audit will also involve physical inspections in order to establish reliable information on land use.

The State Land Audit will include in loco inspections which should provide worthwhile information on possible unlawful occupation of State land. Information emerging from such an audit will then be used to conduct focussed investigations on suspected fraudulent or generally unlawful cases.

## **11. Events after the reporting date**

No events have occurred between the financial reporting date to the date of this letter that would require adjustment to, or disclosure in, the financial report.

## **12. Information on predetermined objectives**

Performance in the department is monitored against Strategic and Operational plan targets that are set at the beginning of a

financial year. The department has a Programme Performance Monitoring (PPM) system that is in place to monitor organisational performance. The system is implemented through a series of tools which includes the policy guideline that outlines how organisational performance is conducted in the department.

Performance information is collected from all branches on a quarterly basis and compared against the quarterly milestones using a pre-designed template designed to measure the operational plans which are aligned to the strategic objectives. These quarterly performance reports are verified and consolidated by Chief Directorate: Planning, Monitoring and Evaluation, into a departmental Quarterly PPM Report after which it is submitted to Quarterly Review and Monitoring (QRAM) before it is approved by the Accounting Officer.

### **13. SCOPA resolutions**

There were no SCOPA resolutions in the year under review.

### **14. Prior modifications to audit reports**

The department holds custodianship of land that previously belonged to the former Republics of Transkei, Bophuthatswana, Venda and Ciskei (TBVC States); the Self-Governing Territories of Kangwane, KwaNdebele, Gazankulu, QwaQwa and Lebowa; and the South African Development Trust. It has been a challenge for the department to develop a reliable register of this land since the process similar to the one envisaged in Section 42 of the Public Finance Management Act, 1999 (Act No. 1 of 1999) did not take place when the department assumed responsibility for these assets. This challenge resulted in the department receiving a qualified audit opinion on immovable assets from 2009. In addition to the above the department hold land on behalf of restitution beneficiaries which is in the process of being transferred to them.

A comprehensive project was initiated in 2010 to verify the accuracy of land ownership data in the asset register in order to eliminate immovable properties registered in the name of other entities and departments. The department will continue to conduct research to improve the usability of data which will also benefit other custodians.

In line with the Sector Specific Guide on Immovable Assets, the department disclosed immovable assets as contained in the accounting policy note.

### **15. Exemptions and deviations received from the National Treasury**

The Agricultural Land Holding Trading Account obtained permission from National Treasury to utilise Directive 4 on first time adoption of General Recognised Accounting Practices (GRAP) for the valuation and measurement of assets. The 2010/11 financial year is the second year of this transitional period; and the department has put measures in place to ensure full compliance with the requirements of GRAP.

### **16. Interim Financial Statements**

The department submitted the interim financial statements in a manner prescribed by National Treasury.

### **17. Other matters**

#### **17.1 Investigation by Special Investigating Unit**

In July 2010 the department requested the Special Investigating Unit (SIU) to investigate suspected cases of fraud and corruption in relation to grants awarded to land reform beneficiaries. This triggered a process which culminated in the President of the Republic of South Africa on 18 February 2011 approving Proclamation No. R 8 of 2011, which empowers the SIU to investigate the cases without limitation.

The investigation has, amongst other things, led to the suspension and arrest of three departmental officials and a third party. Furthermore, in close cooperation with the HAWKS and the Asset Forfeiture Unit, preservation orders to the value of approximately R50 million, including three farms, have been obtained and served on the implicated individuals.



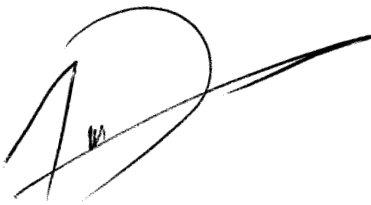
## 17.2 Accounting Estimates and Management Judgements

Where estimates and management judgements are used to determine accounting entries required to be processed through the accounting records of the department, due and reasonable care is applied in arriving at such estimates and judgements. Such estimates and judgements are arrived at based on management understanding of the control environment of the department and the requirements of applicable accounting standards and financial reporting framework.

We believe that estimates used in the preparation of these annual financial statements are appropriate and consistent with our understanding of the control environment of the department. To the best of our knowledge, this report therefore presents a full picture of all activities that have occurred during this reporting period.

## 18. Approval

The Annual Financial Statements set out on pages 51 to 90 have been approved by the Accounting Officer.



Mduduzi Shabane  
Accounting Officer  
5 September 2011



# Part 3: Annual Financial Statements

DEPARTMENT OF RURAL DEVELOPMENT & LAND REFORM

## Report of the Auditor-General

**To Parliament on the Financial Statements of Vote 33: Department of Rural Development and Land Reform**

### Report on the Financial Statements

#### Introduction

1. I have audited the accompanying financial statements of the Department of Rural Development and Land Reform, which comprise the appropriation statement, the statement of financial position as at 31 March 2011, and the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory information, and the accounting officer's report as set out on pages 51 to 90.

#### Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation of these financial statements in accordance with the departmental Financial Reporting Framework prescribed by the National Treasury, and in the manner required by the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor-General's responsibility

3. As required by section 188 of the Constitution of South Africa, 1996 and section 4 of the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with International Standards on Auditing and General Notice 1111 of 2010 issued in Government Gazette 33872 of 15 December 2010. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.



## Basis for qualified opinion

### Tangible capital assets

7. The Department of Rural Development and Land Reform is required inter alia to record:
- all land vested with the national government and situated in the former TBVC States, including tribal land located in such a State;
  - all land vested with the national government and situated in the former self-governing territories, including tribal land located in such territory, but excluding land referred to in, and governed by, the KwaZulu-Natal Ingonyama Trust Act, 1994 (Act No. 3 of 1994);
  - all former South African Development Trust land unless title clearly resides with another party in terms of specific legislation; and
  - all land held for land reform purposes.

Although the department put a lot of effort in updating the immovable asset register of the Department of Rural Development and Land Reform, I was still unable to obtain sufficient and appropriate audit evidence to satisfy myself as to the completeness of the properties recorded in the immovable asset register as disclosed in disclosure note 34 to the financial statements.

### Qualified opinion

8. In my opinion, except for the effects of the matter described in the Basis for qualification opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Department of Rural Development and Land Reform as at 31 March 2011, and its financial performance and cash flows for the year then ended in accordance with the departmental Financial Reporting Framework prescribed by the National Treasury and in the manner required by the Public Finance Management Act of South Africa.

### Emphasis of matters

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

### Tangible capital assets

9. As disclosed in disclosure note 34.3 to the financial statements, the approximate extent of un-surveyed land falling under the custodianship of the department approximates 2,870,711.31 hectares. As indicated in note 4.8.2 of the related accounting policy, un-surveyed land is not recognised in the financial statements until the full surveying process has been completed.

### Restatement of corresponding figures

10. As disclosed in disclosure note 34 to the financial statements, the corresponding figures for 31 March 2010 have been restated as a result of an error discovered during the 2010-11 financial year.

### Significant uncertainties

11. Attention is drawn to disclosure note 20.1 to the financial statements, relating to claims instituted against the department amounting to R1.172 billion. These claims are subject to the outcome of legal proceedings. The ultimate outcome of the matter cannot be determined at present and no provision for any liability (interest and legal costs) that may result has been made in the financial statements.
12. As disclosed in note 20.1 to the financial statements the department has a possible liability towards the claimants in terms of the Restitution of Lands Rights Act, 1994 (Act No. 22 of 1994). The total amount of claims verified and on route for approval in terms of section 42D of this act amounts to approximately R883.470 million. Due to the significant uncertainties relating to the complications and outcome of the process that must be followed in validating a claim, it is not possible to determine a reliable estimate of the value of the potential liability beyond that.

## Commitments

13. As disclosed in note 21 to the financial statements, included in commitments of R6.573 billion is an amount of R642 million relating to projects that are older than three years on which there has been no movement (no payments were made) due to changes in restitution settlement options, community disputes, tribal disputes, family disputes and/or untraceable claimants.

## Fruitless and wasteful expenditure

14. As disclosed in note 27 to the financial statements, fruitless and wasteful expenditure of R73.406 million was incurred, as a result of interest paid as compelled by the court on late settlement of land purchases.

## Additional matters

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

## Basis of accounting

15. The financial reporting framework prescribed by the National Treasury and applied by the Department of Rural Development and Land Reform, is a compliance framework. Thus my opinion would have reflected that the financial statements had been properly prepared instead of fairly presented as required by section 20(2)(a) of the PAA, which requires me to express an opinion on the fair presentation of the financial statements of the Department of Rural Development and Land Reform.

## Unaudited supplementary schedules

16. The supplementary information set out on page 90 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.

## Report on other Legal and Regulatory Requirements

17. In accordance with the PAA and in terms of General Notice 1111 of 2010, issued in Government Gazette 33872 of 15 December 2010, I include below my findings on the annual performance report as set out on pages 14 to 34 and material non-compliance with laws and regulations applicable to the department.

## Findings on the Report on Predetermined Objectives

### Predetermined objectives

#### Usefulness of information

18. The reported performance information was deficient in respect of the following criteria:
  - Consistency: The reported indicators and targets are consistent with the approved strategic plan.
  - Relevance: There is a clear and logical link between the objectives, outcomes, outputs, indicators and performance targets.
  - Measurability: The indicators are well defined and verifiable, and targets are specific, measurable and time-bound.
19. The following audit findings relate to the above criteria:  
Planned and reported targets are specific, measurable and time-bound  
For the selected programmes:
  - 26% of the planned and reported targets were not specific in clearly identifying the nature and the required level of performance and





- 25% of the planned and reported targets were not measurable in identifying the required performance.

## **Planned and reported indicators are well defined (Measurability)**

For the selected programmes, 35% of the planned and reported indicators/measures were not clear, as unambiguous data definitions were not available to allow for data to be collected consistently.

## **Reliability of information**

20. The reported performance information was deficient in respect of the following criteria:

- Validity: The reported performance did occur and does pertain to the entity.
- Accuracy: The amounts, numbers and other data relating to reported actual performance have been recorded and reported appropriately.
- Completeness: All actual results and events that should have been recorded have been included in the reported performance information.

21. The following audit findings relate to the above criteria:

## **Reported indicators are not reliable as no or inadequate supporting source information was provided**

For the selected programme (programme 5: land reform), the validity, accuracy and completeness of the reported indicators could not be established, as sufficient appropriate audit evidence and relevant source documentation could not be provided for audit purposes.

## **Compliance with laws and regulations**

### **Strategic planning and performance management**

22. The accounting officer did not ensure that the department had and maintained an effective, efficient and transparent system of internal control regarding performance management, which described and represented how the institution's processes of performance planning, monitoring, measurement, review and reporting were conducted, organised and managed as required by section 38(1)(a)(i) and (b) of the PFMA.

### **Annual financial statements, performance and annual report**

23. The accounting officer submitted financial statements for auditing that were not prepared in all material aspects in accordance with generally recognised accounting practice (and supported by full and proper records) as required by sections 40(1)(a) and (b) of the PFMA. The material misstatements identified during the audit were subsequently corrected.

### **Expenditure management**

24. The accounting officer did not take effective and appropriate steps to prevent and detect irregular expenditure and fruitless and wasteful expenditure as per the requirements of section 38(1)(c)(ii) and (iii) of the PFMA.

25. Departmental policies and procedures and contracts between the department and beneficiaries eligible for grant funding in terms of the Land Redistribution for Agricultural Development (LRAD) programme did not address the terms and conditions for subsequent changes in beneficiaries (beneficiaries that no longer participate and/or have control over the share of deceased members) and the maintenance of conditions of projects.

26. Adequate monitoring controls did not exist to detect fictitious beneficiaries receiving grant funding, both in terms of initial contracting and ongoing contract management, for the LRAD programme. The LRAD policy is not clear on how much time the beneficiary should spend on the farm so as to qualify for the sweat equity component of the grant. There are no adequate controls to ensure that beneficiaries do contribute their labour on the farm.



## Risk management

27. Contrary to the requirements of Treasury Regulation 3.2.1, the department did not have an approved fraud prevention plan in place although the accounting officer conducted a risk assessment. The strategy was therefore not communicated to all officials to ensure that the risk management strategy was incorporated into the language and culture of the institution.

## Human resource management and compensation

28. The senior management vacancy rate increased from 18% in the previous year to 25% in the year under review, mainly due to resignations and non-renewal of contracts for senior staff in the land claims commission. Positions in senior management were vacant for more than 12 months.
29. The verification process for new appointments (lower levels) did not always take place and did not always cover criminal record checks, citizenship verifications, financial record checks, qualification verifications and reference checks as per the requirements of directive 14/1/1P, annexure one issued by the Department of Public Service and Administration.
30. Not all senior managers signed performance agreements for the current performance period as per the requirements of part III A of the Public Service Regulations.
31. Employees were on suspension with pay for more than 60 days. The longest suspension period is 759 days (2.5 years). Suspensions for longer than 60 days were not reviewed regularly.

## Internal Control

32. In accordance with the PAA and in terms of General Notice 1111 of 2010, issued in Government Gazette 33872 of 15 December 2010, I considered internal control relevant to my audit, but not for the purpose of expressing an opinion on the effectiveness of internal control. The matters reported below are limited to the significant deficiencies that resulted in the findings on the annual performance report and the findings on compliance with laws and regulations included in this report.

## Leadership

- The department did not have sufficient monitoring controls to ensure the proper implementation of the overall process of compliance with laws and regulations, internal controls in relation to tangible capital assets and planning, budgeting, implementation and reporting on performance against predetermined objectives.

## Financial and performance management

- The effectiveness of in-year monitoring of compliance with financial requirements as well as all applicable legislation was inadequate. Non-compliance with laws and regulations could have been prevented had compliance been properly reviewed and monitored.
- Certain of the financial and performance reports were not supported and evidenced by reliable information to ensure completeness and accuracy of information submitted for the preparation of financial statements. This resulted in material corrections to the financial statements.
- Ongoing monitoring and supervision were not undertaken to enable management to determine whether internal control over information technology was present and functioning. This had the result that action plans developed to address the IT internal audit and external audit findings and recommendations identified in the previous year, were not implemented timeously.

## Other reports

### Investigations in progress

33. The department has engaged the Special Investigating Unit to conduct investigations into 11 cases of allegations of irregularities relating to land reform and restitution projects.



34. There are 20 other cases under investigation by internal audit. These investigations relate to:

- allegations of irregularities related to the verification of and payments to beneficiaries in land claim projects
- allegations of irregularities related to land reform projects
- allegations of irregularities related to procurement fraud
- allegations of irregularities related to asset management issues.

## Investigations completed

35. As at 31 March 2011, internal audit had completed 18 investigations for the period under review. These investigations related to:

- allegations of irregularities related to the verification of and payments to beneficiaries in land claim projects
- allegations of irregularities related to land reform projects
- allegations of irregularities related to procurement fraud
- allegations of irregularities related to the leasing of State land.

## Performance audits

36. A performance audit was conducted on the department's use of consultants. The audit is currently being finalised and the findings will be communicated in a separate report.

*Auditor-General*

Pretoria  
29 August 2011



# Appropriation Statement

For the year ended 31 March 2011

| Appropriation per programme  |                        |                   |          |                     |                    |                |   |                     |                    |
|--|------------------------|-------------------|----------|---------------------|--------------------|----------------|---|---------------------|--------------------|
| APPROPRIATION STATEMENT  | 2010/11                |                   |          |                     |                    |                |   | 2009/10             |                    |
|  | 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. ADMINISTRATION</b>   |                        |                   |          |                     |                    |                |   |                     |                    |
| Current payment  | 747,926                | (13,158)          | (61,000) | 673,768             | 660,121            | 13,647         | 98.0%                                   | 630,059             | 551,780            |
| Transfers and subsidies  | 14,861                 | (435)             | -        | 14,426              | 14,161             | 265            | 98.2%                                   | 13,720              | 12,632             |
| Payment for capital assets   | 7,981                  | 13,593            | -        | 21,574              | 14,666             | 6,907          | 68.0%                                   | 18,069              | 14,154             |
| Payment for financial assets   | -                      | -                 | -        | -                   | 322                | (322)          | -                                       | -                   | 238                |
| <b>2. GEOSPATIAL &amp; CADASTRAL SERVICES</b>                                    |                        |                   |          |                     |                    |                |   |                     |                    |
| Current payment  | 463,713                | (25,811)          | (38,000) | 399,902             | 328,536            | 71,366         | 82.2%                                   | 267,368             | 233,353            |
| Transfers and subsidies  | 13,594                 | 19,134            | -        | 32,728              | 32,471             | 257            | 99.2%                                   | 62,571              | 62,562             |
| Payment for capital assets   | 9,431                  | 6,677             | -        | 16,108              | 10,772             | 5,336          | 66.9%                                   | 21,035              | 15,663             |
| Payment for financial assets   | -                      | -                 | -        | -                   | 301                | (301)          | -                                       | -                   | 112                |
| <b>3. RURAL DEVELOPMENT</b>  |                        |                   |          |                     |                    |                |   |                     |                    |
| Current payment  | 340,879                | (9,220)           | 19,000   | 350,659             | 346,894            | 3,765          | 98.9%                                   | 251,480             | 62,983             |
| Transfers and subsidies  | -                      | -                 | -        | -                   | 35                 | (35)           | -                                       | -                   | -                  |
| Payment for capital assets   | 1,552                  | 9,220             | -        | 10,772              | 10,528             | 244            | 97.7%                                   | 860                 | 8                  |
| Payment for financial assets   | -                      | -                 | -        | -                   | 10                 | (10)           | -                                       | -                   | -                  |
| <b>4. RESTITUTION</b>  |                        |                   |          |                     |                    |                |   |                     |                    |
| Current payment  | 398,293                | (3,180)           | 24,776   | 419,889             | 413,026            | 6,863          | 98.4%                                   | 366,543             | 361,292            |
| Transfers and subsidies  | 3,172,984              | (771,735)         | 175,224  | 2,576,473           | 2,576,321          | 152            | 100.0%                                  | 1,969,372           | 1,967,611          |
| Payment for capital assets   | 2,944                  | 774,915           | -        | 777,859             | 776,120            | 1,739          | 99.8%                                   | 2,478               | 1,595              |
| Payment for financial assets   | -                      | -                 | -        | -                   | 1,366              | (1,366)        | -                                       | -                   | 1,136              |
| <b>5. LAND REFORM</b>  |                        |                   |          |                     |                    |                |   |                     |                    |
| Current payment  | 434,156                | (1,859)           | (40,000) | 392,297             | 387,114            | 5,183          | 98.7%                                   | 343,458             | 314,484            |
| Transfers and subsidies  | 1,679,117              | (603)             | (80,000) | 1,598,514           | 1,544,538          | 53,976         | 96.6%                                   | 2,437,587           | 2,197,524          |
| Payment for capital assets   | 5,951                  | 2,462             | -        | 8,413               | 4,750              | 3,663          | 56.5%                                   | 6,491               | 4,158              |
| Payment for financial assets   | -                      | -                 | -        | -                   | 803                | (803)          | -                                       | -                   | 53,436             |
| <b>Subtotal</b>  | <b>7,293,382</b>       | <b>-</b>          | <b>-</b> | <b>7,293,382</b>    | <b>7,122,856</b>   | <b>170,526</b> | <b>97.7%</b>                            | <b>6,391,091</b>    | <b>5,854,721</b>   |
| <b>TOTAL</b>   | <b>7,293,382</b>       | <b>-</b>          | <b>-</b> | <b>7,293,382</b>    | <b>7,122,856</b>   | <b>170,526</b> | <b>97.7%</b>                            | <b>6,391,091</b>    | <b>5,854,721</b>   |
| <b>Reconciliation with statement of financial performance</b>                    |                        |                   |          |                     |                    |                |   |                     |                    |
| <b>ADD</b>   |                        |                   |          |                     |                    |                |   |                     |                    |
| Departmental receipts  |                        |                   |          | -                   |                    |                |   | -                   |                    |
| Aid assistance   |                        |                   |          | 21,172              |                    |                |   | 1,522               |                    |
| <b>Actual amounts per statement of financial performance (total revenue)</b>     |                        |                   |          | <b>7,363,356</b>    |                    |                |   | <b>6,436,660</b>    |                    |
| <b>ADD</b>   |                        |                   |          |                     |                    |                |   |                     |                    |
| Aid assistance   |                        |                   |          |                     | 10,327             |                |   |                     | -                  |
| <b>Actual amounts per statement of financial performance (total expenditure)</b> |                        |                   |          |                     | <b>7,133,183</b>   |                |   |                     | <b>5,854,721</b>   |

| Appropriation per economic classification           |                        |                   |          |                     |                    |                |   |                     |                    |
|---|------------------------|-------------------|----------|---------------------|--------------------|----------------|---|---------------------|--------------------|
|   | 2010/11                |                   |          |                     |                    |                |   | 2009/10             |                    |
|   | Adjusted Appropriation | Shifting of Funds | Virement | Final Appropriation | Actual Expenditure | Variance       | Expenditure as % of final appropriation | Final Appropriation | Actual Expenditure |
|   | R'000                  | R'000             | R'000    | R'000               | R'000              | R'000          | %                                       | R'000               | R'000              |
| <b>Current payments</b>                             |                        |                   |          |                     |                    |                |   |                     |                    |
| Compensation of employees                           | 1,196,815              | (90,228)          | (94,122) | 1,012,465           | 946,678            | 65,787         | 93.5%                                   | 821,104             | 759,693            |
| Goods and services                                  | 1,188,152              | 37,000            | (1,102)  | 1,224,050           | 1,122,897          | 101,153        | 91.7%                                   | 1,037,804           | 764,200            |
| Interest and rent on land                           | -                      | -                 | -        | -                   | 67,195             | (67,195)       |   | -                   | -                  |
| <b>Transfers and subsidies</b>                      |                        |                   |          |                     |                    |                |   |                     |                    |
| Provinces and municipalities                        | 45                     | 109               | -        | 154                 | 112                | 42             | 72.7%                                   | 116                 | 87                 |
| Departmental agencies and accounts                  | 1,046,454              | 19,100            | -        | 1,065,554           | 1,065,498          | 56             | 100.0%                                  | 1,101,766           | 1,101,764          |
| Foreign governments and international organisations | 1,306                  | -                 | -        | 1,306               | 1,148              | 158            | 87.9%                                   | 1,230               | 1,226              |
| Public corporations and private enterprises         | 1                      | -                 | -        | 1                   | -                  | 1              |   | 1                   | -                  |
| Non-profit institutions                             | 2,425                  | -                 | -        | 2,425               | 2,425              | -              | 100.0%                                  | 2,288               | 2,288              |
| Households  | 3,830,325              | (772,848)         | 95,224   | 3,152,701           | 3,098,344          | 54,357         | 98.3                                    | 3,377,849           | 3,134,963          |
| <b>Payments for capital assets</b>                  |                        |                   |          |                     |                    |                |   |                     |                    |
| Buildings and other fixed structures                | -                      | -                 | -        | -                   | -                  | -              | -                                       | 8                   | -                  |
| Machinery and equipment                             | 27,205                 | 34,476            | -        | 61,681              | 43,275             | 18,406         | 70.2%                                   | 48,586              | 35,284             |
| Land and subsoil assets                             | -                      | 772,438           | -        | 772,438             | 772,438            | -              | 100%                                    | -                   | -                  |
| Software and other intangible assets                | 654                    | (47)              | -        | 607                 | -                  | 607            |   | 339                 | 294                |
| <b>Payments for financial assets</b>                | -                      | -                 | -        | -                   | 2,846              | (2,846)        |   | -                   | 54,922             |
| <b>TOTAL</b>  | <b>7,293,382</b>       | <b>-</b>          | <b>-</b> | <b>7,293,382</b>    | <b>7,122,856</b>   | <b>170,526</b> | <b>97.7%</b>                            | <b>6,391,091</b>    | <b>5,854,721</b>   |



| Detail per sub-programme - Programme 1: Administration | 2010/11                |                   |                 |                     |                    |               |   | 2009/10             |                    |
|--|------------------------|-------------------|-----------------|---------------------|--------------------|---------------|---|---------------------|--------------------|
|  | 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 MINISTER</b>                                    |                        |                   |                 |                     |                    |               |   |                     |                    |
| Current payment  | 6,896                  | 4,792             | -               | 11,688              | 11,681             | 7             | 99.9%                                   | 1,765               | 1,762              |
| Transfers and subsidies                                | 3                      | -                 | -               | 3                   | -                  | 3             | -                                       | -                   | -                  |
| Payment for capital assets                             | 200                    | 100               | -               | 300                 | 348                | (48)          | 116.0%                                  | -                   | -                  |
| Payment for financial assets                           | -                      | -                 | -               | -                   | 16                 | (16)          | -                                       | -                   | -                  |
| <b>1.2 DEPUTY MINISTER</b>                             |                        |                   |                 |                     |                    |               |   |                     |                    |
| Current payment  | 5,884                  | 1,396             | -               | 7,280               | 7,093              | 187           | 97.4%                                   | 2,382               | 2,379              |
| Transfers and subsidies                                | 3                      | -                 | -               | 3                   | -                  | 3             | -                                       | -                   | -                  |
| Payment for capital assets                             | 210                    | 50                | -               | 260                 | 86                 | 174           | 33.1%                                   | -                   | -                  |
| Payment for financial assets                           | -                      | -                 | -               | -                   | 181                | (181)         | -                                       | -                   | -                  |
| <b>1.3 MANAGEMENT</b>                                  |                        |                   |                 |                     |                    |               |   |                     |                    |
| Current payment  | 71,912                 | (11000)           | (6100)          | 54,812              | 51,915             | 2,897         | 94.7%                                   | 105,494             | 83,223             |
| Transfers and subsidies                                | -                      | -                 | -               | -                   | -                  | -             | -                                       | 4                   | -                  |
| Payment for capital assets                             | 375                    | 1,226             | -               | 1,601               | 1,069              | 532           | 66.8%                                   | 8,442               | 7,058              |
| Payment for financial assets                           | -                      | -                 | -               | -                   | 1                  | (1)           | -                                       | -                   | 20                 |
| <b>1.4 CORPORATE SERVICES</b>                          |                        |                   |                 |                     |                    |               |   |                     |                    |
| Current payment  | 552,222                | (29,338)          | (53,400)        | 469,484             | 459,152            | 10332         | 97.8%                                   | 372,186             | 320,488            |
| Transfers and subsidies                                | 14,854                 | (435)             | -               | 14,419              | 14,161             | 258           | 98.2%                                   | 13,715              | 12,632             |
| Payment for capital assets                             | 7,196                  | 12,217            | -               | 19,413              | 13,164             | 6249          | 67.8%                                   | 9,627               | 7,096              |
| Payment for financial assets                           | -                      | -                 | -               | -                   | 124                | (124)         | -                                       | -                   | 218                |
| <b>1.5 OFFICE ACCOMMODATION</b>                        |                        |                   |                 |                     |                    |               |   |                     |                    |
| Current payment  | 100,697                | 20,992            | -               | 121,689             | 121,688            | 1             | 100.0%                                  | 138,629             | 138,488            |
| <b>1.6 SECTOR EDUCATION TRAINING AUTHORITY</b>         |                        |                   |                 |                     |                    |               |   |                     |                    |
| Transfers and subsidies                                | 1                      | -                 | -               | 1                   | -                  | 1             | -                                       | 1                   | -                  |
| <b>1.6 CAPITAL WORKS</b>                               |                        |                   |                 |                     |                    |               |   |                     |                    |
| Current payment  | 10,315                 | -                 | (1,500)         | 8,815               | 8,592              | 223           | 97.5%                                   | 9,603               | 5,579              |
| <b>Total</b>   | <b>770,768</b>         | <b>-</b>          | <b>(61,000)</b> | <b>709,768</b>      | <b>689,271</b>     | <b>20,497</b> | <b>97.1%</b>                            | <b>661,848</b>      | <b>578,804</b>     |



| Programme 1 Per Economic classification | 2010/11                |                   |                 |                     |                    |               |   | 2009/10             |                    |
|---|------------------------|-------------------|-----------------|---------------------|--------------------|---------------|---|---------------------|--------------------|
|   | Adjusted Appropriation | Shifting of Funds | Virement        | Final Appropriation | Actual Expenditure | Variance      | Expenditure as % of final appropriation | Final Appropriation | Actual expenditure |
|   | R'000                  | R'000             | R'000           | R'000               | R'000              | R'000         | %                                       | R'000               | R'000              |
| <b>Current payments</b>                 |                        |                   |                 |                     |                    |               |   |                     |                    |
| Compensation of employees               | 270,875                | (1,200)           | (10,000)        | 259,675             | 251,925            | 7,750         | 97.0%                                   | 217,087             | 178,872            |
| Goods and services                      | 477,051                | (11,958)          | (51,000)        | 414,093             | 409,275            | 4,818         | 98.8%                                   | 412,972             | 372,908            |
| Interest and rent on land               | -                      | -                 | -               | -                   | -                  | -             | -                                       | -                   | -                  |
| <b>Transfers and subsidies to:</b>      |                        |                   |                 |                     |                    |               |   |                     |                    |
| Provinces and municipalities            | 14                     | 5                 | -               | 19                  | 10                 | 9             | 52.6%                                   | 15                  | 4                  |
| Departmental agencies and accounts      | 1                      | -                 | -               | 1                   | -                  | 1             |   | 1                   | -                  |
| Households                              | 14,846                 | (440)             | -               | 14,406              | 14,152             | 254           | 98.2%                                   | 13,704              | 12,628             |
| <b>Payment for capital assets</b>       |                        |                   |                 |                     |                    |               |   |                     |                    |
| Machinery and equipment                 | 7,974                  | 13,513            | -               | 21,487              | 13,543             | 7,944         | 63.0%                                   | 17,733              | 13,860             |
| Land and subsoil assets                 | -                      | -                 | -               | -                   | -                  | -             | -                                       | -                   | -                  |
| Software and other intangible assets    | 7                      | 80                | -               | 87                  | -                  | 87            |   | 336                 | 294                |
| <b>Payments for financial assets</b>    | -                      | -                 | -               | -                   | 366                | (366)         | -                                       | -                   | 238                |
| <b>Total</b>                            | <b>770,768</b>         | <b>-</b>          | <b>(61,000)</b> | <b>709,768</b>      | <b>689,271</b>     | <b>20,497</b> | <b>97.1%</b>                            | <b>661,848</b>      | <b>578,804</b>     |

| Detail per sub-programme – Programme 2 - Geospatial and Cadastral Services | 2010/11                |                   |                 |                     |                    |               |   | 2009/10             |                    |
|--|------------------------|-------------------|-----------------|---------------------|--------------------|---------------|---|---------------------|--------------------|
|  | 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>2.1 CADASTRAL SURVEYS</b>   |                        |                   |                 |                     |                    |               |   |                     |                    |
| Current payment  | 224,290                | (22,520)          | -               | 201,770             | 168,885            | 32,885        | 83.7%                                   | 133,770             | 123,279            |
| Transfers and subsidies  | 100                    | 34                | -               | 134                 | 631                | (497)         | 470.9%                                  | 312                 | 310                |
| Payment for capital assets   | 3,515                  | 3,386             | -               | 6,901               | 4,681              | 2,220         | 67.8%                                   | 6,742               | 3,968              |
| Payment for financial assets   | -                      | -                 | -               | -                   | 161                | (161)         |   | -                   | 105                |
| <b>2.2 NATIONAL GEO-SPATIAL INFORMATION</b>                                |                        |                   |                 |                     |                    |               |   |                     |                    |
| Current payment  | 123,692                | 281               | (12,000)        | 111,973             | 94,746             | 17,227        | 84.6%                                   | 78,994              | 75,071             |
| Transfers and subsidies  | 2,253                  | -                 | -               | 2,253               | 1,554              | 699           | 69.0%                                   | 2,378               | 2,372              |
| Payment for capital assets   | 4,733                  | 19                | -               | 4,752               | 3,026              | 1,726         | 63.7%                                   | 7,083               | 7,083              |
| Payment for financial assets   | -                      | -                 | -               | -                   | 43                 | (43)          |   | -                   | 3                  |
| <b>2.3 SPATIAL PLANNING</b>  |                        |                   |                 |                     |                    |               |   |                     |                    |
| Current payment  | 115,731                | (3,572)           | (26,000)        | 86,159              | 64,905             | 21,254        | 75.3%                                   | 54,604              | 35,003             |
| Transfers and subsidies  | -                      | -                 | -               | -                   | -                  | -             |   | -                   | -                  |
| Payment for capital assets   | 1,183                  | 3,272             | -               | 4,455               | 3,065              | 1,390         | 68.8%                                   | 7,210               | 4,612              |
| Payment for financial assets   | -                      | -                 | -               | -                   | 97                 | (97)          |   | -                   | 4                  |
| <b>2.4 TECHNOLOGY RESEARCH &amp; DEVELOPMENT</b>                           |                        |                   |                 |                     |                    |               |   |                     |                    |
| <b>2.5 REGISTRATION OF DEEDS TRADING ACCOUNT</b>                           |                        |                   |                 |                     |                    |               |   |                     |                    |
| Payment for financial assets   | 8,816                  | 19,100            | -               | 27,916              | 27,861             | 55            | 99.8%                                   | 57,593              | 57,592             |
| <b>2.6 SOUTH AFRICAN COUNCIL FOR PLANNERS</b>                              |                        |                   |                 |                     |                    |               |   |                     |                    |
| Payment for financial assets   | 2,425                  | -                 | -               | 2,425               | 2,425              | -             | 100.0%                                  | 2,288               | 2,288              |
| <b>Total</b>   | <b>486,738</b>         | <b>-</b>          | <b>(38,000)</b> | <b>448,738</b>      | <b>372,080</b>     | <b>76,658</b> | <b>82.9%</b>                            | <b>350,974</b>      | <b>311,690</b>     |



| Programme 2 Per Economic classification             | 2010/11                |                   |                 |                     |                    |               |   | 2009/10             |                    |
|---|------------------------|-------------------|-----------------|---------------------|--------------------|---------------|---|---------------------|--------------------|
|   | Adjusted Appropriation | Shifting of Funds | Virement        | Final Appropriation | Actual Expenditure | Variance      | Expenditure as % of final appropriation | Final Appropriation | Actual expenditure |
|   | R'000                  | R'000             | R'000           | R'000               | R'000              | R'000         | %                                       | R'000               | R'000              |
| <b>Current payments</b>                             |                        |                   |                 |                     |                    |               |   |                     |                    |
| Compensation of employees                           | 348,709                | (20,150)          | (38,000)        | 290,559             | 241,181            | 49,378        | 83.0%                                   | 175,750             | 166,500            |
| Goods and services                                  | 115,004                | (5,661)           | -               | 109,343             | 87,355             | 21,988        | 79.9%                                   | 91,618              | 66,854             |
| <b>Transfers and subsidies to:</b>                  |                        |                   |                 |                     |                    |               |   |                     |                    |
| Provinces and municipalities                        | 1                      | 4                 | -               | 5                   | 2                  | 3             | 40.0%                                   | 7                   | 2                  |
| Departmental agencies and accounts                  | 8,816                  | 19,100            | -               | 27,916              | 27,861             | 55            | 99.8%                                   | 57,593              | 57,592             |
| Foreign governments and international organisations | 1,306                  | -                 | -               | 1,306               | 1,148              | 158           | 87.9%                                   | 1,230               | 1,226              |
| Non-profit institutions                             | 2,425                  | -                 | -               | 2,425               | 2,425              | -             | 100.0%                                  | 2,288               | 2,288              |
| Households  | 1,046                  | 30                | -               | 1,076               | 1,035              | 41            | 96.2%                                   | 1,453               | 1,453              |
| <b>Payment for capital assets</b>                   |                        |                   |                 |                     |                    |               |   |                     |                    |
| Machinery and equipment                             | 8,784                  | 6,817             | -               | 15,601              | 10,772             | 4,829         | 69.0%                                   | 21,032              | 15,663             |
| Software and other intangible assets                | 647                    | (140)             | -               | 507                 | -                  | 507           | -                                       | 3                   | -                  |
| <b>Payments for financial assets</b>                | -                      | -                 | -               | -                   | 301                | (301)         | -                                       | -                   | 112                |
| <b>Total</b>  | <b>486,738</b>         | <b>-</b>          | <b>(38,000)</b> | <b>448,738</b>      | <b>372,080</b>     | <b>76,658</b> | <b>82.9%</b>                            | <b>350,974</b>      | <b>311,690</b>     |

| Detail per sub-programme - Programme 3: Rural Development | 2010/11                |                   |               |                     |                    |              |   | 2009/10             |                    |
|---|------------------------|-------------------|---------------|---------------------|--------------------|--------------|---|---------------------|--------------------|
|   | 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>3.1 RURAL DEVELOPMENT NATIONAL OFFICE</b>              |                        |                   |               |                     |                    |              |   |                     |                    |
| Current payment   | 197,752                | (23,658)          | 19,000        | 193,094             | 191,562            | 1,532        | 99.2%                                   | 251,480             | 62,983             |
| Payment for capital assets                                | 1,552                  | 8,585             | -             | 10,137              | 10,108             | 29           | 99.7%                                   | 860                 | 8                  |
| Payment for financial assets                              | -                      | -                 | -             | -                   | 10                 | (10)         | -                                       | -                   | -                  |
| <b>3.2 RURAL DEVELOPMENT PROVINCIAL OFFICES</b>           |                        |                   |               |                     |                    |              |   |                     |                    |
| Current payment   | 143,127                | 14,438            | -             | 157,565             | 155,332            | 2,233        | 98.6%                                   | -                   | -                  |
| Transfers and subsidies                                   | -                      | -                 | -             | -                   | 35                 | (35)         | -                                       | -                   | -                  |
| Payment for capital assets                                | -                      | 635               | -             | 635                 | 420                | 215          | 66.3%                                   | -                   | -                  |
| <b>Total</b>  | <b>342,431</b>         | <b>-</b>          | <b>19,000</b> | <b>361,431</b>      | <b>357,467</b>     | <b>3,964</b> | <b>98.9%</b>                            | <b>252,340</b>      | <b>62,991</b>      |





| Programme 3 Per Economic classification | 2010/11                |                   |               |                     |                    |              |   | 2009/10             |                    |
|---|------------------------|-------------------|---------------|---------------------|--------------------|--------------|---|---------------------|--------------------|
|   | Adjusted Appropriation | Shifting of Funds | Virement      | Final Appropriation | Actual Expenditure | Variance     | Expenditure as % of final appropriation | Final Appropriation | Actual expenditure |
|   | R'000                  | R'000             | R'000         | R'000               | R'000              | R'000        | %                                       | R'000               | R'000              |
| <b>Current payments</b>                 |                        |                   |               |                     |                    |              |   |                     |                    |
| Compensation of employees               | 35,241                 | (10,000)          | -             | 25,241              | 23,555             | 1,686        | 93.3%                                   | 1,404               | 827                |
| Goods and services                      | 305,638                | 780               | 19,000        | 325,418             | 323,258            | 2,160        | 99.3%                                   | 250,076             | 62,156             |
| Interest and rent on land               | -                      | -                 | -             | -                   | 81                 | (81)         | -                                       | -                   | -                  |
| <b>Transfers and subsidies to:</b>      |                        |                   |               |                     |                    |              |   |                     |                    |
| Households                              | -                      | -                 | -             | -                   | 35                 | (35)         | -                                       | -                   | -                  |
| <b>Payment for capital assets</b>       |                        |                   |               |                     |                    |              |   |                     |                    |
| Machinery and equipment                 | 1,552                  | 9,220             | -             | 10,772              | 10,528             | 244          | 97.7%                                   | 860                 | 8                  |
| <b>Payments for financial assets</b>    |                        |                   |               |                     |                    |              |   |                     |                    |
|   | -                      | -                 | -             | -                   | 10                 | (10)         | -                                       | -                   | -                  |
| <b>Total</b>                            | <b>342,431</b>         | <b>-</b>          | <b>19,000</b> | <b>361,431</b>      | <b>357,467</b>     | <b>3,964</b> | <b>98.9%</b>                            | <b>252,340</b>      | <b>62,991</b>      |

| Detail per sub-programme - Programme 4: Restitution | 2010/11                |                   |                |                     |                    |              |   | 2009/10             |                    |
|---|------------------------|-------------------|----------------|---------------------|--------------------|--------------|---|---------------------|--------------------|
|   | 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>4.1 RESTITUTION NATIONAL OFFICE</b>              |                        |                   |                |                     |                    |              |   |                     |                    |
| Current payment                                     | 47,014                 | (2,503)           | 912            | 45,423              | 43,056             | 2,367        | 94.8%                                   | 36,698              | 35,483             |
| Transfers and subsidies                             | 2                      | -                 | 62             | 64                  | 61                 | 3            | 95.3%                                   | 6                   | 6                  |
| Payment for capital assets                          | 162                    | 103               | -              | 265                 | 213                | 52           | 80.4%                                   | 635                 | 566                |
| Payment for financial assets                        | -                      | -                 | -              | -                   | 20                 | (20)         | -                                       | -                   | 18                 |
| <b>4.2 RESTITUTION REGIONAL OFFICES</b>             |                        |                   |                |                     |                    |              |   |                     |                    |
| Current payment                                     | 351,279                | (677)             | 23,864         | 374,466             | 369,970            | 4,496        | 98.8%                                   | 329,845             | 325,809            |
| Transfers and subsidies                             | 215                    | -                 | (62)           | 153                 | 7                  | 146          | 4.6%                                    | 11                  | 9                  |
| Payment for capital assets                          | 2,782                  | 3,077             | -              | 5,859               | 4,172              | 1,687        | 71.2%                                   | 1,843               | 1,029              |
| Payment for financial assets                        | -                      | -                 | -              | -                   | 1,346              | (1,346)      | -                                       | -                   | 1,118              |
| <b>4.3 RESTITUTION GRANTS</b>                       |                        |                   |                |                     |                    |              |   |                     |                    |
| Transfers and subsidies                             | 3,172,767              | (771,735)         | 175,224        | 2,576,256           | 2,576,253          | 3            | 100.0%                                  | 1,969,355           | 1,967,596          |
| Payment for capital assets                          | -                      | 771,735           | -              | 771,735             | 771,735            | -            | 100.0%                                  | -                   | -                  |
| Payment for financial assets                        | -                      | -                 | -              | -                   | -                  | -            | -                                       | -                   | -                  |
| <b>Total</b>  | <b>3,574,221</b>       | <b>-</b>          | <b>200,000</b> | <b>3,774,221</b>    | <b>3,766,833</b>   | <b>7,388</b> | <b>99.8%</b>                            | <b>2,338,393</b>    | <b>2,331,634</b>   |



| Programme 4 Per Economic classification | 2010/11                |                   |                |                     |                    |              |   | 2009/10             |                    |
|---|------------------------|-------------------|----------------|---------------------|--------------------|--------------|---|---------------------|--------------------|
|   | Adjusted Appropriation | Shifting of Funds | Virement       | Final Appropriation | Actual Expenditure | Variance     | Expenditure as % of final appropriation | Final Appropriation | Actual expenditure |
|   | R'000                  | R'000             | R'000          | R'000               | R'000              | R'000        | %                                       | R'000               | R'000              |
| <b>Current payments</b>                 |                        |                   |                |                     |                    |              |   |                     |                    |
| Compensation of employees               | 239,600                | (30,000)          | -              | 209,600             | 204,714            | 4,886        | 97.7%                                   | 218,156             | 218,065            |
| Goods and services                      | 158,693                | 26,820            | 24,776         | 210,289             | 141,384            | 68,905       | 67.2%                                   | 148,387             | 143,227            |
| Interest and rent on land               | -                      | -                 | -              | -                   | 66,928             | (66,928)     | -                                       | -                   | -                  |
| <b>Transfers and subsidies to:</b>      |                        |                   |                |                     |                    |              |   |                     |                    |
| Provinces and municipalities            | 10                     | -                 | -              | 10                  | 7                  | 3            | 70.0%                                   | 11                  | 9                  |
| Households                              | 3,172,974              | (771,735)         | 175,224        | 2,576,463           | 2,576,314          | 149          | 100.0%                                  | 1,969,361           | 1,967,602          |
| <b>Payment for capital assets</b>       |                        |                   |                |                     |                    |              |   |                     |                    |
| Building & other fixed structures       | -                      | -                 | -              | -                   | -                  | -            | -                                       | 8                   | -                  |
| Machinery and equipment                 | 2,944                  | 3,180             | -              | 6,124               | 4,385              | 1,739        | 71.6%                                   | 2,470               | 1,595              |
| Land & subsoil assets                   | -                      | 771,735           | -              | 771,735             | 771,735            | -            | 100%                                    | -                   | -                  |
| <b>Payments for financial assets</b>    |                        |                   |                |                     |                    |              |   |                     |                    |
|   | -                      | -                 | -              | -                   | 1,366              | (1,366)      | -                                       | -                   | 1,136              |
| <b>Total</b>                            | <b>3,574,221</b>       | <b>-</b>          | <b>200,000</b> | <b>3,774,221</b>    | <b>3,766,833</b>   | <b>7,388</b> | <b>99.8%</b>                            | <b>2,338,393</b>    | <b>2,331,634</b>   |

| Detail per sub-programme - Programme 5: Land Reform | 2010/11                |                   |                  |                     |                    |               |   | 2009/10             |                    |
|---|------------------------|-------------------|------------------|---------------------|--------------------|---------------|---|---------------------|--------------------|
|   | 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>5.1 LAND REFORM NATIONAL OFFICE</b>              |                        |                   |                  |                     |                    |               |   |                     |                    |
| Current payment                                     | 88,762                 | 1,575             | 6,132            | 96,469              | 95,096             | 1,373         | 98.6%                                   | 76,998              | 72,740             |
| Transfers and subsidies                             | -                      | -                 | -                | -                   | 1,016              | (1,016)       | -                                       | -                   | -                  |
| Payment for capital assets                          | 399                    | 220               | -                | 619                 | 564                | 55            | 91.1%                                   | 380                 | 194                |
| Payment for financial assets                        | -                      | -                 | -                | -                   | 13                 | (13)          | -                                       | -                   | 42                 |
| <b>5.2 LAND REFORM PROVINCIAL OFFICE</b>            |                        |                   |                  |                     |                    |               |   |                     |                    |
| Current payment                                     | 342,792                | (1,509)           | (45,872)         | 295,411             | 291,682            | 3,729         | 98.7%                                   | 265,111             | 240,983            |
| Transfers and subsidies                             | 20                     | 100               | -                | 120                 | 416                | (296)         | 346.7%                                  | 83                  | 83                 |
| Payment for capital assets                          | 5,552                  | 1,539             | -                | 7,091               | 3,483              | 3,608         | 49.1%                                   | 6,011               | 3,936              |
| Payment for financial assets                        | -                      | -                 | -                | -                   | 788                | (788)         | -                                       | -                   | 92                 |
| <b>5.3 LAND REFORM GRANTS</b>                       |                        |                   |                  |                     |                    |               |   |                     |                    |
| Transfers and subsidies                             | 641,459                | (703)             | (80,000)         | 560,756             | 505,469            | 55,287        | 90.1%                                   | 1,393,331           | 1,153,269          |
| Payment for financial assets                        | -                      | 703               | -                | 703                 | 703                | -             | 100%                                    | -                   | 53,302             |
| <b>5.4 KWAZULU-NATAL INGONYAMA TRUST BOARD</b>      |                        |                   |                  |                     |                    |               |   |                     |                    |
| Transfers and subsidies                             | 9,157                  | -                 | -                | 9,157               | 9,157              | -             | 100.0%                                  | 3,056               | 3,056              |
| <b>5.5 LAND REFORM EMPOWERMENT FACILITY</b>         |                        |                   |                  |                     |                    |               |   |                     |                    |
| Transfers and subsidies                             | 1                      | -                 | -                | 1                   | -                  | 1             | -                                       | 1                   | -                  |
| <b>5.6 COMMUNAL LAND RIGHTS PROGRAMME</b>           |                        |                   |                  |                     |                    |               |   |                     |                    |
| Current payment                                     | 2,602                  | (1,925)           | (260)            | 417                 | 336                | 81            | 80.6%                                   | 1,349               | 761                |
| Payment for financial assets                        | -                      | -                 | -                | -                   | -                  | -             | -                                       | 100                 | 28                 |
| <b>5.7 AGRICULTURAL LAND HOLDING ACCOUNT</b>        |                        |                   |                  |                     |                    |               |   |                     |                    |
| Payment for financial assets                        | 1,028,480              | -                 | -                | 1,028,480           | 1,028,480          | -             | 100.0%                                  | 1,041,116           | 1,041,116          |
| Payment for financial assets                        | -                      | -                 | -                | -                   | 2                  | (2)           | -                                       | -                   | -                  |
| <b>Total</b>  | <b>2,119,224</b>       | <b>-</b>          | <b>(120,000)</b> | <b>1,999,224</b>    | <b>1,937,205</b>   | <b>62,019</b> | <b>96.9%</b>                            | <b>2,787,536</b>    | <b>2,569,602</b>   |



| Programme 5 Per Economic classification     | 2010/11                |                   |                  |                     |                    |               |   | 2009/10             |                    |
|---|------------------------|-------------------|------------------|---------------------|--------------------|---------------|---|---------------------|--------------------|
|   | Adjusted Appropriation | Shifting of Funds | Virement         | Final Appropriation | Actual Expenditure | Variance      | Expenditure as % of final appropriation | Final Appropriation | Actual expenditure |
|   | R'000                  | R'000             | R'000            | R'000               | R'000              | R'000         | %                                       | R'000               | R'000              |
| <b>Current payments</b>                     |                        |                   |                  |                     |                    |               |   |                     |                    |
| Compensation of employees                   | 302,390                | (28,878)          | (46,122)         | 227,390             | 225,303            | 2,087         | 99.1%                                   | 208,707             | 195,429            |
| Goods and services                          | 131,766                | 27,019            | 6,122            | 164,907             | 161,625            | 3,282         | 98.0%                                   | 134,751             | 119,055            |
| Interest and rent on land                   | -                      | -                 | -                | -                   | 186                | (186)         | -                                       | -                   | -                  |
| <b>Transfers and subsidies to:</b>          |                        |                   |                  |                     |                    |               |   |                     |                    |
| Provinces and municipalities                | 20                     | 100               | -                | 120                 | 93                 | 27            | 77.5%                                   | 83                  | 72                 |
| Departmental agencies and accounts          | 1,037,637              | -                 | -                | 1,037,637           | 1,037,637          | -             | 100.0%                                  | 1,044,172           | 1,044,172          |
| Public corporations and private enterprises | 1                      | -                 | -                | 1                   | -                  | 1             | -                                       | 1                   | -                  |
| Non-profit institutions                     | -                      | -                 | -                | -                   | -                  | -             | -                                       | -                   | -                  |
| Households                                  | 641,459                | (703)             | (80,000)         | 561,459             | 507,511            | 53,948        | 90.4%                                   | 1,393,331           | 1,153,280          |
| <b>Payment for capital assets</b>           |                        |                   |                  |                     |                    |               |   |                     |                    |
| Machinery and equipment                     | 5,951                  | 1,746             | -                | 7,697               | 4,047              | 3,650         | 52.6%                                   | 6,491               | 4,158              |
| Land and subsoil assets                     | -                      | 703               | -                | 703                 | 703                | -             | 100%                                    | -                   | -                  |
| Software and other intangible assets        | -                      | 13                | -                | 13                  | -                  | 13            | -                                       | -                   | -                  |
| <b>Payments for financial assets</b>        |                        |                   |                  |                     |                    |               |   |                     |                    |
|   | -                      | -                 | -                | -                   | 803                | (803)         | -                                       | -                   | 53,436             |
| <b>Total</b>                                | <b>2,119,224</b>       | <b>-</b>          | <b>(120,000)</b> | <b>1,999,224</b>    | <b>1,937,205</b>   | <b>62,019</b> | <b>96.9%</b>                            | <b>2,787,536</b>    | <b>2,569,602</b>   |



# Notes to the Appropriation Statement

For the year ended 31 March 2011

## 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-F) to the Annual Financial Statements.

## 2. Detail of specifically and exclusively appropriated amounts voted (after Virement):

Detail of these transactions can be viewed in note 1 (Annual Appropriation) to the Annual Financial Statements.

## 3. Detail on payments for financial assets

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

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

| 4.1 Per Programme                 | Final<br>Appropriation<br>R'000 | Actual<br>Expenditure<br>R'000 | Variance<br>R'000 | Variance as a %<br>of Final<br>Appropriation<br>% |
|-----------------------------------|---------------------------------|--------------------------------|-------------------|---|
| Administration                    | 709,768                         | 689,270                        | 20,498            | 2.9%  |
| Geospatial and Cadastral Services | 448,738                         | 372,080                        | 76,658            | 17.1%   |
| Rural Development                 | 361,431                         | 357,467                        | 3,964             | 1.1%  |
| Restitution                       | 3,774,221                       | 3,766,833                      | 7,388             | 0.2%  |
| Land Reform                       | 1,999,224                       | 1,937,205                      | 62,019            | 3.1%  |

Under spending in this programme is mainly under compensation as a result of late implementation of OSD and also delays in filling of posts as they are specialised skills.

| 4.1 Per Economic classification                     | Final<br>Appropriation<br>R'000 | Actual<br>Expenditure<br>R'000 | Variance<br>R'000 | Variance as a %<br>of Final<br>Appropriation<br>% |
|---|---------------------------------|--------------------------------|-------------------|---|
| <b>Current payments</b>                             |                                 |                                |                   |   |
| Compensation of employees                           | 1,012,465                       | 946,678                        | 65,787            | 6.5%  |
| Goods and services                                  | 1,224,050                       | 1,121,818                      | 102,232           | 8.4%  |
| Interest and rent on land                           | -                               | 67,195                         | (67,195)          | 0.0%  |
| <b>Transfers and subsidies</b>                      |                                 |                                |                   |   |
| Provinces and municipalities                        | 154                             | 112                            | 42                | 27.3%   |
| Departmental agencies and accounts                  | 1,065,554                       | 1,065,498                      | 56                | 0.0%  |
| Universities and technikons                         | -                               | -                              | -                 | 0.0%  |
| Public corporations and private enterprises         | 1,306                           | 1,148                          | 158               | 12.1%   |
| Foreign governments and international organisations | 1                               | -                              | 1                 | 100.0%  |
| Non-profit institutions                             | 2,425                           | 2,425                          | -                 | 0.0%  |
| Households  | 3,152,701                       | 3,098,343                      | 54,358            | 1.7%  |
| Gifts and donations                                 |                                 |                                |                   |   |
| <b>Payments for capital assets</b>                  |                                 |                                |                   |   |
| Machinery and equipment                             | 61,681                          | 43,275                         | 18,406            | 28.0%   |
| Land and subsoil assets                             | 772,438                         | 772,438                        | -                 | 0.0%  |
| Software and other intangible assets                | 607                             | -                              | 607               | 100.0%  |
| <b>Payments for financial assets</b>                | -                               | 2,846                          | (2,846)           | 0.0%  |

Under spending on compensation is due to the moratorium that was put in place in aligning the organisational structure to accommodate the new mandate of Rural Development. This had an impact also on Goods and services and Machinery and equipment.



# Statement of Financial Performance

For the year ended 31 March 2011

| PERFORMANCE   | Note | 2010/11<br>R'000 | 2009/10<br>R'000 |
|---|------|------------------|------------------|
| <b>REVENUE</b>  |      |                  |                  |
| Annual appropriation  | 1    | 7,293,382        | 6,391,091        |
| Departmental revenue  | 2    | 48,802           | 44,047           |
| Aid assistance  | 3    | 21,172           | 1,522            |
| <b>TOTAL REVENUE</b>  |      | <b>7,363,356</b> | <b>6,436,660</b> |
| <b>EXPENDITURE</b>  |      |                  |                  |
| <b>Current expenditure</b>                                  |      |                  |                  |
| Compensation of employees                                   | 4    | 946,678          | 759,693          |
| Goods and services  | 5    | 1,122,897        | 764,200          |
| Interest and rent on land                                   | 6    | 67,195           | -                |
| Aid assistance  | 3    | 10,327           | -                |
| <b>Total current expenditure</b>                            |      | <b>2,147,097</b> | <b>1,523,893</b> |
| <b>Transfers and subsidies</b>                              |      |                  |                  |
| Transfers and subsidies                                     | 8    | 4,167,527        | 4,240,329        |
| <b>Total transfers and subsidies</b>                        |      | <b>4,167,527</b> | <b>4,240,329</b> |
| <b>Expenditure for capital assets</b>                       |      |                  |                  |
| Tangible capital assets                                     | 9    | 815,713          | 35,283           |
| Software and other intangible assets                        | 9    | -                | 294              |
| <b>Total expenditure for capital assets</b>                 |      | <b>815,713</b>   | <b>35,577</b>    |
| <b>Payments for financial assets</b>                        | 7    | 2,846            | 54,922           |
| <b>TOTAL EXPENDITURE</b>                                    |      | <b>7,133,183</b> | <b>5,854,721</b> |
| <b>SURPLUS/(DEFICIT) FOR THE YEAR</b>                       |      | <b>230,173</b>   | <b>581,939</b>   |
| <b>Reconciliation of Net Surplus/(Deficit) for the year</b> |      |                  |                  |
| Voted funds   |      | 170,526          | 536,370          |
| Annual appropriation  |      | 170,526          | 536,370          |
| Departmental revenue and NRF Receipts                       | 16   | 48,802           | 44,047           |
| Aid assistance  | 3    | 10,845           | 1,522            |
| <b>SURPLUS/(DEFICIT) FOR THE YEAR</b>                       |      | <b>230,173</b>   | <b>581,939</b>   |



# Statement of Financial Position

For the year ended 31 March 2011

| POSITION  | Note        | 2010/11<br>R'000         | 2009/10<br>R'000         |
|---|-------------|--------------------------|--------------------------|
| <b>ASSETS</b>   |             |                          |                          |
| <b>Current assets</b>   |             | <b>256,864</b>           | <b>607,792</b>           |
| Fruitless and wasteful expenditure  | 10          | 596                      | 596                      |
| Cash and cash equivalents   | 11          | 233,839                  | 483,880                  |
| Prepayments and advances  | 12          | 1,940                    | 5,742                    |
| Receivables   | 13          | 20,489                   | 110,617                  |
| Departmental revenue Receivable from Revenue Fund                           | 16          | -                        | 6,957                    |
| <b>Non-current assets</b>   |             | <b>16,112</b>            | <b>16,112</b>            |
| Investments   | 14          | 16,112                   | 16,112                   |
| <b>TOTAL ASSETS</b>   |             | <b>272,976</b>           | <b>623,904</b>           |
| <b>LIABILITIES</b>  |             |                          |                          |
| <b>Current liabilities</b>  |             | <b>252,621</b>           | <b>598,422</b>           |
| Voted funds to be surrendered to the Revenue Fund                           | 15          | 170,526                  | 536,370                  |
| Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund | 16          | 6,344                    | -                        |
| Payables  | 17          | 64,906                   | 62,052                   |
| Aid assistance unutilised   | 3           | 10,845                   | -                        |
| <b>TOTAL LIABILITIES</b>  |             | <b>252,621</b>           | <b>598,422</b>           |
| <b>NET ASSETS</b>   |             | <b>20,355</b>            | <b>25,482</b>            |
|   | <b>Note</b> | <b>2010/11<br/>R'000</b> | <b>2009/10<br/>R'000</b> |
| <b>Represented by:</b>  |             |                          |                          |
| Capitalisation reserve  |             | 16,112                   | 16,112                   |
| Recoverable revenue   |             | 4,243                    | 9,370                    |
| <b>TOTAL</b>  |             | <b>20,355</b>            | <b>25,482</b>            |



# Statement of Changes in Net Assets

For the year ended 31 March 2011

|   | <i>Note</i> | 2010/11<br>R'000     | 2009/10<br>R'000     |
|---|-------------|----------------------|----------------------|
| <b>NET ASSETS</b>                                   |             |                      |                      |
| <b>Capitalisation Reserves</b>                      |             |                      |                      |
| Opening balance                                     |             | 16,112               | 16,112               |
| Other movements                                     |             | -                    | -                    |
| Closing balance                                     |             | <u>16,112</u>        | <u>16,112</u>        |
| <b>Recoverable revenue</b>                          |             |                      |                      |
| Opening balance                                     |             | 9,370                | 9,491                |
| Transfers:  |             | <b>(5,127)</b>       | <b>(121)</b>         |
| Irrecoverable amounts written off                   | 7.3         | (17)                 | (79)                 |
| Debts revised                                       |             | (6,109)              | -                    |
| Debts recovered (included in departmental receipts) |             | (2,641)              | (1,792)              |
| Debts raised  |             | 3,640                | 1,750                |
| Closing balance                                     |             | <u>4,243</u>         | <u>9,370</u>         |
| <b>TOTAL</b>  |             | <u><u>20,355</u></u> | <u><u>25,482</u></u> |



# Accounting Policies

For the year ended 31 March 2011

|  | Note      | 2010/11<br>R'000 | 2009/10<br>R'000 |
|--|-----------|------------------|------------------|
| <b>CASH FLOW</b>   |           |                  |                  |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>              |           |                  |                  |
| Receipts   | 1.1       | 7,363,131        | 6,436,162        |
| Annual appropriated funds received                       | 2         | 7,293,382        | 6,391,091        |
| Departmental revenue received                            | 3         | 48,577           | 43,549           |
| Aid assistance received                                  |           | 21,172           | 1,522            |
| Net (increase)/decrease in working capital               |           | 96,784           | (105,290)        |
| Surrendered to Revenue Fund                              |           | (571,871)        | (52,278)         |
| Surrendered to RDP Fund/Donor                            |           | -                | (260)            |
| Current payments   |           | (2,147,097)      | (1,523,893)      |
| Payments for financial assets                            |           | (2,846)          | (54,922)         |
| Transfers and subsidies paid                             |           | (4,167,527)      | (4,240,329)      |
| <b>Net cash flow available from operating activities</b> | <b>18</b> | <b>570,574</b>   | <b>459,190</b>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>              |           |                  |                  |
| Payments for capital assets                              | 9         | (815,713)        | (35,577)         |
| Proceeds from sale of capital assets                     | 2.3       | 225              | 498              |
| <b>Net cash flows from investing activities</b>          |           | <b>(815,488)</b> | <b>(35,079)</b>  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>              |           |                  |                  |
| Increase/(decrease) in net assets                        |           | (5,127)          | (121)            |
| <b>Net cash flows from financing activities</b>          |           | <b>(5,127)</b>   | <b>(121)</b>     |
| Net increase/(decrease) in cash and cash equivalents     |           | (250,041)        | 423,990          |
| Cash and cash equivalents at beginning of period         |           | 483,880          | 59,890           |
| <b>Cash and cash equivalents at end of period</b>        | <b>19</b> | <b>233,839</b>   | <b>483,880</b>   |





# Accounting Policies

For the year ended 31 March 2011

The Financial Statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. However, 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, Act 1 of 1999 (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the Act and the Division of Revenue Act, Act 1 of 2010.

## 1. Presentation of the Financial Statements

### 1.1 Basis of preparation

The Financial Statements have been prepared on a modified cash basis of accounting, except where stated otherwise. The modified cash basis constitutes the cash basis of accounting supplemented with additional disclosure items. Under the cash basis of accounting transactions and other events are recognised when cash is received or paid.

### 1.2 Presentation currency

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

### 1.3 Rounding

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

### 1.4 Comparative figures

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.

### 1.5 Comparative figures - Appropriation Statement

A comparison between actual amounts and final appropriation per major classification of expenditure is included in the Appropriation Statement.

## 2. Revenue

### 2.1 Appropriated funds

Appropriated funds comprises of departmental allocations as well as direct charges against revenue fund (i.e. statutory appropriation).

Appropriated funds are recognised in the financial records on the date the appropriation becomes effective. Adjustments made in terms of the adjustments budget process are recognised in the financial records on the date the adjustments become effective.

Unexpended appropriated funds are surrendered to the National Revenue Fund. Any amounts owing to the National Revenue Fund at the end of the financial year are recognised as payable in the statement of financial position.

Any amount due from the National Revenue Fund at the end of the financial year is recognised as a receivable in the statement of financial position.

### 2.2 Departmental revenue

All departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the National Revenue Fund, unless stated otherwise.

Any amount owing to the National Revenue Fund is recognised as a payable in the statement of financial position.

No accrual is made for amounts receivable from the last receipt date to the end of the reporting period. These amounts are however disclosed in the disclosure note to the annual financial statements.

### 2.3 Aid assistance

Aids assistance is recognised as revenue when received

All in-kind aid assistance is disclosed at fair value on the date of receipt in the annexures to the Annual Financial Statements

The cash payments made during the year relating to aid assistance projects are recognised as expenditure in the statement of financial performance when final authorisation for payments is effected on the system (by no later than 31 March of each year)

The value of the assistance expensed prior to the receipt of funds is recognised as a receivable in the statement of financial position.

Inappropriately expensed amounts using aid assistance and any unutilised amounts are recognised as payables in the statement of financial position.

All CARA funds received must be recorded as revenue when funds are received. The cash payments made during the year relating to CARA earmarked projects are recognised as expenditure in the statement of financial performance when final authorisation for payments effected on the system (by no later than 31 March of each year)

Inappropriately expensed amounts using CARA funds are recognised as payables in the statement of financial position. Any unutilised amounts are transferred to retained funds as they are not surrendered to the revenue fund.

### **3. Expenditure**

#### **3.1 Compensation of employees**

##### **3.1.1 Salaries and wages**

Salaries and wages are expensed in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

Other employee benefits that give rise to a present legal or constructive obligation are disclosed in the disclosure notes to the financial statements at its face value and are not recognised in the statement of financial performance or position.

Employee costs are capitalised to the cost of a capital project when an employee spends more than 50% of his/her time on the project. These payments form part of expenditure for capital assets in the statement of financial performance.

##### **3.1.2 Social contributions**

Employer contributions to post employment benefit plans in respect of current employees are expensed in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

No provision is made for retirement benefits in the financial statements of the department. Any potential liabilities are disclosed in the financial statements of the National Revenue Fund and not in the financial statements of the employer department.

Employer contributions made by the department for certain of its ex-employees (such as medical benefits) are classified as transfers to households in the statement of financial performance.

#### **3.2 Goods and services**

Payments made during the year for goods and/or services are recognised as an expense in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

The expense is classified as capital if the goods and/or services were acquired for a capital project or if the total purchase price exceeds the capitalisation threshold (currently R5, 000). All other expenditures are classified as current.

Rental paid for the use of buildings or other fixed structures is classified as goods and services and not as rent on land.

#### **3.3 Interest and rent on land**

Interest and rental payments are recognised as an expense in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year). This item excludes rental for the use of buildings or other fixed structures. If it is not possible to distinguish between payment for the use of land and the fixed structures on it, the whole amount should be recorded under goods and services.

#### **3.4 Payments for financial assets**

Debts are written off when identified as irrecoverable. Debts written-off are limited to the amount of savings and/or underspending of appropriated funds. The write off occurs at year-end or when funds are available. No provision is made for irrecoverable amounts but an estimate is included in the disclosure notes to the financial statements amounts.

All other losses are recognised when authorisation has been granted for the recognition thereof.

#### **3.5 Transfers and subsidies**

Transfers and subsidies are recognised as an expense when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

#### **3.6 Unauthorised expenditure**

When confirmed unauthorised expenditure is recognised as an asset in the statement of financial position until such time as the expenditure is either approved by the relevant authority, recovered from the responsible person or written off as irrecoverable in the statement of financial performance.



Unauthorised expenditure approved with funding is derecognised from the statement of financial position when the unauthorised expenditure is approved and the related funds are received.

Where the amount is approved without funding it is recognised as expenditure in the statement of financial performance on the date of approval.

### 3.7 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is recognised as expenditure in the statement of financial performance according to the nature of the payment and not as a separate line item on the face of the statement. If the expenditure is recoverable it is treated as an asset until it is recovered from the responsible person or written off as irrecoverable in the statement of financial performance.

### 3.8 Irregular expenditure

Irregular expenditure is recognised as expenditure in the statement of financial performance. If the expenditure is not condoned by the relevant authority it is treated as an asset until it is recovered or written off as irrecoverable.

## 4. Assets

### 4.1 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost.

Bank overdrafts are shown separately on the face of the statement of financial position.

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.

### 4.2 Prepayments and advances

Amounts prepaid or advanced are recognised in the statement of financial position when the payments are made and are derecognised as and when the goods/services are received or the funds are utilised.

Prepayments and advances outstanding at the end of the year are carried in the statement of financial position at cost.

### 4.3 Receivables

Receivables included in the statement of financial position arise from cash payments made that are recoverable from another party (including departmental employees) and are derecognised upon recovery or write-off.

Receivables outstanding at year-end are carried in the statement of financial position at cost plus any accrued interest. Amounts that are potentials irrecoverable are included in the disclosure notes.

### 4.4 Investments

Capitalised investments are shown at cost in the statement of financial position.

Investments are tested for an impairment loss whenever events or changes in circumstances indicate that the investment may be impaired. Any impairment loss is included in the disclosure notes.

### 4.5 Inventory

Inventories that qualify for recognition must be initially reflected at cost. Where inventories are acquired at no cost, or for nominal consideration, their cost shall be their fair value at the date of acquisition.

All inventory items at year-end are reflected using the weighted average cost or FIFO cost formula.

### 4.6 Capital assets

#### 4.6.1 Movable assets

##### Initial recognition

A capital asset is recorded in the asset register on receipt of the item at cost. Cost of an asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the movable capital asset is stated at fair value. Where fair value cannot be determined, the capital asset is included in the asset register at R1.

All assets acquired prior to 1 April 2002 are included in the register R1.

##### Subsequent recognition

Subsequent expenditure of a capital nature is recorded in the statement of financial performance as "expenditure for capital assets" and is capitalised in the asset register of the department on completion of the project.

Repairs and maintenance is expensed as current "goods and services" in the statement of financial performance.

#### 4.6.2 Immovable assets

##### Initial recognition

A capital asset is recorded on receipt of the item at cost. Cost of an asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the immovable capital asset is stated at R1 unless the fair value for the asset has been reliably estimated.

##### Subsequent recognition

Work-in-progress of a capital nature is recorded in the statement of financial performance as "expenditure for capital assets". On completion, the total cost of the project is included in the asset register of the department that is accountable for the asset.

Repairs and maintenance is expensed as current "goods and services" in the statement of financial performance.

##### State Land

The state land in the former Republics of Transkei, Bophuthatswana, Venda and Ciskei (TBVC States); former Self-Governing Territories of Kangwane, KwaNdebele, Gazankulu, QwaQwa and Lebowa; and the former South African Development Trust vests in the Department of Rural Development and Land Reform. In cases where such land vests in a provincial government and a certificate envisaged in Item 28(1) of Schedule 6 of the Constitution (Act No. 108 of 1996) has been issued to confirm the vesting of such land to a relevant provincial government, the Department continues to recognise that asset until the Title Deed has been endorsed to confirm provincial vesting.

The unsurveyed land in the abovementioned areas is not recognised due to its nature, however its extent and location is known and therefore included in the disclosure note to the financial statements.

The surveyed unregistered land in the abovementioned areas is considered an asset of the Department and its extent is therefore included in the disclosure note to the financial statements.

The Department holds certain land in trust for specific tribes. The said land is not recognised as an asset of the Department however a register of such land is kept for control purposes.

#### 5. Liabilities

##### 5.1 Payables

Recognised payables mainly comprise of amounts owing to other governmental entities. These payables are carried at cost in the statement of financial position.

##### 5.2 Contingent liabilities

Contingent liabilities are included in the disclosure notes to the financial statements when it is possible that economic benefits will flow from the department, or when an outflow of economic benefits or service potential is probable but cannot be measured reliably.

##### 5.3 Contingent assets

Contingent assets are included in the disclosure notes to the financial statements when it is probable that an inflow of economic benefits will flow to the entity.

##### 5.4 Commitments

Commitments are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes.

##### 5.5 Accruals

Accruals are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes.

##### 5.6 Employee benefits

Short-term employee benefits that give rise to a present legal or constructive obligation are disclosed in the disclosure notes to the financial statements. These amounts are not recognised in the statement of financial performance or the statement of financial position.

##### 5.7 Lease commitments

###### Finance lease

Finance leases are not recognised as assets and liabilities in the statement of financial position. Finance lease payments are recognised as an expense in the statement of financial performance and are apportioned between the capital and interest portions. The finance lease liability is disclosed in the disclosure notes to the financial statements.

###### Operating lease

Operating lease payments are recognised as an expense in the statement of financial performance. The operating lease commitments are disclosed in the disclosure notes to the financial statement.



**5.8 Impairment and other provisions**

The department tests for impairment where there is an indication that a receivable, loan or investment may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. An estimate is made for doubtful loans and receivables based on a review of all outstanding amounts at year-end. Impairments on investments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows / service potential flowing from the instrument.

Provisions are disclosed 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 will be required to settle the obligation and a reliable estimate of the obligation can be made.

**6. Receivables for departmental revenue**

Receivables for departmental revenue are disclosed in the disclosure notes to the annual financial statements.

**7. Net Assets****7.1 Capitalisation reserve**

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

**7.2 Recoverable revenue**

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

**8. Related party transactions**

Specific information with regards to related party transactions is included in the disclosure notes.

**9. Key management personnel**

Compensation paid to key management personnel including their family members where relevant, is included in the disclosure notes.

**10. Public private partnerships**

A description of the PPP arrangement, the contract fees and current and capital expenditure relating to the PPP arrangement is included in the disclosure notes.

# Disclosure Notes to the Annual Financial Statements

For the year ended 31 March 2011

## 1. Annual Appropriation

### 1.1 Annual Appropriation

Included are funds appropriated in terms of the Appropriation Act (and the Adjustments Appropriation Act) for National Departments (Voted funds) and Provincial Departments:

|                                   | 2010/11             |                       | 2009/10                              |                        |
|-----------------------------------|---------------------|-----------------------|--------------------------------------|------------------------|
|                                   | Final Appropriation | Actual Funds Received | Funds not requested/<br>not received | Appropriation received |
|                                   | R'000               | R'000                 | R'000                                | R'000                  |
| Administration                    | 709,768             | 770,768               | (61,000)                             | 689,280                |
| Geospatial and Cadastral Services | 438,738             | 486,738               | (38,000)                             | 96,147                 |
| Rural Development                 | 361,431             | 342,431               | 19,000                               | 140,824                |
| Restitution                       | 3,774,221           | 3,574,221             | 200,000                              | 2,107,435              |
| Land Reform                       | 1,999,224           | 2,119,224             | (120,000)                            | 3,223,421              |
|                                   | -                   | -                     | -                                    | 66,787                 |
|                                   | -                   | -                     | -                                    | 67,197                 |
| <b>Total</b>                      | <b>7,293,382</b>    | <b>7,293,382</b>      | <b>-</b>                             | <b>6,391,091</b>       |

## 2. Departmental revenue

|   | Note | 2010/11<br>R'000 | 2009/10<br>R'000 |
|---|------|------------------|------------------|
| Sales of goods and services other than capital assets | 2.1  | 18,424           | 16,974           |
| Interest, dividends and rent on land                  | 2.3  | 25,088           | 21,830           |
| Sales of capital assets                               | 2.4  | 225              | 498              |
| Transactions in financial assets and liabilities      | 2.5  | 5,065            | 4,745            |
| <b>Departmental revenue collected</b>                 |      | <b>48,802</b>    | <b>44,047</b>    |

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

|  | Note | 2010/11<br>R'000 | 2009/10<br>R'000 |
|--|------|------------------|------------------|
| Sales of goods and services produced by the department | 3    | 18,420           | 16,884           |
| Sales by market establishment                          |      | 1,027            | 1,160            |
| Administrative fees                                    |      | 14,603           | 13,281           |
| Other sales  |      | 2,790            | 2,443            |
| Sales of scrap, waste and other used current goods     |      | 4                | 90               |
| <b>Total</b>   |      | <b>18,424</b>    | <b>16,974</b>    |

### 2.2 Interest, dividends and rent on land

|              | Note | 2010/11<br>R'000 | 2009/10<br>R'000 |
|--------------|------|------------------|------------------|
| Interest     | 2    | 19,268           | 12,434           |
| Rent on land |      | 5,820            | 9,396            |
| <b>Total</b> |      | <b>25,088</b>    | <b>21,830</b>    |

2.3 Sale of capital assets

|                         | Note | 2010/11<br>R'000 | 2009/10<br>R'000 |
|-------------------------|------|------------------|------------------|
| Tangible assets         |      | 225              | 498              |
| Land and subsoil assets | 34   | 225              | 498              |
| <b>Total</b>            |      | <b>225</b>       | <b>498</b>       |

2.4 Transactions in financial assets and liabilities

|  | Note | 2010/11<br>R'000 | 2009/10<br>R'000 |
|--|------|------------------|------------------|
| Receivables                                  |      | 876              | 978              |
| Other Receipts including Recoverable Revenue |      | 4,189            | 3,767            |
| <b>Total</b>                                 |      | <b>5,065</b>     | <b>4,745</b>     |

3. Aid assistance

3.1 Aid assistance received in cash from RDP

|                        | Note | 2010/11<br>R'000 | 2009/10<br>R'000 |
|------------------------|------|------------------|------------------|
| <b>Local</b>           |      |                  |                  |
| Opening Balance        |      | -                | (1,262)          |
| Revenue                |      | -                | 1,522            |
| Surrendered to the RDP |      | -                | (260)            |
| <b>Closing Balance</b> |      | <b>-</b>         | <b>-</b>         |
| <b>Foreign</b>         |      |                  |                  |
| Revenue                |      | 21,172           | -                |
| Expenditure            |      | (10,327)         | -                |
| Current                |      | (10,327)         | -                |
| Prepayments            |      | -                | -                |
| <b>Closing Balance</b> |      | <b>10,845</b>    | <b>-</b>         |

3.2 Total assistance

|   | Note | 2010/11<br>R'000 | 2009/10<br>R'000 |
|---|------|------------------|------------------|
| Opening Balance                             |      | -                | (1,262)          |
| Revenue                                     |      | 21,172           | 1,522            |
| Expenditure                                 |      | (10,327)         | -                |
| Current                                     |      | (10,327)         | -                |
| Surrendered / Transferred to retained funds |      | -                | (260)            |
| <b>Closing Balance</b>                      |      | <b>10,845</b>    | <b>-</b>         |

3.3 Analysis of balance

|                           | Note | 2010/11<br>R'000 | 2009/10<br>R'000 |
|---------------------------|------|------------------|------------------|
| Aid assistance unutilised |      | 10,845           | -                |
| Other sources             |      | 10,845           | -                |
| <b>Closing balance</b>    |      | <b>10,845</b>    | <b>-</b>         |



4. Compensation of employees

4.1 Salaries and Wages

|                                  | Note | 2010/11<br>R'000 | 2009/10<br>R'000 |
|----------------------------------|------|------------------|------------------|
| Basic salary                     |      | 660,015          | 537,785          |
| Performance award                |      | 4,732            | 3,766            |
| Service Based                    |      | 2,414            | 1,812            |
| Compensative/circumstantial      |      | 19,287           | 12,691           |
| Periodic payments                |      | 900              | 1,724            |
| Other non-pensionable allowances |      | 133,048          | 98,582           |
| <b>Total</b>                     |      | <b>820,396</b>   | <b>656,360</b>   |

4.2 Social contributions

|  | Note | 2010/11<br>R'000 | 2009/10<br>R'000 |
|--|------|------------------|------------------|
| <b>Employer contributions</b>          |      |                  |                  |
| Pension                                |      | 83,347           | 69,005           |
| Medical                                |      | 42,746           | 34,233           |
| Bargaining council                     |      | 189              | 95               |
| <b>Total</b>                           |      | <b>126,282</b>   | <b>103,333</b>   |
| <b>Total compensation of employees</b> |      |                  |                  |
|  |      | <b>946,678</b>   | <b>759,693</b>   |
| Average number of employees            |      | 3,393            | 3,427            |

5. Goods and services

|   | Note | 2010/11<br>R'000 | 2009/10<br>R'000 |
|---|------|------------------|------------------|
| Administrative fees                                       |      | 13,292           | 16,823           |
| Advertising   |      | 46,134           | 25,543           |
| Assets less than R5,000                                   | 5.1  | 8,472            | 7,032            |
| Bursaries (employees)                                     |      | 2,423            | 1,775            |
| Catering  |      | 8,023            | 3,962            |
| Communication   |      | 41,141           | 30,493           |
| Computer services   | 5.2  | 95,964           | 88,979           |
| Consultants, contractors and agency/outsourced services   | 5.3  | 375,723          | 253,319          |
| Entertainment   |      | 15               | 14               |
| Audit cost – external                                     | 5.4  | 12,427           | 12,319           |
| Fleet services  |      | 1                | -                |
| Inventory   | 5.5  | 45,416           | 22,770           |
| Operating leases  |      | 108,686          | 122,723          |
| Owned and leasehold property expenditure                  | 5.6  | 51,282           | 53,647           |
| Transport provided as part of the departmental activities |      | 962              | 651              |
| Travel and subsistence                                    | 5.7  | 149,666          | 107,109          |
| Venues and facilities                                     |      | 25,958           | 7,459            |
| Training and staff development                            |      | 14,484           | 3,716            |
| Other operating expenditure                               | 5.8  | 122,828          | 5,866            |
| <b>Total</b>  |      | <b>1,122,897</b> | <b>764,200</b>   |

5.1 Assets less than R5,000

|                                      | Note | 2010/11<br>R'000 | 2009/10<br>R'000 |
|--------------------------------------|------|------------------|------------------|
| <b>Tangible assets</b>               |      |                  |                  |
| Buildings and other fixed structures | 5    | 8,472            | 7,032            |
| Biological assets                    |      | -                | 10               |
| Machinery and equipment              |      | -                | 4                |
| <b>Total</b>                         |      | <b>8,472</b>     | <b>7,032</b>     |



**5.2 Computer services**

|                                     | <b>Note</b> | <b>2010/11</b> | <b>2009/10</b> |
|-------------------------------------|-------------|----------------|----------------|
|                                     | <b>5</b>    | <b>R'000</b>   | <b>R'000</b>   |
| SITA computer services              |             | 25,083         | 23,651         |
| External computer service providers |             | 70,881         | 65,328         |
| <b>Total</b>                        |             | <u>95,964</u>  | <u>88,979</u>  |

**5.3 Consultants, contractors and agency/outsourced services**

|  | <b>Note</b> | <b>2010/11</b> | <b>2009/10</b> |
|--|-------------|----------------|----------------|
|  | <b>5</b>    | <b>R'000</b>   | <b>R'000</b>   |
| Business and advisory services         |             | 158,417        | 134,882        |
| Infrastructure and planning            |             | 37,083         | 11,066         |
| Legal costs                            |             | 57,620         | 34,104         |
| Contractors                            |             | 81,039         | 24,081         |
| Agency and support/outsourced services |             | 41,564         | 49,186         |
| <b>Total</b>                           |             | <u>375,723</u> | <u>253,319</u> |

**5.4 Audit cost – External**

|                    | <b>Note</b> | <b>2010/11</b> | <b>2009/10</b> |
|--------------------|-------------|----------------|----------------|
|                    | <b>5</b>    | <b>R'000</b>   | <b>R'000</b>   |
| Regularity audits  |             | 12,260         | 12,319         |
| Performance audits |             | 121            | -              |
| Other audits       |             | 46             | -              |
| <b>Total</b>       |             | <u>12,427</u>  | <u>12,319</u>  |

**5.5 Inventory**

|  | <b>Note</b> | <b>2010/11</b> | <b>2009/10</b> |
|--|-------------|----------------|----------------|
|  | <b>5</b>    | <b>R'000</b>   | <b>R'000</b>   |
| Learning and teaching support material |             | 192            | 213            |
| Food and food supplies                 |             | 579            | 664            |
| Fuel, oil and gas                      |             | 80             | 15             |
| Other consumable materials             |             | 25,491         | 4,167          |
| Maintenance material                   |             | 1,539          | 464            |
| Stationery and printing                |             | 17,517         | 17,232         |
| Medical supplies                       |             | 18             | 15             |
| <b>Total</b>                           |             | <u>45,416</u>  | <u>22,770</u>  |

**5.6 Property payments**

|                                  | <b>Note</b> | <b>2010/11</b> | <b>2009/10</b> |
|----------------------------------|-------------|----------------|----------------|
|                                  | <b>5</b>    | <b>R'000</b>   | <b>R'000</b>   |
| Municipal services               |             | 20,860         | 23,986         |
| Property maintenance and repairs |             | -              | 6,742          |
| Other                            |             | 30,422         | 22,919         |
| <b>Total</b>                     |             | <u>51,282</u>  | <u>53,647</u>  |

**5.7 Travel and subsistence**

|              | <b>Note</b> | <b>2010/11</b> | <b>2009/10</b> |
|--------------|-------------|----------------|----------------|
|              | <b>5</b>    | <b>R'000</b>   | <b>R'000</b>   |
| Local        |             | 148,504        | 105,773        |
| Foreign      |             | 1,162          | 1,336          |
| <b>Total</b> |             | <u>149,666</u> | <u>107,109</u> |

**5.8 Other operating expenditure**

|   | <b>Note</b> | <b>2010/11</b> | <b>2009/10</b> |
|---|-------------|----------------|----------------|
|   | <b>5</b>    | <b>R'000</b>   | <b>R'000</b>   |
| Learnerships  |             | 106,991        | -              |
| Professional bodies, membership and subscription fees |             | 111            | 204            |
| Resettlement costs                                    |             | 1,362          | 2,276          |
| Other   |             | 14,364         | 3,386          |
| <b>Total</b>  |             | <u>122,828</u> | <u>5,866</u>   |



## 6. Interest and rent on land

|               | Note | 2010/11<br>R'000 | 2009/10<br>R'000 |
|---------------|------|------------------|------------------|
| Interest paid |      | 67,195           | -                |
| <b>Total</b>  |      | <u>67,195</u>    | <u>-</u>         |

## 7. Payments for financial assets

|  | Note | 2010/11<br>R'000 | 2009/10<br>R'000 |
|--|------|------------------|------------------|
| Material losses through criminal conduct |      | -                | 53,301           |
| Other material losses                    | 7.1  | -                | 53,301           |
| Other material losses written off        | 7.2  | 2,829            | 1,542            |
| Debts written off                        | 7.3  | 17               | 79               |
| <b>Total</b>                             |      | <u>2,846</u>     | <u>54,922</u>    |

## 7.1 Other material losses

|                              |                                    | Note | 2010/11<br>R'000 | 2009/10<br>R'000 |
|------------------------------|------------------------------------|------|------------------|------------------|
| Nature of losses<br>Incident | Disciplinary Steps taken           | 7    |                  |                  |
| Forensic report              | Elands Jagt Project DC23/L7232/321 |      | -                | 34,516           |
|                              | Kuick Vlei farm                    |      | -                | 953              |
|                              | Elands Jagt farm                   |      | -                | 6,558            |
|                              | Arcadia farm                       |      | -                | 9,274            |
|                              | Invalid beneficiaries              |      | -                | 2,000            |
| <b>Total</b>                 |                                    |      | <u>-</u>         | <u>53,301</u>    |

## 7.2 Other material losses written off

|                         | Note | 2010/11<br>R'000 | 2009/10<br>R'000 |
|-------------------------|------|------------------|------------------|
| <b>Nature of losses</b> | 7    |                  |                  |
| Damaged vehicle         |      | 1,991            | 1,542            |
| No show                 |      | 77               | -                |
| Other                   |      | 761              | -                |
| <b>Total</b>            |      | <u>2,829</u>     | <u>1,542</u>     |

## 7.3 Debts written off

|                                    | Note | 2010/11<br>R'000 | 2009/10<br>R'000 |
|------------------------------------|------|------------------|------------------|
| <b>Nature of debts written off</b> | 7    |                  |                  |
| Transfer to debts written off      |      |                  |                  |
| Study Debt                         |      | -                | 42               |
| Subsidised Transport               |      | -                | 2                |
| Salary Debt                        |      | -                | 21               |
| Losses and Damages                 |      | -                | 5                |
| Other                              |      |                  |                  |
| Telephone debts                    |      | -                | 3                |
| Tax Debts                          |      | -                | 3                |
| SGO Debts                          |      | 17               | 3                |
| <b>Total</b>                       |      | <u>17</u>        | <u>79</u>        |

## 7.4 Receivables for department revenue written off

|   | Note | 2010/11<br>R'000 | 2009/10<br>R'000 |
|---|------|------------------|------------------|
| <b>Nature of losses</b>                         | 25.1 |                  |                  |
| Power of Attorneys lease receivable written off |      | -                | 8,044            |
| <b>Total</b>                                    |      | <u>-</u>         | <u>8,044</u>     |

8. Transfers and subsidies

|   | Note                  | 2010/11<br>R'000 | 2009/10<br>R'000 |
|---|-----------------------|------------------|------------------|
| Provinces and municipalities                        | Annex 1A,<br>Annex 1B | 112              | 87               |
| Departmental agencies and accounts                  | Annex 1C              | 1,065,498        | 1,101,764        |
| Foreign governments and international organisations | Annex 1F              | 1,148            | 1,226            |
| Non-profit institutions                             | Annex 1G              | 2,425            | 2,288            |
| Households  | Annex 1H              | *3,098,344       | 3,134,964        |
| Gifts, donations and sponsorships made              | Annex 1K              |                  |                  |
| <b>Total</b>  |                       | <b>4,167,527</b> | <b>4,240,329</b> |

\* Included in the Transfers payments to households are prepayments to conveyors pending registration of properties are expensed as per the exemption received from the Office of the Accountant-General on the 24 July 2008. At 31 March 2011 the extent of the prepayments to conveyors for land purchases amount to R588,420 million.

9. Expenditure for capital assets

|   | Note | 2010/11<br>R'000 | 2009/10<br>R'000 |
|---|------|------------------|------------------|
| <b>Tangible assets</b>                      |      | 815,713          | 35,238           |
| Machinery and equipment                     | 32   | 43,275           | 35,283           |
| Land and subsoil assets                     | 34   | 772,438          | -                |
| <b>Software and other intangible assets</b> |      | -                | 294              |
| Other intangibles                           | 33   | -                | 294              |
| <b>Total</b>                                |      | <b>815,713</b>   | <b>35,577</b>    |

9.1 Analysis of funds utilised to acquire capital assets – 2010/11

|                         | Voted funds<br>R'000 | Aid assistance<br>R'000 | Total<br>R'000 |
|-------------------------|----------------------|-------------------------|----------------|
| <b>Tangible assets</b>  | 815,713              | -                       | 815,713        |
| Machinery and equipment | 43,275               | -                       | 43,275         |
| Land and subsoil assets | 772,438              | -                       | 772,438        |
| <b>Total</b>            | <b>815,713</b>       | <b>-</b>                | <b>815,713</b> |

9.2 Analysis of funds utilised to acquire capital assets – 2009/10

|   | Voted funds<br>R'000 | Aid assistance<br>R'000 | Total<br>R'000 |
|---|----------------------|-------------------------|----------------|
| <b>Tangible assets</b>                      | 35,283               | -                       | 35,283         |
| Machinery and equipment                     | 35,283               | -                       | 35,283         |
| <b>Software and other intangible assets</b> |                      |                         |                |
| Other intangibles                           | 294                  | -                       | 294            |
| <b>Total</b>                                | <b>35,577</b>        | <b>-</b>                | <b>35,577</b>  |

10. Fruitless and wasteful expenditure

10.1 Reconciliation of fruitless and wasteful expenditure

|   | Note | 2010/11<br>R'000 | 2009/10<br>R'000 |
|---|------|------------------|------------------|
| Opening balance   |      | 596              | 596              |
| Less: Amounts condoned  |      | -                | -                |
| Less: Amounts transferred to receivables for recovery               |      | -                | -                |
| <b>Fruitless and wasteful expenditure awaiting condonement</b>      |      | <b>596</b>       | <b>596</b>       |
| <b>Analysis of awaiting condonement per economic classification</b> |      |                  |                  |
| Current   |      | 596              | 596              |
| <b>Total</b>  |      | <b>596</b>       | <b>596</b>       |



11. Cash and cash equivalents

|  | Note | 2010/11<br>R'000 | 2009/10<br>R'000 |
|--|------|------------------|------------------|
| Consolidated Paymaster General Account Disbursements |      | 233,670          | 483,715          |
| Cash on hand   |      | 45               | 32               |
| <b>Total</b>   |      | <b>233,839</b>   | <b>483,880</b>   |

12. Prepayments and advances

|                                 | Note | 2010/11<br>R'000 | 2009/10<br>R'000 |
|---------------------------------|------|------------------|------------------|
| Travel and subsistence          |      | 54               | 5                |
| Advances paid to other entities |      | 1,886            | 5,737            |
| <b>Total</b>                    |      | <b>1,940</b>     | <b>5,742</b>     |

13. Receivables

|                         | Note               | 2010/11                        |                                |                                    | R'000<br>Total | 2009/10<br>R'000<br>Total |
|-------------------------|--------------------|--------------------------------|--------------------------------|------------------------------------|----------------|---------------------------|
|                         |                    | R'000<br>Less than one<br>year | R'000<br>One to three<br>years | R'000<br>Older than<br>three years |                |                           |
| Claims recoverable      | 13.1<br>Annex<br>4 | 796                            | -                              | -                                  | 796            | 81,304                    |
| Recoverable expenditure | 13.2               | 2,086                          | 3,970                          | 6,166                              | 12,222         | 15,652                    |
| Staff debt              | 13.3               | 2,238                          | 1,255                          | 3,041                              | 6,534          | 10,897                    |
| Other debtors           | 13.4               | 67                             | 861                            | 9                                  | 937            | 2,764                     |
| <b>Total</b>            |                    | <b>5,187</b>                   | <b>6,086</b>                   | <b>9,216</b>                       | <b>20,489</b>  | <b>110,617</b>            |

13.1 Claims recoverable

|                        | Note | 2010/11<br>R'000 | 2009/10<br>R'000 |
|------------------------|------|------------------|------------------|
| National departments   | 13   | 81               | 81,124           |
| Provincial departments |      | 165              | 180              |
| Public entities        |      | 550              | -                |
| <b>Total</b>           |      | <b>796</b>       | <b>81,304</b>    |

13.2 Recoverable expenditure (disallowance accounts)

|                                  | Note | 2010/11<br>R'000 | 2009/10<br>R'000 |
|----------------------------------|------|------------------|------------------|
| Disallowance dishonoured cheques | 13   | -                | 2                |
| Sal: Disallowances account: CA   |      | 110              | 81               |
| Disallowance: miscellaneous      |      | 7,634            | 11,105           |
| Disallowance: Damaged GG Vehicle |      | 4,475            | 4,460            |
| Sal: Tax Debt                    |      | 3                | 2                |
| Sal: Medical Aid                 |      | -                | 2                |
| <b>Total</b>                     |      | <b>12,222</b>    | <b>15,652</b>    |

13.3 Staff debt

|                         | Note | 2010/11<br>R'000 | 2009/10<br>R'000 |
|-------------------------|------|------------------|------------------|
| Salary Debt             | 13   | 2,020            | 1,221            |
| Bursary Debt            |      | 3,244            | 2,396            |
| Subsidised Motor Scheme |      | 200              | 190              |
| Telephone Debt          |      | 76               | 85               |
| Cell Phone Debt         |      | 60               | 57               |
| Misconduct              |      | 209              | 206              |
| GG Accident             |      | 157              | 173              |
| Other debts             |      | 568              | 6569             |
| <b>Total</b>            |      | <b>6,534</b>     | <b>10,897</b>    |

**13.4 Other debtors**

|                                | <i>Note</i><br>13 | 2010/11<br>R'000 | 2009/10<br>R'000 |
|--------------------------------|-------------------|------------------|------------------|
| Transport Payment Suspense: CL |                   | 937              | 2,764            |
| <b>Total</b>                   |                   | <b>937</b>       | <b>2,764</b>     |

**14. Investments**

|  | <i>Note</i> | 2010/11<br>R'000 | 2009/10<br>R'000 |
|--|-------------|------------------|------------------|
| <b>Non-Current<br/>Shares and other equity</b> |             |                  |                  |
| Inala Farms (PTY) LTD                          |             | 16,112           | 16,112           |
| <b>Total</b>                                   |             | <b>16,112</b>    | <b>16,112</b>    |

|  | 2010/11<br>R'000 | 2010/11<br>R'000 |
|--|------------------|------------------|
| <b>Analysis of non-current investments</b> |                  |                  |
| Opening balance                            | 16,112           | 16,112           |
| <b>Closing balance</b>                     | <b>16,112</b>    | <b>16,112</b>    |

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

|  | <i>Note</i> | 2010/11<br>R'000 | 2009/10<br>R'000 |
|--|-------------|------------------|------------------|
| Opening balance                                  |             | 536,370          | (1,349)          |
| Transfer from statement of financial performance |             | 170,526          | 536,370          |
| Add: Unauthorised expenditure for current year   | 15          | -                | -                |
| Paid during the year                             |             | (536,370)        | 1,349            |
| <b>Closing balance</b>                           |             | <b>170,526</b>   | <b>536,370</b>   |

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

|  | <i>Note</i> | 2010/11<br>R'000 | 2009/10<br>R'000 |
|--|-------------|------------------|------------------|
| Opening balance                                  |             | (6,957)          | 2,623            |
| Transfer from Statement of Financial Performance |             | 48,802           | 44,047           |
| Paid during the year                             |             | (35,501)         | (53,627)         |
| <b>Closing balance</b>                           |             | <b>6,344</b>     | <b>(6,957)</b>   |

**17. Payables – current**

|                   | <i>Note</i> | 2010/11<br>R'000 | 2009/10<br>R'000 |
|-------------------|-------------|------------------|------------------|
| Clearing accounts | 17.1        | 64,291           | 59,592           |
| Other payables    | 17.2        | 615              | 2,460            |
| <b>Total</b>      |             | <b>64,906</b>    | <b>62,052</b>    |

**17.1 Clearing accounts**

|  | <i>Note</i><br>17 | 2010/11<br>R'000 | 2009/10<br>R'000 |
|--|-------------------|------------------|------------------|
| Payable: Adv:N/Dept:Adv Acc:CL (Restitution claims returned) |                   | 64,291           | 59,592           |
| <b>Total</b>   |                   | <b>64,291</b>    | <b>59,592</b>    |

**17.2 Other payables**

|                                | <i>Note</i><br>17 | 2010/11<br>R'000 | 2009/10<br>R'000 |
|--------------------------------|-------------------|------------------|------------------|
| Salaries: Pension Fund: CL     |                   | 53               | 65               |
| Salaries: Medical: CL          |                   | 8                | -                |
| Salaries: Bargaining Council   |                   | -                | 1                |
| Transport Suspense Account: CL |                   | 554              | 2,151            |
| Salaries: Tax Debt             |                   | -                | 243              |
| <b>Total</b>                   |                   | <b>615</b>       | <b>2,460</b>     |



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

|  | <i>Note</i> | 2010/11<br>R'000 | 2009/10<br>R'000 |
|--|-------------|------------------|------------------|
| Net surplus/(deficit) as per Statement of Financial Performance  |             | 230,173          | 581,939          |
| Add back non cash/cash movements not deemed operating activities |             | 340,401          | (122,749)        |
| (Increase)/decrease in receivables – current                     |             | 90,128           | (91,074)         |
| (Increase)/decrease in prepayments and advances                  |             | 3,802            | (444)            |
| Increase/(decrease) in payables – current                        |             | 2,854            | (13,772)         |
| Proceeds from sale of capital assets                             |             | (225)            | (498)            |
| Expenditure on capital assets                                    |             | 815,713          | 35,577           |
| Surrenders to Revenue Fund                                       |             | (571,871)        | (52,278)         |
| Surrenders to RDP Fund/Donor                                     |             | -                | (260)            |
| <b>Net cash flow generated by operating activities</b>           |             | <b>570,574</b>   | <b>459,190</b>   |

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

|  | <i>Note</i> | 2010/11<br>R'000 | 2009/10<br>R'000 |
|--|-------------|------------------|------------------|
| Consolidated Paymaster General account |             | 233,670          | 483,715          |
| Disbursements                          |             | 45               | 32               |
| Cash on hand                           |             | 124              | 133              |
| <b>Total</b>                           |             | <b>233,839</b>   | <b>483,880</b>   |

These amounts are not recognised in the Annual Financial Statements and are disclosed to enhance the usefulness of the Annual Financial Statements.

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

| <b>Liable to</b>   | <b>Nature</b> | <i>Note</i>     | 2010/11<br>R'000 | 2009/10<br>R'000 |
|--|---------------|-----------------|------------------|------------------|
| Motor vehicle guarantees                                   | Employees     | <i>Annex 3A</i> | -                | 51               |
| Housing loan guarantees                                    | Employees     | <i>Annex 3A</i> | 198              | 180              |
| Other guarantees   |               | <i>Annex 3A</i> | -                | -                |
| Claims against the department                              |               | <i>Annex 3B</i> | 1,171,652        | 566,176          |
| Other departments (interdepartmental unconfirmed balances) |               | <i>Annex 5</i>  | 959              | 64,661           |
| <b>Total</b>   |               |                 | <b>1,172,809</b> | <b>631,068</b>   |

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

**Contingent liabilities – Land Restitution Claims**

The Minister of Rural Development and Land Reform is accountable to Parliament for the administration of the Restitution of Land Rights Act, 1994. In terms of the Act, a restitution claim will be accepted for investigation if the claimant was dispossessed of a right in land, after 19 June 1913 as a result of past racial discrimination laws or practices, and the claimant was not paid just and equitable compensation and the claim was lodged not later than 31 December 1998. This process is legislated in terms of the said Act and is also covered in the mandate of the department.

The settlement of claims takes different forms which includes restoration of the land from which claimants were disposed, provision of alternative land, payment of compensation or alternative relieve. Consequently, the department will potentially incur costs in the settlement of these claims, which represents a contingent liability at the year-end. A brief description of the process for settling claims is as follows:

- Lodging of the claim before by 31 December 1998
- Investigation of the claim for the merits of individual claims.
- Prima facie validation of the claim and gazetting of the claim.
- Negotiation process with all involved after the gazetting of the claim.
- Agreement on the preferred type of settlement and amount offered.
- Mediation and settlement of disputes arising from such claims.
- Submission of section 42D to the Minister for consideration and approval resulting in a commitment for the department.

The validation of the merits of the claim may result in a possible obligation which can be confirmed after the negotiation process. The total amount of section 42Ds which were verified and are on route for approval at 31 March 2011 amount to approximately R883,470 million.

Although a database for land claims does exist, the database is not comprehensive as it does not track every stage of the Land Restitution Process. The Department has started an electronic document management project which focuses on identifying; scanning; capturing of all Land Reform and Restitution project files. Due to the significant uncertainties relating to the complications and outcome of the process that must be followed in validating a claim, it is not possible to determine a reliable estimate of the value of the potential liability.

20.2 Contingent assets

|                                   | Note | 2010/11<br>R'000 | 2009/10<br>R'000 |
|-----------------------------------|------|------------------|------------------|
| <b>Nature of contingent asset</b> |      |                  |                  |
| Legal claims by the department    |      | *14,760          | -                |
| <b>Total</b>                      |      | <b>14,760</b>    | <b>-</b>         |

\* In prior year Contingent assets were reported as part of the Contingent liabilities disclosure note.

21. Commitments

|                                 | Note | 2010/11<br>R'000 | 2009/10<br>R'000 |
|---------------------------------|------|------------------|------------------|
| <b>Current expenditure</b>      |      |                  |                  |
| Approved and contracted         |      | 39,770           | 30,094           |
| Approved but not yet contracted |      | 1,091,827        | 1,022,035        |
|                                 |      | 1,131,597        | 1,052,129        |
| <b>Capital expenditure</b>      |      |                  |                  |
| Approved and contracted         |      | 3,151            | 2,501            |
| Approved but not yet contracted |      | 5,438,631        | 7,309,135        |
|                                 |      | 5,441,782        | 7,311,636        |
| <b>Total Commitments</b>        |      | <b>6,573,379</b> | <b>8,363,765</b> |

*Included in commitments are projects older than 3 years (R642 million) this is due to changes of Restitution settlement options, community, tribal and family disputes and untraceable claim. Interest might be charged on settlement of some of these claims in terms of Section 80 of PFMA as prescribed by the Minister of Finance.*

22. Accruals

|  |                | 2010/11<br>R'000         | 2009/10<br>R'000         |
|--|----------------|--------------------------|--------------------------|
| <b>Listed by economic classification</b> |                |                          |                          |
|  | <b>30 Days</b> | <b>30+ Days</b>          | <b>Total</b>             |
| Goods and services                       | 8,880          | 8,800                    | 17,680                   |
| Capital assets                           | 81             | -                        | 81                       |
| Other                                    | 2              | -                        | 2                        |
| <b>Total</b>                             | <b>8,963</b>   | <b>8,800</b>             | <b>17,763</b>            |
|  | <b>Note</b>    | <b>2010/11<br/>R'000</b> | <b>2009/10<br/>R'000</b> |
| <b>Listed by programme level</b>         |                |                          |                          |
| Administration                           |                | 6,113                    | 6,170                    |
| Geospatial and Cadastral Surveys         |                | 475                      | 3,256                    |
| Rural Development                        |                | 2,371                    | -                        |
| Restitution                              |                | 2,291                    | 33,177                   |
| Land Reform                              |                | 6,513                    | 3,979                    |
| <b>Total</b>                             |                | <b>17,763</b>            | <b>46,582</b>            |

23. Employee benefits

|                                   | Note | 2010/11<br>R'000 | 2009/10<br>R'000 |
|-----------------------------------|------|------------------|------------------|
| Leave entitlement                 |      | 30,633           | 24,852           |
| Service bonus (Thirteenth cheque) |      | 55,785           | 22,764           |
| Performance awards                |      | 15,210           | 10,955           |
| Capped leave commitments          |      | 28,333           | 26,411           |
| <b>Total</b>                      |      | <b>129,961</b>   | <b>84,982</b>    |



## 24. Lease commitments

## 24.1 Operating leases expenditure

|  | Buildings and other<br>fixed structures<br>R'000 | Machinery and<br>equipment<br>R'000 | Total<br>R'000 |
|--|--|-------------------------------------|----------------|
| <b>2010/11</b>                               |  |                                     |                |
| Not later than 1 year                        | 88,559   | 10,104                              | 98,663         |
| Later than 1 year and not later than 5 years | 148,560  | 6,322                               | 154,882        |
| Later than five years                        | -  | -                                   | -              |
| <b>Total lease commitments</b>               | <b>237,119</b>                                   | <b>16,426</b>                       | <b>253,545</b> |
|  |  |                                     |                |
|  | Buildings and other<br>fixed structures<br>R'000 | Machinery and<br>equipment<br>R'000 | Total<br>R'000 |
| <b>2009/10</b>                               |  |                                     |                |
| Not later than 1 year                        | 52,123   | -                                   | 52,123         |
| Later than 1 year and not later than 5 years | 17,972   | -                                   | 17,972         |
| Later than five years                        | 248  | -                                   | 248            |
| <b>Total lease commitments</b>               | <b>70,343</b>                                    | <b>-</b>                            | <b>70,343</b>  |

## 24.2 Finance leases expenditure\*\*

|   | Note | Machinery and<br>equipment<br>R'000 | Total<br>R'000 |
|---|------|-------------------------------------|----------------|
| <b>2010/11</b>                                  |      |                                     |                |
| Not later than 1 year                           |      | 1,471                               | 1,471          |
| Later than 1 year and not later than 5 years    |      | 572                                 | 572            |
| Later than five years                           |      | -                                   | -              |
| <b>Total lease commitments</b>                  |      | <b>2,043</b>                        | <b>2,043</b>   |
| LESS: finance costs                             |      | 116                                 | 116            |
| <b>Total present value of lease liabilities</b> |      | <b>1,927</b>                        | <b>1,927</b>   |
|   |      |                                     |                |
|   |      | Machinery and<br>equipment<br>R'000 | Total<br>R'000 |
| <b>2009/10</b>                                  |      |                                     |                |
| Not later than 1 year                           |      | 7,207                               | 7,207          |
| Later than 1 year and not later than 5 years    |      | 1,206                               | 1,206          |
| Later than five years                           |      | -                                   | -              |
| <b>Total lease commitments</b>                  |      | <b>8,413</b>                        | <b>8,413</b>   |
| LESS: finance costs                             |      | 306                                 | 306            |
| <b>Total present value of lease liabilities</b> |      | <b>8,107</b>                        | <b>8,107</b>   |

## 25. Receivables for departmental revenue

|   | Note | 2010/11<br>R'000 | 2009/10<br>R'000 |
|---|------|------------------|------------------|
| Interest, dividends and rent on land                      |      | 79,976           | 76,495           |
| Transfers received (incl conditional grants to be repaid) |      | 16,210           | -                |
| <b>Total</b>  |      | <b>96,186</b>    | <b>76,495</b>    |

## 25.1 Analysis of receivables for departmental revenue

|   | Note | 2010/11<br>R'000 | 2009/10<br>R'000 |
|---|------|------------------|------------------|
| Opening balance                                     |      | 76,495           | 68,174           |
| Less: amounts received                              |      | 22,521           | 20,812           |
| Add: amounts recognised                             |      | 42,212           | 37,177           |
| Less: amounts written-off/reversed as irrecoverable | 7.4  | -                | 8,044            |
| <b>Closing balance</b>                              |      | <b>96,186</b>    | <b>76,495</b>    |





26. Irregular expenditure

26.1 Reconciliation of irregular expenditure

|  | Note | 2010/11<br>R'000 | 2009/10<br>R'000 |
|--|------|------------------|------------------|
| Opening balance  |      | 4,177            | 74,957           |
| Add: Irregular expenditure – relating to prior year            |      | -                | -                |
| Add: Irregular expenditure – relating to current year          |      | 45,536           | 4,177            |
| Less: Amounts condoned   |      | (2400)           | (74,957)         |
| Less: Amounts recoverable (not condoned)                       |      | -                | -                |
| Less: Amounts not recoverable (not condoned)                   |      | -                | -                |
| <b>Irregular expenditure awaiting condonation</b>              |      | <b>47,313</b>    | <b>4,177</b>     |
| <b>Analysis of awaiting condonation per age classification</b> |      |                  |                  |
| Current year   |      | 43,136           | 4,177            |
| Prior years  |      | 4,177            | -                |
| <b>Total</b>   |      | <b>47,313</b>    | <b>4,177</b>     |

26.2 Details of irregular expenditure condoned

| Incident                                  | Condoned by (condoning authority)      | 2010/11<br>R'000 |
|---|--|------------------|
| Non Compliance with Departmental policies | Departmental investigation in progress | 8,884            |
| Overspent on Restitution Projects         | Departmental investigation in progress | 34,252           |
| Non Compliance with Departmental policies | Ex-po facto approval (condoned)        | 2,400            |
| <b>Total</b>                              |  | <b>45,536</b>    |

27. Fruitless and wasteful expenditure

27.1 Reconciliation of fruitless and wasteful expenditure

|  | Note | 2010/11<br>R'000 | 2009/10<br>R'000 |
|--|------|------------------|------------------|
| Opening balance  |      | 3,324            | 596              |
| Fruitless and wasteful expenditure – relating to prior year    |      | -                | -                |
| Fruitless and wasteful expenditure – relating to current year  |      | 73,406           | 2,728            |
| Less: Amounts condoned   |      | -                | -                |
| Less: Amounts transferred to receivables for recovery          |      | -                | -                |
| <b>Fruitless and wasteful expenditure awaiting condonement</b> |      | <b>76,730</b>    | <b>3,324</b>     |

27.2 Analysis of awaiting condonation per economic classification

| Classification          | 2010/11<br>R'000 | 2009/10<br>R'000 |
|-------------------------|------------------|------------------|
| Current                 | 74,012           | 606              |
| Capital                 | 2,595            | 2,595            |
| Transfers and subsidies | 123              | 123              |
| <b>Total</b>            | <b>76,730</b>    | <b>3,324</b>     |

27.3 Analysis of Current year's fruitless and wasteful expenditure

| Incident  |  | 2010/11<br>R'000 |
|---|--|------------------|
| Disciplinary steps taken/criminal proceedings                                     |  | -                |
| Interest paid as compelled by the court   | Departmental investigation in progress | 66,928           |
| Interest paid on late payments  | Departmental investigation in progress | 6,109            |
| Duplication of payment to the beneficiary of Overberg project in the Western Cape | Departmental investigation in progress | 276              |
| <b>Total</b>  |  | <b>93</b>        |
|   |  | <b>73,406</b>    |



## 28. Related party transactions

|                                   | 2010/11<br>R'000 | 2009/10<br>R'000 |
|-----------------------------------|------------------|------------------|
| <b>Transactions</b>               |                  |                  |
| Deeds Trading Account             | 27,861           | 57,592           |
| Agricultural Land Holding Account | 1,028,480        | 1,041,116        |
| Ingonyama Trust Board             | 9,157            | 3,056            |
| <b>Balances</b>                   |                  |                  |
| Receivables                       | 550              | 80,702           |
| <b>Payables</b>                   | (181)            | (42,718)         |
| <b>Total</b>                      | <u>369</u>       | <u>37,984</u>    |

## 29. Key management personnel

|   | No. of<br>Individuals | 2010/11<br>R'000 | 2009/10<br>R'000 |
|---|-----------------------|------------------|------------------|
| Political office bearers (provide detail below) |                       | 2,836            | 3,696            |
| Officials:                                      |                       |                  |                  |
| Level 15 to 16                                  | 3                     |                  |                  |
| Level 14 (incl. CFO if at a lower level)        | 17                    | 15,172           | 9,919            |
| Family members of key management personnel      | 46                    | 26,359           | 17,027           |
| <b>Total</b>                                    |                       | <u>44,367</u>    | <u>30,642</u>    |

## 30. Impairment and other provisions

|                   | Note | 2010/11<br>R'000 | 2009/10<br>R'000 |
|-------------------|------|------------------|------------------|
| <b>Impairment</b> |      |                  |                  |
| Investments       |      | 16,112           | 16,112           |
| Lease Debtors     |      | 12,687           | 16,901           |
| Conveyances'      |      | 21,145           | 14,224           |
| Other             |      | 15,714           | 7,205            |
| <b>Total</b>      |      | <u>65,658</u>    | <u>54,442</u>    |

## 31. Non-adjusting events after reporting date

No such events were indentified.

## 32. Movable Tangible Capital Assets

## MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011

|  | Opening<br>balance<br>R'000 | Curr Year<br>Adjustments<br>to prior year<br>balances<br>R'000 | Additions<br>R'000   | Disposals<br>R'000  | Closing<br>Balance<br>R'000 |
|--|-----------------------------|--|----------------------|---------------------|-----------------------------|
| <b>MACHINERY AND EQUIPMENT</b>               | <b>261,533</b>              | <b>(21,763)</b>  | <b>42,531</b>        | <b>7,289</b>        | <b>275,012</b>              |
| Transport assets                             | 14,485                      | 1  | -                    | 4,465               | 10,021                      |
| Computer equipment                           | 195,541                     | (29,560)   | 23,785               | 1,592               | 188,174                     |
| Furniture and office equipment               | 34,533                      | 16,562   | 5,389                | 279                 | 56,205                      |
| Other machinery and equipment                | 16,974                      | (8,766)  | 13,357               | 953                 | 20,612                      |
| <b>TOTAL MOVABLE TANGIBLE CAPITAL ASSETS</b> | <u><b>261,533</b></u>       | <u><b>(21,763)</b></u>   | <u><b>42,531</b></u> | <u><b>7,289</b></u> | <u><b>275,012</b></u>       |



32.1 Additions

ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011

|   | Cash          | Non-cash | (Capital Work<br>in Progress<br>current costs<br>and finance<br>lease<br>payments) | Received<br>current, not<br>paid<br>(Paid current<br>year, received<br>prior year) | Total         |
|---|---------------|----------|--|--|---------------|
|   | R'000         | R'000    | R'000  | R'000  | R'000         |
| <b>MACHINERY AND EQUIPMENT</b>                                | <b>43,275</b> | -        | -  | (744)  | <b>42,531</b> |
| Transport assets  | -             | -        | -  | -  | -             |
| Computer equipment  | 24,483        | -        | -  | (698)  | 23,785        |
| Furniture and office equipment                                | 5,476         | -        | -  | (87)   | 5,389         |
| Other machinery and equipment                                 | 13,316        | -        | -  | 41   | 13,357        |
| <b>TOTAL ADDITIONS TO MOVABLE TANGIBLE<br/>CAPITAL ASSETS</b> | <b>43,275</b> | -        | -  | <b>(744)</b>   | <b>42,531</b> |

32.2 Disposals

DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011

|  | Sold for cash | Transfer out<br>or destroyed<br>or scrapped | Total disposals | Cash Received<br>Actual |
|--|---------------|---|-----------------|-------------------------|
|  | R'000         | R'000                                       | R'000           | R'000                   |
| <b>MACHINERY AND EQUIPMENT</b>                               | -             | <b>7,289</b>                                | <b>7,289</b>    | -                       |
| Transport assets   | -             | 4,465                                       | 4,465           | -                       |
| Computer equipment   | -             | 1,592                                       | 1,592           | -                       |
| Furniture and office equipment                               | -             | 279   | 279             | -                       |
| Other machinery and equipment                                | -             | 953   | 953             | -                       |
| <b>TOTAL DISPOSAL OF MOVABLE TANGIBLE<br/>CAPITAL ASSETS</b> | -             | <b>7,289</b>                                | <b>7,289</b>    | -                       |

32.3 Movement for 2009/10

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2010

|                                      | Opening<br>balance<br>R'000 | Additions<br>R'000 | Disposals<br>R'000 | Closing<br>balance<br>R'000 |
|--------------------------------------|-----------------------------|--------------------|--------------------|-----------------------------|
| HERITAGE ASSETS                      |                             |                    |                    |                             |
| Heritage assets                      | -                           | -                  | -                  | -                           |
| <b>MACHINERY AND EQUIPMENT</b>       | <b>281,016</b>              | <b>35,658</b>      | <b>55,141</b>      | <b>261,533</b>              |
| Transport assets                     | 16,890                      | 2,371              | 4,776              | 14,485                      |
| Computer equipment                   | 172,875                     | 25,367             | 2,701              | 195,541                     |
| Furniture and office equipment       | 29,082                      | 6,309              | 858                | 34,533                      |
| Other machinery and equipment        | 62,169                      | 1,611              | 46,806             | 16,974                      |
| <b>BIOLOGICAL ASSETS</b>             | <b>18,211</b>               | -                  | <b>18,211</b>      | -                           |
| Biological assets                    | 18,211                      | -                  | 18,211             | -                           |
| <b>TOTAL MOVABLE TANGIBLE ASSETS</b> | <b>299,227</b>              | <b>35,658</b>      | <b>73,352</b>      | <b>261,533</b>              |



## 32.4 Minor assets

## MINOR ASSETS OF THE DEPARTMENT AS AT 31 MARCH 2011

|  | Number of Minor Assets | Machinery and equipment<br>R'000 | Total<br>R'000 |
|--|------------------------|----------------------------------|----------------|
| Opening balance  | 34                     | 6,321                            | 6,321          |
| Current year adjustment to Prior Balances                              | (9)                    | 27,099                           | 27,099         |
| Additions  | 5                      | 8,472                            | 8,472          |
| Received current, not paid<br>(Paid current year, received prior year) |                        | 171                              | 171            |
| Disposals  | (1)                    | (370)                            | (370)          |
| <b>TOTAL</b>   | <b>29</b>              | <b>41,693</b>                    | <b>41,693</b>  |

## MINOR ASSETS OF THE DEPARTMENT AS AT 31 MARCH 2010

|                 | Number of Minor Assets | Machinery and equipment<br>R'000 | Total<br>R'000 |
|-----------------|------------------------|----------------------------------|----------------|
| Opening balance | -                      | -                                | -              |
| Additions       | 34                     | 6,321                            | 6,321          |
| <b>TOTAL</b>    |                        | <b>6,321</b>                     | <b>6,321</b>   |

## 33. Intangible Capital Assets

## MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011

|  | Opening balance<br>R'000 | Current Year Adjust-ments<br>to prior year<br>balances<br>R'000 | Additions<br>R'000 | Disposals<br>R'000 | Closing Balance<br>R'000 |
|--|--------------------------|---|--------------------|--------------------|--------------------------|
| COMPUTER SOFTWARE                      | 48,040                   | 21,439  | -                  | 69,479             | -                        |
| <b>TOTAL INTANGIBLE CAPITAL ASSETS</b> | <b>48,040</b>            | <b>21,439</b>   | <b>-</b>           | <b>69,479</b>      | <b>-</b>                 |

## 33.1 Movement for 2009/10

## MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2010

|  | Opening balance<br>R'000 | Additions<br>R'000 | Disposals<br>R'000 | Closing balance<br>R'000 |
|--|--------------------------|--------------------|--------------------|--------------------------|
| COMPUTER SOFTWARE                      | 49,721                   | 294                | 1,975              | 48,040                   |
| <b>TOTAL INTANGIBLE CAPITAL ASSETS</b> | <b>49,721</b>            | <b>294</b>         | <b>1,975</b>       | <b>48,040</b>            |

## 34. Immovable Tangible Capital Assets

## MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011

|  | Opening balance<br>R'000 | Current Year Adjust-ments<br>to prior year<br>balances<br>R'000 | Additions<br>R'000 | Disposals<br>R'000 | Closing Balance<br>R'000 |
|--|--------------------------|---|--------------------|--------------------|--------------------------|
| LAND AND SUBSOIL ASSETS                        |                          |   |                    |                    |                          |
| Agricultural Land                              | 64,766                   | 681,834*  | 772,438*           | -                  | 1,519,038                |
| <b>TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS</b> | <b>64,766</b>            | <b>681,834</b>  | <b>772,438</b>     | <b>-</b>           | <b>1,519,038</b>         |

\* The prior adjustment and the current year additions relate to properties acquired for Restitution claimants not yet transferred to them but registered in name of state.



34.1 Additions

ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011

|   | Cash           | Non-cash | (Capital Work<br>in Progress<br>current costs<br>and finance<br>lease<br>payments) | Received<br>current, not<br>paid<br>(Paid current<br>year, received<br>prior year) | Total          |
|---|----------------|----------|--|--|----------------|
|   | R'000          | R'000    | R'000  | R'000  | R'000          |
| <b>LAND AND SUBSOIL ASSETS</b>                                  |                |          |  |  |                |
| Land  | 772,438        | -        | -  | -  | 772,438        |
| <b>TOTAL ADDITIONS TO IMMOVABLE<br/>TANGIBLE CAPITAL ASSETS</b> | <b>772,438</b> | <b>-</b> | <b>-</b>   | <b>-</b>   | <b>772,438</b> |

34.2 Movement for 2009/10

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2010

|  | Opening<br>balance | Current Year<br>Adjust-ments<br>to prior year<br>balances | Additions | Disposals          | Closing<br>Balance |
|--|--------------------|---|-----------|--------------------|--------------------|
|  | R'000              | R'000   | R'000     | R'000              | R'000              |
| <b>LAND AND SUBSOIL ASSETS</b>                     | <b>2,615,693</b>   | <b>8,531</b>  | <b>-</b>  | <b>(2,559,458)</b> | <b>64,766</b>      |
| Land   | 2,615,693          | 8,531   | -         | (2,559,458)        | 64,766             |
| <b>TOTAL IMMOVABLE TANGIBLE CAPITAL<br/>ASSETS</b> | <b>2,615,693</b>   | <b>8,531</b>  | <b>-</b>  | <b>(2,559,458)</b> | <b>64,766</b>      |

34.3 Immovable assets valued at R1

IMMOVABLE ASSETS VALUED AT R1 IN THE ASSET REGISTER AS AT 31 MARCH 2011

|                               | Land and subsoil<br>assets | Total |
|-------------------------------|----------------------------|-------|
|                               | R'000                      | R'000 |
| R1 Immovable assets           | 36                         | 36    |
| <b>Opening Balance</b>        | (11)                       | (11)  |
| Adjustment to opening balance | 25*                        | 25    |
| <b>TOTAL</b>                  |                            |       |

IMMOVABLE ASSETS VALUED AT R1 IN THE ASSET REGISTER AS AT 31 MARCH 2010

|                     | Land and subsoil<br>assets | Total     |
|---------------------|----------------------------|-----------|
|                     | R'000                      | R'000     |
| R1 Immovable assets | 36                         | 36        |
| <b>TOTAL</b>        | <b>36</b>                  | <b>36</b> |

\* The spatial analysis conducted on unsurveyed state land falling under the custodianship of the department suggests that its approximate extent is 2,870,711.31 hectares. The full extent can only be determined once the surveying process is complete. This is expected to be completed during the 2014 financial year.

The extent of surveyed state land which is not registered in the Deeds Registry is approximately 2 249 818 hectares. The full extent can only be determined once the surveying process is complete. This is expected to be completed during the 2014 financial year.



# Annexures to the Annual Financial Statements

For the year ended 31 March 2011

## ANNEXURE 1A

### STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES

| NAME OF MUNICIPALITY    | GRANT ALLOCATION        |            |             |                 | TRANSFER        |                |  | SPENT                           |                              |  | 2009/10                 |    |
|-------------------------|-------------------------|------------|-------------|-----------------|-----------------|----------------|--|---------------------------------|------------------------------|--|-------------------------|----|
|                         | Division of Revenue Act | Roll Overs | Adjustments | Total Available | Actual Transfer | Funds Withheld | Re-allocations by National Treasury or National Department | Amount received by municipality | Amount spent by municipality | % of available funds spent by municipality | Division of Revenue Act |    |
|                         | R'000                   | R'000      | R'000       | R'000           | R'000           | R'000          | %  | R'000                           | R'000                        | %  | R'000                   |    |
| Municipal rates & taxes | -                       | -          | -           | -               | -               | -              | -  | -                               | -                            | -  | -                       | 1  |
| Levies vehicle licences | 30                      | -          | 124         | 154             | 112             | -              | -  | -                               | -                            | -  | -                       | 86 |
|                         | 30                      | -          | 124         | 154             | 112             | -              | -  | -                               | -                            | -  | -                       | 87 |

## ANNEXURE 1B

### STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

| DEPARTMENT/ AGENCY/ ACCOUNT        | TRANSFER ALLOCATION    |            |             |                 | TRANSFER        |                                  | 2009/10           |
|------------------------------------|------------------------|------------|-------------|-----------------|-----------------|----------------------------------|-------------------|
|                                    | Adjusted Appropriation | Roll Overs | Adjustments | Total Available | Actual Transfer | % of Available funds Transferred | Appropriation Act |
|                                    | R'000                  | R'000      | R'000       | R'000           | R'000           | %                                | R'000             |
| Ingonyama Trust Board              | 2,772                  | -          | 6,385       | 9,157           | 9,157           | 100%                             | 3,056             |
| Deeds Trading Account              | 8,816                  | -          | 19,100      | 27,916          | 27,861          | 100%                             | 57,592            |
| Agricultural Land Holdings Account | 1,148,480              | -          | (120,000)   | 1,028,480       | 1,028,480       | 100%                             | 1,041,116         |
|                                    | 1,160,068              | -          | (94,515)    | 1,065,553       | 1,065,498       |                                  | 1,101,764         |

## ANNEXURE 1C

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

| FOREIGN GOVERNMENT/ INTERNATIONAL ORGANISATION | TRANSFER ALLOCATION    |            |             |                 | EXPENDITURE     |                                  | 2009/10           |
|--|------------------------|------------|-------------|-----------------|-----------------|----------------------------------|-------------------|
|  | Adjusted Appropriation | Roll Overs | Adjustments | Total Available | Actual Transfer | % of Available funds Transferred | Appropriation Act |
|  | R'000                  | R'000      | R'000       | R'000           | R'000           | %                                | R'000             |
| <b>Transfers</b>                               |                        |            |             |                 |                 |                                  |                   |
| UN membership fees                             | 1,306                  | -          | -           | 1,306           | 1,148           | 88%                              | 1,226             |
| <b>Total</b>                                   | 1,306                  | -          | -           | 1,306           | 1,148           |                                  | 1,226             |

## ANNEXURE 1D

### STATEMENT OF TRANSFERS TO NON-PROFIT INSTITUTIONS

| NON-PROFIT INSTITUTIONS                                    | TRANSFER ALLOCATION    |            |             |                 | EXPENDITURE     |                                  | 2009/10           |
|--|------------------------|------------|-------------|-----------------|-----------------|----------------------------------|-------------------|
|  | Adjusted Appropriation | Roll Overs | Adjustments | Total Available | Actual Transfer | % of Available funds Transferred | Appropriation Act |
|  | R'000                  | R'000      | R'000       | R'000           | R'000           | %                                | R'000             |
| <b>Transfers</b>   |                        |            |             |                 |                 |                                  |                   |
| NPI: Donations & Gifts (South African Council of planners) | 2,425                  | -          | -           | 2,425           | 2,425           | 100%                             | 2,288             |
| <b>Total</b>   | 2,425                  | -          | -           | 2,425           | 2,425           |                                  | 2,288             |

**ANNEXURE 1E  
STATEMENT OF TRANSFERS TO HOUSEHOLDS**

| HOUSEHOLDS                                | TRANSFER ALLOCATION    |            |                  |                  | EXPENDITURE      |                                  | 2009/10           |
|---|------------------------|------------|------------------|------------------|------------------|----------------------------------|-------------------|
|   | Adjusted Appropriation | Roll Overs | Adjustments      | Total Available  | Actual Transfer  | % of Available funds Transferred | Appropriation Act |
|   | R'000                  | R'000      | R'000            | R'000            | R'000            | %                                | R'000             |
| Restitution Grants (Beneficiaries)        | 1,172,767              | -          | 1,403,490        | 2,576,257        | 2,576,254        | 100%                             | 1,967,596         |
| Land Reform Grants (Beneficiaries)        | 2,521,459              | -          | (1,959,297)      | 562,162          | 505,499          | 90%                              | 1,153,269         |
| Social benefits Bursaries (Non-Employees) | 12,836                 | -          | 2,085            | 14,921           | 14,455           | 97%                              | 13,146            |
| Social benefits (Severance Package)       | -                      | -          | -                | -                | 1,270            | -                                | 944               |
| Social benefits (Leave Gratuity)          | 707                    | -          | 61               | 768              | 866              | 113%                             | 9                 |
| <b>Total</b>                              | <b>3,707,769</b>       | <b>-</b>   | <b>(553,661)</b> | <b>3,154,108</b> | <b>3,098,344</b> |                                  | <b>3,134,964</b>  |

**ANNEXURE 1F  
STATEMENT OF AID ASSISTANCE RECEIVED**

| NAME OF DONOR           | PURPOSE | OPENING BALANCE | REVENUE       | EXPENDITURE   | CLOSING BALANCE |
|-------------------------|---------|-----------------|---------------|---------------|-----------------|
|                         |         | R'000           | R'000         | R'000         | R'000           |
| <b>Received in cash</b> |         |                 |               |               |                 |
| European union          |         | -               | 21,172        | 10,327        | 10,845          |
| <b>TOTAL</b>            |         | <b>-</b>        | <b>21,172</b> | <b>10,327</b> | <b>10,845</b>   |

**ANNEXURE 2A  
STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO NATIONAL/PROVINCIAL PUBLIC ENTITIES**

| Name of Public Entity | State Entity's PFMA Schedule type (state year end if not 31 March) | % Held 10/11 | % Held 09/10 | Number of shares held                         |            | Cost of investment R'000 |               | Net Asset value of investment R'000 |          | Profit/(Loss) for the year R'000 |          | Losses guaranteed<br><br>Yes/ No |
|-----------------------|--|--------------|--------------|---|------------|--------------------------|---------------|-------------------------------------|----------|----------------------------------|----------|----------------------------------|
|                       |  |              |              | 2010/11                                       | 2009/10    | 2010/11                  | 2009/10       | 2010/11                             | 2009/10  | 2010/11                          | 2009/10  |                                  |
|                       |  |              |              | <b>National/<br/>Provincial Public Entity</b> |            |                          |               |                                     |          |                                  |          |                                  |
| Inala Farm (Pty) Ltd  |  | 100%         | 100%         | 100   | 100        | 16,112                   | 16,112        | -                                   | -        | -                                | -        |                                  |
| <b>TOTAL</b>          |  | <b>100%</b>  | <b>100%</b>  | <b>100</b>                                    | <b>100</b> | <b>16,112</b>            | <b>16,112</b> | <b>-</b>                            | <b>-</b> | <b>-</b>                         | <b>-</b> |                                  |

**ANNEXURE 2B  
STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO ENTITIES (CONTINUED)**

| Name of Public Entity | Nature of business  | Cost of investment R'000   |               | Net Asset value of Investment R'000 |          | Amounts owing to Entities R'000 |          | Amounts owing by Entities R'000 |          |
|-----------------------|---------------------|----------------------------|---------------|-------------------------------------|----------|---------------------------------|----------|---------------------------------|----------|
|                       |                     | 2010/11                    | 2009/10       | 2010/11                             | 2009/10  | 2010/11                         | 2009/10  | 2010/11                         | 2009/10  |
|                       |                     | <b>Controlled entities</b> |               |                                     |          |                                 |          |                                 |          |
| Inala Farms (Pty) Ltd | Land Reform Project | 16,112                     | 16,112        | -                                   | -        | -                               | -        | -                               | -        |
| <b>TOTAL</b>          |                     | <b>16,112</b>              | <b>16,112</b> | <b>-</b>                            | <b>-</b> | <b>-</b>                        | <b>-</b> | <b>-</b>                        | <b>-</b> |



**ANNEXURE 3A**  
**STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2011 – LOCAL**

| Guarantor institution | Guarantee in respect of | Original guaranteed capital amount | Opening balance 1 April 2010 | Guarantees draw downs during the year | Guarantees repayments/cancelled/reduced/released during the year | Revaluations | Closing balance 31 March 2011 | Guaranteed interest for year ended 31 March 2011 | 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  |
|                       | Motor vehicles          |                                    |                              |                                       |  |              |                               |  |  |
| Stannic               |                         | -                                  | 51                           | -                                     | 51   | -            | -                             | -  | -  |
|                       | <b>Subtotal</b>         | -                                  | <b>51</b>                    | -                                     | <b>51</b>  | -            | -                             | -  | -  |
|                       | Housing                 |                                    |                              |                                       |  |              |                               |  |  |
| ABSA                  |                         |                                    | -                            |                                       | -  | 94           | 94                            | -  | -  |
| First Rand Bank FNB   |                         |                                    | 16                           |                                       | 16   | -            | -                             | -  | -  |
| MEEG Bank             |                         |                                    | 38                           |                                       | -  | -            | 38                            | -  | -  |
| Old Mutual Div        |                         |                                    | 73                           |                                       | 60   | -            | 13                            | -  | -  |
| Standard Bank         |                         |                                    | 53                           |                                       | -  | -            | 53                            | -  | -  |
|                       | <b>Subtotal</b>         | -                                  | <b>180</b>                   | -                                     | <b>76</b>  | <b>94</b>    | <b>198</b>                    | -  | -  |
|                       | <b>TOTAL</b>            | -                                  | <b>231</b>                   | -                                     | <b>127</b>   | <b>94</b>    | <b>198</b>                    | -  | -  |

**ANNEXURE 3B**  
**STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2011**

| Nature of Liability  | Opening Balance 1 April 2010 | Liabilities incurred during the year | Liabilities paid/cancelled/reduced during the year | Liabilities recoverable (Provide details hereunder) | Closing Balance 31 March 2011 |
|--|------------------------------|--------------------------------------|--|---|-------------------------------|
|  | R'000                        | R'000                                | R'000  | R'000   | R'000                         |
| <b>Claims against the department</b>                         |                              |                                      |  |   |                               |
| Mulaudzi & Associates – Arbitration matter:                  | 94                           | -                                    | -  | -   | 94                            |
| Mulaudzi & Associates – Arbitration matter:                  | 44                           | -                                    | -  | -   | 44                            |
| Mulaudzi & Associates – Arbitration matter:                  | 876                          | -                                    | -  | -   | 876                           |
| Evelyn Valley Fire Claim                                     | 4,000                        | -                                    | -  | -   | 4,000                         |
| Kubusie Fire Claim   | 6,886                        | -                                    | -  | -   | 6,886                         |
| CJ Rance Fire Claim 4113/04/Z12, 3472/02/Z33 and 3038/05/Z62 | 16,783                       | -                                    | -  | -   | 16,783                        |
| S Papane and another   | 5,000                        | -                                    | -  | -   | 5,000                         |
| Rhirhandzu Communications                                    | 363                          | -                                    | -  | -   | 363                           |
| S R Saki   | 100                          | -                                    | -  | -   | 100                           |
| Morning star networks  | 22                           | 17                                   | 39   | -   | -                             |
| Thabo Makapula and others                                    | 348                          | -                                    | -  | -   | 348                           |
| Ms A Mandolo   | 183                          | -                                    | -  | -   | 183                           |
| Mr T Mokono  | 653                          | -                                    | -  | -   | 653                           |
| JH Systems   | -                            | 2,812                                | -  | -   | 2,812                         |
| PSA o.b.o. Lotter  | -                            | 83                                   | -  | -   | 83                            |
| Yusuf Kaloo  | -                            | 348                                  | 348  | -   | -                             |
| Pitney Bowes SA (Pty) Ltd                                    | -                            | 5                                    | 5  | -   | -                             |
| Kapache Property Investment Holdings CC                      | -                            | 15,410                               | 15,410   | -   | -                             |
| NS Hobson NO   | -                            | 435                                  | 435  | -   | -                             |
| Uitgezocht Boerdery  | -                            | 11                                   | -  | -   | 11                            |
| Suidkaaprivier Irrigation Board                              | -                            | 147                                  | -  | -   | 147                           |
| Bloemfontein Minolta (Pty) Ltd                               | -                            | 23                                   | -  | -   | 23                            |
| Ekuseni Communications (Pty) Ltd                             | -                            | 972                                  | -  | -   | 972                           |
| InFlight Catering (Pty) Ltd                                  | -                            | 42                                   | -  | -   | 42                            |
| Zamien Investments 45 (Pty) Ltd                              | -                            | 18,891                               | -  | -   | 18,891                        |
| Mjwara   | -                            | 202                                  | -  | -   | 202                           |
| L S Ngcaweni   | -                            | 7                                    | 7  | -   | -                             |
| J Freyson  | -                            | 126                                  | 126  | -   | -                             |
| Maluti timber  | -                            | 630,960                              | -  | -   | 630,960                       |
| C D Knoetze  | -                            | 56                                   | -  | -   | 56                            |
| Lusern Vallei  | -                            | 11,966                               | 11,966   | -   | -                             |





| Nature of Liability                                     | Opening Balance<br>1 April 2010 | Liabilities<br>incurred<br>during the<br>year | Liabilities<br>paid/cancel-<br>led/reduced<br>during the<br>year | Liabilities<br>recoverable<br>(Provide<br>details<br>hereunder) | Closing<br>Balance<br>31 March<br>2011 |
|---|---------------------------------|---|--|---|--|
|   | R'000                           | R'000   | R'000  | R'000   | R'000                                  |
| Shep 11 CC  | -                               | 12,500  | 12,500   | -   | -                                      |
| Ushukela Milling  | -                               | 27,905  | 27,905   | -   | -                                      |
| Huma Family   | -                               | 20,320  | 20,320   | -   | -                                      |
| Evangelical Lutheran Church                             | -                               | 11,292  | 11,292   | -   | -                                      |
| N B Jacobs  | -                               | 10,212  | 10,212   | -   | -                                      |
| C W Flandorp & Others                                   | 54,000                          | -   | -  | -   | 54,000                                 |
| Phela Ophidise  | 1,164                           | -   | -  | -   | 1,164                                  |
| W A Vermaas   | 67,989                          | -   | -  | -   | 67,989                                 |
| Makaye  | 198                             | -   | -  | -   | 198                                    |
| Rooiendal Pty Ltd                                       | 18,500                          | -   | -  | -   | 18,500                                 |
| De Arth Boerdery  | 165                             | -   | 165  | -   | -                                      |
| Tevrede Trust   | 253                             | -   | -  | -   | 253                                    |
| Prinshoek Boerdery                                      | 147                             | -   | -  | -   | 147                                    |
| Onsgroei Boerdery v Minister of Land Affairs            | 3,114                           | -   | -  | -   | 3,114                                  |
| Universe Ranch v Regional Land Claims KZN               | 542                             | -   | 542  | -   | -                                      |
| Macassar Land Claims committee                          | 900                             | -   | -  | -   | 900                                    |
| W Booth   | 600                             | -   | -  | -   | 600                                    |
| District Six Cape Town                                  | 380                             | -   | -  | -   | 380                                    |
| A Florence  | 400                             | -   | 400  | -   | -                                      |
| Adam, Moosa, Ebrahim                                    | 1,500                           | -   | -  | -   | 1,500                                  |
| M M Meyer   | 48,000                          | -   | 48,000   | -   | -                                      |
| Morapedi Howard Seoue                                   | 65                              | -   | -  | -   | 65                                     |
| Hefer-Ndwandwa Trust                                    | 10,689                          | -   | -  | -   | 10,689                                 |
| Shamile CPA   | 98                              | -   | -  | -   | 98                                     |
| C N M Dlamini   | 109                             | -   | -  | -   | 109                                    |
| R F Crowwter  | 5,000                           | -   | -  | -   | 5,000                                  |
| J S S Ballot  | 1,000                           | -   | -  | -   | 1,000                                  |
| Goronyane   | 3,500                           | -   | -  | -   | 3,500                                  |
| Parsons   | 17                              | -   | -  | -   | 17                                     |
| D D Jacobs  | 6,000                           | 442   | 1,065  | -   | 5,377                                  |
| A G Macdonald   | 11,442                          | -   | -  | -   | 11,442                                 |
| G Joubert   | 6,508                           | -   | -  | -   | 6,508                                  |
| F J Van Niekerk   | 4,464                           | -   | -  | -   | 4,464                                  |
| L V May   | 47,000                          | -   | -  | -   | 47,000                                 |
| S S Freight   | 2,000                           | -   | -  | -   | 2,000                                  |
| J J Botha   | 744                             | -   | -  | -   | 744                                    |
| Wolfaardt   | 126                             | -   | -  | -   | 126                                    |
| Silverline investment                                   | 14                              | -   | -  | -   | 14                                     |
| A J Meintjies   | 346                             | -   | 346  | -   | -                                      |
| Farjas  | 2,782                           | -   | -  | -   | 2,782                                  |
| Kwabhekithunga Zulu Kraal                               | 53                              | -   | -  | -   | 53                                     |
| Richard Dalbock t/a North West Distributors             | 1,624                           | -   | 1,624  | -   | -                                      |
| Henry Davel & Others                                    | 1,696                           | -   | -  | -   | 1,696                                  |
| Hendrik Wolmarans                                       | 1,400                           | 437   | 1,837  | -   | -                                      |
| Ramahutse   | 3,266                           | -   | 3,266  | -   | -                                      |
| J S van der Merwe                                       | 3,200                           | -   | 3,200  | -   | -                                      |
| Outstanding cases with the State Attorney: KZN          | 7,852                           | -   | -  | -   | 7,852                                  |
| Hendrik Johannes Davel                                  | 1,696                           | -   | -  | -   | 1,696                                  |
| Lourens Family Trust                                    | 13,780                          | -   | 13,780   | -   | -                                      |
| Martiens Landgoed (Pty) Ltd & Hentiq Landgoed (Pty) Ltd | 71,500                          | -   | 71,500   | -   | -                                      |
| Bongo Safaris (Pty) Ltd                                 | 74,000                          | -   | 74,000   | -   | -                                      |
| Quinella Trading (Pty) Ltd                              | 16,229                          | -   | 16,229   | -   | -                                      |
| Hugo Amos Schreuder/Hugo Schreuder Trust                | 7,500                           | -   | 7,500  | -   | -                                      |
| Pieter Lindique Family Trust and another                | 11,800                          | -   | 11,800   | -   | -                                      |
| Mrs M Serobe  | 160                             | -   | 160  | -   | -                                      |
| Mr M Lethoba  | 40                              | -   | 40   | -   | -                                      |
| Dwaarsloop Land Restitution project                     | 763                             | -   | 763  | -   | -                                      |
| Mokhathi projects                                       | 9                               | -   | -  | -   | 9                                      |
| I Florence  | -                               | 4,113   | -  | -   | 4,113                                  |
| Alexcor   | -                               | 164,896                                       | -  | -   | 164,896                                |
| Wollach   | -                               | 28,470  | -  | -   | 28,470                                 |
| T K Morpane   | -                               | 15,678  | -  | -   | 15,678                                 |
| Biyala Landowner Association                            | -                               | 139,994                                       | 132,014  | -   | 7,980                                  |
| Petrus Hendrik Stephanus Opperman                       | -                               | 1,696   | 1,696  | -   | -                                      |
| <b>Subtotal</b>   | <b>551,676</b>                  | <b>1,120,468</b>                              | <b>500,492</b>   | <b>-</b>  | <b>1,171,652</b>                       |
| <b>TOTAL</b>  | <b>551,676</b>                  | <b>1,120,468</b>                              | <b>500,492</b>   | <b>-</b>  | <b>1,171,652</b>                       |



**ANNEXURE 4  
CLAIMES RECOVERABLE**

| Government Entity                                     | Confirmed balance outstanding |            | Unconfirmed balance outstanding |            | Total      |            |
|---|-------------------------------|------------|---------------------------------|------------|------------|------------|
|   | 31/03/2011                    | 31/03/2010 | 31/03/2011                      | 31/03/2010 | 31/03/2011 | 31/03/2010 |
|   | R'000                         | R'000      | R'000                           | R'000      | R'000      | R'000      |
| <b>Department</b>                                     |                               |            |                                 |            |            |            |
| Agriculture, Forestry and Fisheries                   | -                             | -          | 24                              | 182        | 24         | 182        |
| Provincial & Local Government                         | -                             | -          | -                               | 79         | -          | 79         |
| Department of Correctional Services                   | -                             | -          | 33                              | -          | 33         | -          |
| Public Works  | -                             | -          | -                               | 14         | -          | 14         |
| COO and Traditional Affairs                           | -                             | -          | 9                               | -          | 9          | -          |
| South African Social Security Agency                  | -                             | -          | -                               | 12         | -          | 12         |
| The Presidency  | -                             | -          | -                               | 195        | -          | 195        |
| Trade & Industry                                      | -                             | -          | -                               | 1          | -          | 1          |
| Water Affairs   | -                             | -          | 15                              | 17         | 15         | 17         |
| Eastern Cape: Transport                               | -                             | -          | -                               | 19         | -          | 19         |
| Eastern Cape: Health                                  | -                             | -          | -                               | 18         | -          | 18         |
| Department of Health: Free State                      | -                             | -          | 28                              | -          | 28         | -          |
| Government Employees Pension Fund                     | -                             | -          | 35                              | -          | 35         | -          |
| Department of Education: KZN                          | -                             | -          | 15                              | -          | 15         | -          |
| Department of Finance: KZN                            | -                             | -          | 19                              | -          | 19         | -          |
| Department of Health: Mpumalanga                      | -                             | -          | 35                              | -          | 35         | -          |
| Department of Economic Development and Tourism:<br>NW | -                             | -          | 33                              | -          | 33         | -          |
| Health: Gauteng                                       | -                             | -          | -                               | 1          | -          | 1          |
| KwaZulu-Natal: Transport                              | -                             | -          | -                               | 22         | -          | 22         |
| Limpopo: Agriculture                                  | -                             | -          | -                               | 5          | -          | 5          |
| North West: Provincial Administration                 | -                             | -          | -                               | 37         | -          | 37         |
|   | -                             | -          | 246                             | 602        | 246        | 602        |
| <b>Other Government Entities</b>                      |                               |            |                                 |            |            |            |
| PLAS Trading Entity                                   | -                             | -          | -                               | 80,003     | -          | 80,003     |
| Deeds Trading Entity                                  | -                             | -          | 550                             | 699        | 550        | 699        |
|   | -                             | -          | 550                             | 80,702     | 550        | 80,702     |
| <b>TOTAL</b>  | -                             | -          | 796                             | 81,304     | 796        | 81,304     |

**ANNEXURE 5  
INTER-GOVERNMENT PAYABLES**

| Government Entity                     | Confirmed balance outstanding |            | Unconfirmed balance outstanding |            | Total      |            |
|---------------------------------------|-------------------------------|------------|---------------------------------|------------|------------|------------|
|                                       | 31/03/2011                    | 31/03/2010 | 31/03/2011                      | 31/03/2010 | 31/03/2011 | 31/03/2010 |
|                                       | R'000                         | R'000      | R'000                           | R'000      | R'000      | R'000      |
| <b>Departments</b>                    |                               |            |                                 |            |            |            |
| Current                               |                               |            |                                 |            |            |            |
| Justice                               | -                             | -          | 727                             | 14,957     | 727        | 14,957     |
| Public works                          | -                             | -          | -                               | 6,986      | -          | 6,986      |
| International Relations & Cooperation | -                             | -          | 51                              | -          | 51         | -          |
| <b>Subtotal</b>                       | -                             | -          | 778                             | 21,943     | 778        | 21,943     |
| <b>OTHER GOVERNMENT ENTITY</b>        |                               |            |                                 |            |            |            |
| Current                               |                               |            |                                 |            |            |            |
| Agricultural Land Holding Account     | -                             | -          | 181                             | 42,718     | 181        | 42,718     |
| <b>Subtotal</b>                       | -                             | -          | 181                             | 42,718     | 181        | 42,718     |
| <b>TOTAL</b>                          | -                             | -          | 959                             | 64,661     | 959        | 64,661     |

**ANNEXURE 6  
INVENTORY**

| Inventory                                     | Note | Quantity       | 2010/11      | Quantity       | 2009/10      |
|---|------|----------------|--------------|----------------|--------------|
|   |      |                | R'000        |                | R'000        |
| Opening balance                               |      | 125,839        | 8,724        | 127,506        | 3,302        |
| Add/(Less): Adjustments to prior year balance |      | 1              | -            | 194            | 977          |
| Add: Additions/Purchases – Cash               |      | 996,159        | 40,310       | 298,330        | 24,756       |
| Add: Additions - Non-cash                     |      | 3,109          | 25           | 108            | 4            |
| (Less): Disposals                             |      | -              | -            | -              | -            |
| (Less): Issues                                |      | (1,001,194)    | (40,619)     | (301,886)      | (20,523)     |
| Add/(Less): Adjustments                       |      | (4,762)        | (466)        | 1,587          | 208          |
| <b>Closing balance</b>                        |      | <b>119,152</b> | <b>7,974</b> | <b>125,839</b> | <b>8,724</b> |





# Part 3: Deeds Registration Trading Account

DEPARTMENT OF RURAL DEVELOPMENT & LAND REFORM

## **Annual Financial Statements for the year ended 31 March 2011**



# Part 3: Deeds Registration Trading Account

DEPARTMENT OF RURAL DEVELOPMENT & LAND REFORM



## Report of the Auditor-General

To Parliament on the Financial Statements of the Deeds Registration Trading Account

### Report on the Financial Statements

#### Introduction

1. I have audited the accompanying financial statements of the Deeds Registration Trading Account, which comprise the statement of financial position as at 31 March 2011, and the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information, as set out on pages 95 to 111.

#### Accounting Officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Statements of Generally Accepted Accounting Practice (SA Statements of GAAP) and in the manner required by the Public Finance Management Act, 1999 of South Africa (Act No. 1 of 1999) (PFMA), and for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor-General's responsibility

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996) and section 4 of the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with International Standards on Auditing and General Notice 1111 of 2010 issued in Government Gazette 33872 of 15 December 2010. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

#### Opinion

7. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Deeds Registration Trading Account as at 31 March 2011, and its financial performance and cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice and the requirement of the Public Finance Management Act of South Africa, 1999 (Act No.1 of 1999).



## Emphasis of matter

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

## Significant uncertainties

9. With reference to note 17 to the financial statements, the entity is currently investigating incorrect processes followed regarding the registration of deeds. These investigations were not finalized as at the date of sign off of the annual financial statements. Although the amount cannot be quantified, the possibility of litigation against the entity exists. The ultimate outcome of the matter cannot presently be determined, and no provision for any liability that may result has been made in the financial statements.

## Report on other Legal & Regulatory Requirements

10. In accordance with the PAA and in terms of General notice 1111 of 2010, issued in Government Gazette 33872 of 15 December 2010, I include below my findings on the annual performance report as set out on pages ... to ... and material non-compliance with laws and regulations applicable to the trading entity.

## Predetermined objectives

### Usefulness of information

11. The reported performance information was deficient in respect of the following criteria:

- Relevance: There is no clear and logical link between the objectives, outcomes, outputs, indicators and performance targets.

The following audit findings relate to the above criteria:

For the strategic objective – Provision of efficient Deeds registration that underpin security of Land Tenure:

There is no clear and logical link between the strategic objective, the indicators and performance targets contained in the approved strategic plan for 2010/11.

## Reliability of information

12. The reported performance information was deficient in respect of the following criteria:

- Accuracy: The amounts, numbers and other data relating to reported actual performance have not been recorded and reported appropriately.

The following audit findings relate to the above criteria:

The reported actual achievement for the following targets is inaccurate.

- Number of days from lodgement until examination is completed ( in accordance with legislation, practice & procedure)
- Number of days after registration until registered deeds/document are delivered in accordance with legislation practice & procedure)

## Internal Control

13. In accordance with the PAA and in terms of General Notice 1111 of 2010, issued in Government Gazette 33872 of 15 December 2010, I considered internal control relevant to my audit, but not for the purpose of expressing an opinion on the effectiveness of internal control. The matters reported below are limited to the significant deficiencies that resulted in the findings on the annual performance report.



## Leadership

14. Oversight was not exercised in ensuring that accurate achieved performance is reported against the predetermined targets in the annual report. Lack of proper review controls before reporting on annual reported to detect in-accurate report on performance information.

## Financial and performance management

15. In accurate information reported on the annual report resulting in overstatement actual achievement on predetermined targets.

## Other reports

### Investigations

#### Investigations completed during the financial year

16. Investigations were completed during the financial year as a result of allegations of corruption and irregularities due to incorrect processes followed regarding the registration of deeds for the Pretoria and Bloemfontein regions.

#### Investigations in process

17. Various investigations are being conducted to probe the manner in which title deeds registrations were processed due to incorrect processes followed regarding the registration of deeds for the Western Cape region.

*Auditor-General*

Pretoria  
31 July 2011



AUDITOR-GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*



## Statement of Financial Position

For the year ended 31 March 2011

|                                     | <i>Note</i> | 2011<br>R'000  | 2010<br>R'000  |
|-------------------------------------|-------------|----------------|----------------|
| <b>Non-current Assets</b>           |             |                |                |
| Property, Plant and Equipment       | 2           | 98 430         | 130 846        |
| <b>Current Assets</b>               |             |                |                |
|                                     |             | 107 829        | 109 610        |
| Inventories                         | 4           | 1 328          | 1 125          |
| Trade and Other Receivables         | 5           | 49 975         | 43 575         |
| Cash and cash equivalents           | 6           | 56 526         | 64 910         |
| <b>TOTAL ASSETS</b>                 |             | <b>206 259</b> | <b>240 456</b> |
| <b>Equity and Liabilities</b>       |             |                |                |
| <b>Equity</b>                       |             |                |                |
| Accumulated Surplus                 |             | 160 777        | 185 167        |
| <b>Non-current Liabilities</b>      |             |                |                |
| Finance Lease Obligations           | 7           | 14 460         | 18 768         |
| Accruals                            | 8           | 13 544         | 18 227         |
| <b>Current Liabilities</b>          |             |                |                |
|                                     |             | 31 022         | 36 521         |
| Finance Lease Obligations           | 7           | 938            | 600            |
| Trade and Other Payables            | 9           | 21 660         | 15 670         |
| Provisions                          | 8           | 8 424          | 7 294          |
| Deferred Revenue                    |             | -              | 12 957         |
| <b>TOTAL EQUITY AND LIABILITIES</b> |             | <b>206 259</b> | <b>240 456</b> |



## Statement of Comprehensive Income

For the year ended 31 March 2011

|  | <i>Note</i> | 2011<br>R'000   | 2010<br>R'000 |
|--|-------------|-----------------|---------------|
| Registration of Deeds and Sale of Information              |             | 350 533         | 301 558       |
| Other Income   |             | 672             | 261           |
| Grant From Department of Rural Development and Land Reform | 20          | 40 819          | 49 240        |
| Operating Expenses   |             | (419 685)       | (353 821)     |
| Operating Deficit  |             | (27 660)        | (2 762)       |
| Investment Revenue   | 11          | 3 409           | 2 887         |
| Finance Costs  | 12          | ( 139)          | ( 125)        |
| <b>Deficit for the year</b>                                |             | <b>(24 390)</b> | <b>-</b>      |



## Statement of Changes in Net Assets

For the year ended 31 March 2011

| <i>Note</i>   | 2011<br>R'000  | 2010<br>R'000  |
|---|----------------|----------------|
| <b>Balance at the beginning of the period</b>               | <b>185 167</b> | <b>126 911</b> |
| Depreciation adjustment                                     | -              | -              |
| Grant Revenue adjustment                                    | -              | -              |
| <b>Balance/(2010 Restated) at the beginning of the year</b> | <b>185 167</b> | <b>126 911</b> |
| National Revenue Fund transfer                              | -              | 58 256         |
| Deficit for the year ended 2011                             | (24 390)       | -              |
| <b>Balance at the end of the year</b>                       | <b>160 777</b> | <b>185 167</b> |

# Cash Flow Statement

For the year ended 31 March 2011

|   | <i>Note</i> | 2011<br>R'000  | 2010<br>R'000   |
|---|-------------|----------------|-----------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>       |             | <b>(3 592)</b> | <b>53 031</b>   |
| Cash Generated from operations                    | 15          | (6 863)        | 50 269          |
| Investment Revenue                                | 11          | 3 409          | 2 887           |
| Finance Costs                                     | 12          | ( 139)         | ( 125)          |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>       |             | <b>(5 474)</b> | <b>(19 914)</b> |
| Purchase of Property, Plant and Equipment         |             | (5 474)        | (19 914)        |
| Proceeds on sale of Property, Plant and Equipment |             | -              | -               |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>       |             | <b>682</b>     | <b>( 851)</b>   |
| Increase/decrease in Finance Lease obligations    |             | 682            | ( 851)          |
| <b>TOTAL CASH MOVEMENT FOR THE YEAR</b>           |             | <b>(8 384)</b> | <b>32 266</b>   |
| Cash at the beginning of the year                 |             | 64 910         | 32 644          |
| <b>TOTAL CASH AT THE END OF THE YEAR</b>          |             | <b>56 526</b>  | <b>64 910</b>   |



# Notes to the Annual Financial Statements

For the year ended 31 March 2011

## 1. ACCOUNTING POLICIES

### APPLICABLE LEGISLATION AND REGULATIONS

- 1.1 The treatment of significant account balances and transactions has been made in terms of the Statements of Generally Accepted Accounting Procedures and in a manner contemplated by the International Accounting Standards.
- 1.2 Deviations from the Accounting Standards, where applicable, have been disclosed explicitly on the Annual Financial Statements with detailed explanations for such deviations and the implications on the Annual Financial Statements.

### SPECIFIC ACCOUNTING POLICIES

#### 1.3 Basis of preparation of the annual financial statements

The Annual Financial Statements have been prepared in accordance with the South African Statements of Generally Accepted Accounting Practices (GAAP) including any interpretations of public sector reporting requirements.

All amounts have been presented in the currency of the South African Rand (R), which is also the functional currency of the entity. Unless otherwise stated all financial figures have been rounded to the nearest One Thousand Rand (R'000).

In preparing the annual financial statements, management have made estimates and assumptions that affect the amounts presented in the annual financial statements and related disclosures. The use of relevant and reliable available information and the application of judgements is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

#### 1.3.1 Standards amendments and interpretations to existing standards that are not yet effective and have not been early adopted

The following relevant standards and amendments to existing standards have been published and are mandatory for the Trading Account's accounting periods beginning on or after 1 January 2010 or later periods, but the Trading Account has not early adopted them:

IFRS 9, 'Financial Instruments Recognition and measurement' (effective on or after 1 January 2013). The amendment is part of the IASB's annual improvements project published in April 2009. This new standard forms the first of a three part project to replace IAS 39 "Financial Instruments: Recognition and Measurement". The Trading Account will apply IFRS 9 from 1 April 2013. It is not expected to have a material impact on the Trading Account's financial statements.

#### 1.3.2 Fair value estimates

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

#### 1.3.3 Services in kind

Services received free of charge from other organs of state have not been recognised in the financial statements. The disclosure of their nature and type has however been disclosed by way of note to the financial statements in line with IAS 20. These services may include:

- Administration Services
- Accommodation
- Internal Audit Function
- Information Technology
- Staff Training

All other services that are provided on behalf of the entity and are charged to the entity have been classified normally as expenses in terms of the approved Standard Chart of Accounts (SCOA)

#### 1.3.4 Property Plant and Equipment

Property Plant and Equipment has been stated at cost less accumulated depreciation and impairment losses. The Trading Account uses the Revaluation model to measure the value of Property plant and equipment and revaluations are performed every three years. The next revaluation will be performed in the 2011 financial year.

The effective date of depreciation is the date on which the asset was brought to use. The following estimates have been used in determining the useful life, residual values and the expected pattern of consumption of the future economic benefits embodied in the assets.

| Item                                 | Average Useful life |
|--------------------------------------|---------------------|
| Furniture and Fixtures               | 15 years            |
| Computer Equipment                   | 5-13 years          |
| Office equipment                     | 5-13 years          |
| Leasehold Fixtures                   | 5-13 years          |
| Photographic and Technical Equipment | 13 years            |
| State-owned capital works            | 25 years            |

- Work in Progress  
Work in progress relates to items purchased but not brought into use and therefore has not be depreciated.
- Leasehold Capital Works  
Expenditure on improvement on leasehold buildings has been depreciated over the remaining period of the underlying lease for such building.
- Finance Leases  
Assets under the finance lease agreements have been depreciated over the underlying period of the lease.

**1.3.5 Trade and Other Receivables**

Trade Receivables have been measured at fair value less provision for impairment. The impairment provision has been deemed to be all amounts that are outstanding beyond 90 days. Assessments for the impairment provision have been made on individual debtors based on specific probability of recovery. Consideration is also made with regards to payments received from long outstanding debtors after year end, as well as information obtained from any debt collector used by the Trading Account. The fair value includes the initial recognition of the debts plus interest levied at rates approved by the Chief Registrar of Deeds. Such interest has been levied on dates when the debt is due and payable but outstanding.

**1.3.6 Cash and Cash Equivalents**

Cash and cash equivalents comprise cash on hand, demand deposits and other short-term highly liquid investments that are readily convertible within 30 days to known amounts of cash with an insignificant risk of changes in value. These are recorded at fair value and are classified as “held for trading financial assets”.

**1.3.7 Inventories**

Inventories have been measured at the lower of cost or net realisable value where the cost is assigned using the weighted average cost formula.

**1.3.8 Impairment of assets**

The entity has assessed all assets at balance sheet date for any indication that any asset may be impaired. Where such an indication exists, the estimate of the recoverable amount of the asset has been made and the carrying amount written down to the recoverable amount, thus recognising an impairment loss.

**1.3.9 Employee Benefits**

- Short-term employee Benefits  
The cost of short term employee benefits, (those payable within 12 months after the service is rendered, e.g. vacation leave, bonuses and medical care), has been recognised in the period in which the service is rendered and has not been discounted.
- Defined contribution plans  
Payments to defined contribution retirement benefit plans have been expensed as they fall due. Payments made to the state plan retirement benefit schemes have been dealt with as defined contribution plans where the entity’s obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

**1.3.10 Revenue**

Revenue consists of fees charged for property registration and for provision of registration data to customers in accordance with the tariffs provided for in the Schedule of Fees prescribed by Regulation 84 of the Deeds Registries Act, 1937 (Act 47 of 1937), and approved by the Minister of Agriculture and Land Affairs. Revenue is recognised on execution of the Deeds applications as well as provision of the data that has been requested.

**1.3.11 Provisions**

Provisions have been raised when management has determined estimates based on the best information available for the uncertain outcome of leave and bonus payouts.

**1.3.12 Trade and other payables**

Trade payables are carried at the fair value of the consideration to be paid in future for goods or services that have been received or supplied and invoiced or formally agreed with the supplier.

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

**1.3.13 Government Grants**

Government grants are recognised when there is reasonable assurance that:

The entity will comply with the conditions attaching to them; and the grants will be received.

Government grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate.



A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised as income of the period in which it becomes receivable.

Government grants related to assets, including non-monetary grants at fair value, are presented in the statement of financial position by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset.

#### **1.3.14 Leases**

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

##### **Finance leases – lessee**

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease. The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate on the remaining balance of the liability.

##### **Operating leases – lessee**

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.



## Notes to the Annual Financial Statements

For the year ended 31 March 2011

### 2. Property, Plant and Equipment

|                                  | Cost/<br>Valuation<br>R'000 | 2011<br>Accumulated<br>Depreciation<br>R'000 | Carrying<br>Value<br>R'000 | Cost/<br>Valuation<br>R'000 | 2010<br>Accumulated<br>Depreciation<br>R'000 | Carrying<br>Value<br>R'000 |
|----------------------------------|-----------------------------|--|----------------------------|-----------------------------|--|----------------------------|
| Furniture and Fixtures           | 24 833                      | (9 116)                                      | 15 717                     | 28 997                      | (10 263)                                     | 18 734                     |
| Office equipment (Finance Lease) | 3 111                       | (1 415)                                      | 1 696                      | 6 179                       | (5 142)                                      | 1 037                      |
| IT equipment                     | 89 930                      | (38 082)                                     | 51 848                     | 104 834                     | (36 667)                                     | 68 167                     |
| Leasehold improvements           | 89 667                      | (62 056)                                     | 27 611                     | 89 726                      | (48 971)                                     | 40 755                     |
| Photographic equipment           | 4 347                       | (2 790)                                      | 1 557                      | 6 010                       | (3 857)                                      | 2 153                      |
|                                  | <b>211 890</b>              | <b>(113 460)</b>                             | <b>98 430</b>              | <b>235 746</b>              | <b>(104 900)</b>                             | <b>130 846</b>             |

#### Reconciliation of Property, Plant and Equipment - 2011

|                                  | Opening<br>Balance<br>R'000 | Additions<br>R'000 | Disposals /<br>Transfers /<br>Impairments<br>R'000 | Depreciation<br>R'000 | Accum Depr.<br>Disposals<br>R'000 | Total<br>R'000 |
|----------------------------------|-----------------------------|--------------------|--|-----------------------|-----------------------------------|----------------|
| Furniture and Fixtures           | 18 734                      | 837                | (5 002)  | (1 603)               | 2 750                             | 15 717         |
| Office equipment (Finance Lease) | 1 037                       | 1 404              | (4 472)  | ( 727)                | 4 454                             | 1 696          |
| IT equipment                     | 68 167                      | 2 464              | (17 368)   | (11 590)              | 10 175                            | 51 848         |
| Leasehold improvements           | 40 755                      | 769                | ( 826)   | (13 109)              | 24                                | 27 611         |
| Photographic equipment           | 2 153                       | 0                  | (1 663)  | ( 219)                | 1 286                             | 1 557          |
|                                  | <b>130 846</b>              | <b>5 474</b>       | <b>(29 330)</b>                                    | <b>(27 248)</b>       | <b>18 688</b>                     | <b>98 430</b>  |

#### Reconciliation of Property, Plant and Equipment - 2010

|                                  | Opening<br>Balance<br>R'000 | Additions<br>R'000 | Disposals /<br>Transfers /<br>Impairments<br>R'000 | Depreciation<br>R'000 | Accum Depr.<br>Disposals<br>R'000 | Total<br>R'000 |
|----------------------------------|-----------------------------|--------------------|--|-----------------------|-----------------------------------|----------------|
| Furniture and Fixtures           | 20 686                      | 169                | ( 451)   | (1 890)               | 220                               | 18 734         |
| Office equipment (Finance Lease) | 1 040                       | 853                | -  | ( 856)                | -                                 | 1 037          |
| IT equipment                     | 65 876                      | 14 008             | (3 971)  | (11 380)              | 3 634                             | 68 167         |
| Leasehold improvements           | 47 689                      | 5 743              | -  | (12 677)              | -                                 | 40 755         |
| Photographic equipment           | 2 511                       | -                  | ( 569)   | ( 295)                | 506                               | 2 153          |
|                                  | <b>137 802</b>              | <b>20 773</b>      | <b>(4 991)</b>                                     | <b>(27 098)</b>       | <b>4 360</b>                      | <b>130 846</b> |

The Department of Public Works provides accommodation for all the Deeds Registries. The category of Leasehold Improvements represents costs incurred by the Deeds Registration Trading Account to improve the buildings that are owned / leased on behalf of Deeds Registries by the Department of Public Works. The lease improvements are amortised over the lease period.

**3. Financial Assets by category**

|  | Loans and receivables | Fair value through profit/ loss - held for trading | Fair value through profit/ loss - designated | Held to maturity | Available for sale |
|--|-----------------------|--|--|------------------|--------------------|
| <b>Financial Assets by category - 2011</b> |                       |  |  |                  |                    |
| Trade and other receivables                | 49 975                |  |  |                  |                    |
| Cash and cash equivalents                  |                       | 56 526   |  |                  |                    |
|  | <b>49 975</b>         | <b>56 526</b>                                      | -  | -                | -                  |
|  |                       |  |  |                  |                    |
|  | Loans and receivables | Fair value through profit/ loss - held for trading | Fair value through profit/ loss - designated | Held to maturity | Available for sale |
| <b>Financial Assets by category - 2010</b> |                       |  |  |                  |                    |
| Trade and other receivables                | 43 575                |  |  |                  |                    |
| Cash and cash equivalents                  |                       | 64 910   |  |                  |                    |
|  | <b>43 575</b>         | <b>64 910</b>                                      | -  | -                | -                  |

The accounting policies for financial instruments have been applied to the line items above.

**4. Inventories**

|                             | 2011<br>R'000 | 2010<br>R'000 |
|-----------------------------|---------------|---------------|
| Consumable material on hand | 1 328         | 1 125         |
|                             | <b>1 328</b>  | <b>1 125</b>  |

**5. Trade and Other Receivables**

|                     | 2 011<br>R'000 | 2 010<br>R'000 |
|---------------------|----------------|----------------|
| Trade Receivables   | 47 563         | 40 647         |
| Prepayments         | 143            | 1              |
| Interest receivable | 152            | 306            |
| Other receivables   | 2 117          | 2 621          |
|                     | <b>49 975</b>  | <b>43 575</b>  |

The carrying value of Trade Receivables of R47 563 is stated after a provision for Impairment of Trade and Other Receivables of R7 974 (2010: R6 986) and gross trade receivables value of R55 627. The provision for impairment of Trade and Other Receivables is determined from the Age Analysis of Trade Receivables that are overdue for 90 days and more. The prospects of recovery are however assessed per individual account.

**Reconciliation of Impairment of Trade and Other Receivables**

|                          | 2011<br>R'000 | 2010<br>R'000 |
|--------------------------|---------------|---------------|
| Opening balance          | 6 984         | 4 933         |
| Provision for impairment | 990           | 2 051         |
| Closing balance          | <b>7 974</b>  | <b>6 984</b>  |

**Trade Receivables Age Analysis**

|              | 2011<br>R'000 | 2010<br>R'000 |
|--------------|---------------|---------------|
| Current      | 22 343        | 10 104        |
| 30 days      | 18 001        | 24 634        |
| 60 days      | 832           | 4 349         |
| 90 days      | 154           | 754           |
| Over 90 days | 6 232         | 806           |
| <b>Total</b> | <b>47 563</b> | <b>40 647</b> |

The current provision for impairment of Trade and Other Receivables has been included in operating expenses in the income statement, under account "Depreciation, Amortisation and Impairments". Amounts charged to Impairment of Receivables are generally written off when there is no expectation of recovery. The maximum exposure to credit risk at reporting date is the fair value of each class of receivables recognised above. Deeds Registration does not hold any collateral as security.





6. Cash and cash equivalents

|                           | 2011<br>R'000 | 2010<br>R'000 |
|---------------------------|---------------|---------------|
| Cash on Hand (Petty Cash) | 15            | 15            |
| Bank balances             | 56 512        | 64 895        |
|                           | <b>56 526</b> | <b>64 910</b> |

Cash and deposits are held with a registered banking institution which is subjected to insignificant credit risk. The maximum exposure to credit risk at reporting date is the fair value of each class of cash and cash equivalents mentioned above.

7. Finance lease obligations

|  | 2011<br>R'000 | 2010<br>R'000 |
|--|---------------|---------------|
| Minimum lease payments due                         |               |               |
| - within one year                                  | 1 089         | 693           |
| - In second to fifth year inclusive                | 981           | 591           |
|  | <b>2 070</b>  | <b>1 284</b>  |
| Less: future finance charges                       | ( 216)        | ( 143)        |
| Present value of minimum lease payments            | <b>1 854</b>  | <b>1 141</b>  |
| <b>Present value of minimum lease payments due</b> |               |               |
| - within one year                                  | 938           | 600           |
| - In second to fifth year inclusive                | 916           | 541           |
|  | <b>1 854</b>  | <b>1 141</b>  |
| Non - Current liabilities                          | 916           | 541           |
| Current liabilities                                | 938           | 600           |
|  | <b>1 854</b>  | <b>1 141</b>  |

8. Provisions

Reconciliation of provisions – 2011

|                 | Opening balance | Provision for the year | Reversed/ Utilised during the year | Carrying Value |
|-----------------|-----------------|------------------------|------------------------------------|----------------|
| Bonus Provision | 7 294           | 8 424                  | (7 294)                            | 8 424          |
|                 | <b>7 294</b>    | <b>8 424</b>           | <b>(7 294)</b>                     | <b>8 424</b>   |

Reconciliation of provisions – 2010

|                 | Opening balance | Provision for the year | Reversed/ Utilised during the year | Carrying Value |
|-----------------|-----------------|------------------------|------------------------------------|----------------|
| Bonus Provision | 5 557           | 7 294                  | (5 557)                            | 7 294          |
|                 | <b>5 557</b>    | <b>7 294</b>           | <b>(5 557)</b>                     | <b>7 294</b>   |

Non - Current liabilities  
Current liabilities

|                           | 2011<br>R'000 | 2010<br>R'000 |
|---------------------------|---------------|---------------|
| Non - Current liabilities | 13 544        | 18 227        |
| Current liabilities       | 8 424         | 7 294         |
|                           | <b>21 968</b> | <b>25 521</b> |



**9. Trade and Other Payables**

|                   | 2011<br>R'000 | 2010<br>R'000 |
|-------------------|---------------|---------------|
| Trade payables    | 6 773         | 7 993         |
| Unallocated Cash  | 81            | 399           |
| Leave pay accrual | 4 445         | 3 426         |
| Sundry accruals   | 10 271        | 3 293         |
| Other Payables    | 87            | 559           |
| Deposits received | 3             |               |
|                   | <b>21 660</b> | <b>15 670</b> |

Unallocated cash represents money deposited at the bank but not yet identified and allocated to Trade Receivables at the end of the financial year. During the year the trading entity reclassified leave days due to employees from a provision to an accrual in terms of IAS 37

**10. Financial liabilities by category**

The accounting policy for financial instruments have been applied to the line items below:

| 2011                     | Financial liabilities at fair value through profit and loss | Fair value through profit or loss - held for trading | Fair value through profit or loss - designated | Total         |
|--------------------------|---|--|--|---------------|
| Trade and other payables | <b>21 660</b>   |  |  | <b>21 660</b> |
| 2010                     | Financial liabilities at fair value through profit and loss | Fair value through profit or loss - held for trading | Fair value through profit or loss - designated | Total         |
| Trade and other payables | <b>15 670</b>   |  |  | <b>15 670</b> |

**11. Investment Revenue**

|   | 2011<br>R'000 | 2010<br>R'000 |
|---|---------------|---------------|
| Bank  | 2 481         | 2 342         |
| Interest charged on trade and other receivables | 928           | 545           |
|   | <b>3 409</b>  | <b>2 887</b>  |

**12. Finance costs**

|                     | 2011<br>R'000 | 2010<br>R'000 |
|---------------------|---------------|---------------|
| Finance Leases      | 128           | 125           |
| Other interest paid | 11            | -             |
|                     | <b>139</b>    | <b>125</b>    |

**13. Auditors' remuneration**

|                     | 2011<br>R'000 | 2010<br>R'000 |
|---------------------|---------------|---------------|
| External audit fees | 3 602         | 534           |
|                     | <b>3 602</b>  | <b>534</b>    |

**14. Operating Leases**

|   | <b>2011<br/>R'000</b> | <b>2010<br/>R'000</b> |
|---|-----------------------|-----------------------|
| The following amounts are due in future financial years due to contractual obligations: |                       |                       |
| Minimum Lease payments due:   |                       |                       |
| Payable within 1 year   | 426                   | 843                   |
| Payable within 2nd to fifth year  | 142                   | 618                   |
|   | <b>568</b>            | <b>1 461</b>          |

**15. Cash generated from operations**

|   | <b>2011<br/>R'000</b> | <b>2010<br/>R'000</b> |
|---|-----------------------|-----------------------|
| Surplus/(Deficit) for the year          | (24 390)              | -                     |
| <b>Adjustment for:</b>                  |                       |                       |
| Depreciation and amortisation           | 27 249                | 27 096                |
| Loss on sale of assets                  | 10 674                | 618                   |
| Interest received                       | (3 409)               | (2 887)               |
| Finance costs                           | 139                   | 125                   |
| Impairment losses                       | 990                   | 2 051                 |
| Movements in provisions                 | (3 555)               | 3 198                 |
| <b>Changes in working capital:</b>      |                       |                       |
| Inventories                             | ( 203)                | ( 201)                |
| Deferred revenue                        | (12 957)              | 8 352                 |
| Trade and other receivables             | (7 390)               | 14 578                |
| Trade and other payables and provisions | 5 990                 | (2 661)               |
|   | <b>(6 862)</b>        | <b>50 269</b>         |

**16. Contingent Liabilities**

The Department of Rural Development and Land Reform provides housing guarantees at R330 as at 31 March 2010 (2010: R388) to financial institutions, in the likely event of employees unable to honour their commitments to these institutions for the purchase of housing. A contingent liability is noted in respect of the ongoing dispute between Deeds Registration Trading Account (CRD) and Datacentrix (Pty) Ltd. The estimated cost which CRD should expend in the near future is R5 121.

The trading entity is currently investigating incorrect registration of a deeds. The investigation was not finalised as at the date of sign off of the annual financial statements. Although the amount cannot be quantified, the possibility of a litigation against the Entity exists. As such financial statements have not been adjusted to reflect this.



## 17. Related Parties

| Relationship                   | Department   | 2011<br>R'000 | 2010<br>R'000 |
|--------------------------------|--|---------------|---------------|
| National Departments           | Department of Rural Development and Land Reform<br>Department of Agriculture, Forestry & Fisheries<br>Department of Education<br>Department of Health<br>Department of Human Settlements<br>Department of Justice and Constitutional Development<br>Department of Minerals and Energy<br>Department of Provincial and Local Government<br>Department of Public Works<br>Department of Trade and Industry<br>Department of Transport<br>Department of Social Development<br>Department of Water Affairs<br>Government Printing<br>National Intelligence Agency<br>South African Police Services<br>South African Secret Service |               |               |
| Major National Public Entities | Statistics South Africa<br>Eskom<br>Industrial Development Corporation of South Africa<br>Land and Agricultural Bank of South Africa<br>South African Revenue Services<br>Telkom SA<br>Transnet<br>Auditor General of South Africa   |               |               |
| Other National Public Entities | Special Investigating Unit<br>State Information Technology Agency<br>South African Post Office<br>SA Heritage Resource Agency<br>SA National Biodiversity Institution  |               |               |

**Related Party Balances****Amounts included in Trade Receivables**

|  |  |       |       |
|--|--|-------|-------|
| Local authority                                      |  | 1 264 |       |
| Department of Rural Development and Land Reform      |  | 54    | 1 069 |
| Department of Provincial and Local Government        |  | 79    | 886   |
| Department of Human Settlements                      |  | 829   | 568   |
| Department of Public Works                           |  | 130   | 193   |
| Department of Justice and Constitutional Development |  | 42    | -     |
| Land and Agricultural Bank of South Africa           |  | 80    | 61    |
| Department of Agriculture, Forestry & Fisheries      |  | -     | 23    |
| Department of Water Affairs                          |  | 7     | 16    |
| South African Revenue Services                       |  | 1     | 8     |
| Department of Agriculture, Forestry & Fisheries      |  | -     | 3     |
| Department of Minerals and Energy                    |  | -     | 3     |
| Transnet   |  | 6     | 2     |
| Eskom  |  | -     | 1     |
| State Information Technology Agency                  |  | -     | -     |
| Department of Transport                              |  | 20    | -     |
| Department of Water Affairs                          |  | -     | -     |
| Department of Education                              |  | 1     | -     |
| Co-operative governance and traditional affairs      |  | -     | -     |
| South African Police Services                        |  | 6     | -     |
| Special Investigating Unit                           |  | 2     | -     |
| SA National Parks                                    |  | 1     | -     |
| South African Reserve Bank                           |  | -     | -     |
| Auditor General of South Africa                      |  | 120   | -     |
| SA Heritage Resource Agency                          |  | -     | -     |
| North West Housing Corporation                       |  | 3     | -     |



|   | 2011<br>R'000 | 2010<br>R'000 |
|---|---------------|---------------|
| <b>Amounts included in Trade Payables</b>   |               |               |
| Department of Public Works  | -             | (3 886)       |
| Department of Rural Development and Land Reform   | -             | ( 730)        |
| State Information Technology Agency   | -             | ( 504)        |
| Telkom SA   | -             | ( 159)        |
| South African Bureau of Standards   | -             | -             |
| Department of Public Works  | -             | -             |
| Department of Water Affairs   | -             | -             |
| South African Revenue Services  | -             | -             |
| Government Printing   | ( 50)         | -             |
| Department of Minerals and Energy   | ( 2)          | -             |
| <b>Rendering of Services to Related Parties</b>   |               |               |
| Local Authority   | (5 778)       | (8 286)       |
| Department of Rural Development and Land Reform   | (3 458)       | (3 438)       |
| Department of Provincial and Local Government   | (2 667)       | (2 177)       |
| Department of Human Settlements   | (1 668)       | (1 709)       |
| Department of Public Works  | ( 475)        | ( 536)        |
| Department of Justice and Constitutional Development  | ( 249)        | ( 390)        |
| Department of Water Affairs   | ( 323)        | ( 371)        |
| Department of Minerals and Energy   | ( 4)          | ( 186)        |
| Department of Transport   | ( 167)        | ( 80)         |
| Co-operative governance and traditional   | -             | -             |
| National Departments  | -             | ( 73)         |
| Transnet  | ( 46)         | ( 62)         |
| Department of Agriculture, Forestry & Fisheries   | ( 15)         | ( 16)         |
| Eskom   | ( 17)         | ( 8)          |
| South African Police Services   | ( 6)          | ( 4)          |
| SA National Parks   | ( 2)          | ( 2)          |
| South African Secret Service  | -             | ( 1)          |
| Department of Education   | -             | ( 1)          |
| South African Revenue Services  | -             | ( 1)          |
| Land and Agricultural Bank of South Africa  | ( 592)        | -             |
| Special Investigating Unit  | ( 3)          | -             |
| South African Reserve Bank  | -             | -             |
| Auditor General of South africa   | ( 120)        | -             |
| SA Heritage Resources agency  | ( 15)         | -             |
| SA National Biodiversity Institution  | ( 1)          | -             |
| North West Housing Corporation  | ( 3)          | -             |
| <b>Purchases of goods from related parties</b>  |               |               |
| State Information Technology Agency   | 25 185        | 23 542        |
| Department of Justice and Constitutional Development  | 19 270        | 18 101        |
| Department of health  | 6             | -             |
| Department of Land Affairs  | 5 242         | -             |
| Telkom SA   | 2 334         | 1 908         |
| South African Broadcasting Corporation  | 3             | 5             |
| South African Post Office   | -             | 5             |
| Department of Public works  | 12            | -             |
| EC Roads and Public works   | 4             | -             |
| Gauteng Provincial government   | 24            | -             |
| Government Printing   | 459           | -             |
| PALAMA  | 6             | -             |
| <b>Settlement of Liabilities on behalf of related parties</b>   |               |               |
| Department of Rural Development and Land Reform   | -             | 12 521        |
| Department of Social Development  | -             | 9             |
| Department of Home Affairs  | -             | 4             |
| Department of Provincial and Local Government   | -             | -             |
| <b>Remuneration paid to key management</b>  |               |               |
| Remuneration paid to key management during the year has been disclosed in the Annual Financial Statements of the Department of Rural Development and Land Reform. |               |               |



## 18. Comparative Figures

|   | 2011<br>R'000 | 2010<br>R'000 |
|---|---------------|---------------|
| Certain comparative figures have been reclassified. The effects of the reclassification are as follows: |               |               |
| <b>Statement of Financial Position</b>  |               |               |
| Provisions  | 13 544        | 18 227        |
| Accruals  | (13 544)      | (18 227)      |

## 19. Risk Management

The Trading Account Activity exposes it to currency risk, fair value interest rate risk, cash flow interest rate risk, credit risk and liquidity risk.

### Liquidity Risk

This risk is as a result of funds available to cover future commitments. The entity manages the liquidity risk through ongoing review of future commitments.

The table below analyses the Trading Account financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at reporting date to the contractual maturity date. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

|                          | Less than 1<br>year | 1 to 2 years | 2 to 5 years | Over 5 years |
|--------------------------|---------------------|--------------|--------------|--------------|
| <b>At 31 March 2011</b>  |                     |              |              |              |
| Trade and Other Payables | 21 660              |              |              |              |
| <b>At 31 March 2010</b>  |                     |              |              |              |
| Trade and Other Payables | 15 670              |              |              |              |

### Interest Rate Risk

The Trading Account has no significant interest bearing assets and the income and operating cash flows are substantially independent of changes in the market interest rates.

Deposits attract interest at rates that vary with prime. The Trading Account policy is to manage interest rate risk such that fluctuations in rate do not have a material impact on surplus or deficit. At year end, the financial instruments exposed to interest rate risk were balances with banks.

### Credit Risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The entity only deposits cash with a major bank with high quality credit standing and limits exposure to any one counter-party. Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis.

|  | 2011<br>R'000 | 2010<br>R'000 |
|--|---------------|---------------|
| Financial assets exposed to risk at year end included: |               |               |
| Deposits with Banks                                    | 56 512        | 64 895        |
| Trade Receivables (gross)                              | 47 563        | 40 647        |

## 20. Services in Kind

### Administrative Services in kind

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

Other Income on the Statement of Comprehensive Income includes a grant received from the Department of Rural Development and Land Reform of R19 million. This grant was given as re-imbusement for the E-Cadastre project. Another grant amount of R8.8 million was received to meet the salaries budget shortfall.

### Other Services in kind

The Department of Public Works provides accommodation for some of the Deeds Registries.

21. Irregular, fruitless and wasteful expenditure

|  | 2011<br>R'000 | 2010<br>R'000 |
|--|---------------|---------------|
| <b>Opening balance</b>   | -             | 972           |
| Add: Fruitless and wasteful expenditure - current year               | 4             | -             |
| Less: Fruitless and wasteful expenditure condoned                    |               | ( 972)        |
| Less: Transfers to receivables for recovery (amounts not condoned)   | -             | -             |
| Less Amounts not recoverable (not condoned)                          | -             | -             |
| <b>Fruitless and wasteful expenditure awaiting condonation</b>       | 4             | -             |
| Analysis of expenditure awaiting condonation per age classification: |               |               |
| Current year   | 4             | -             |
| Prior Years  | -             | 972           |
| <b>Total</b>   | 4             | 972           |

**Details of Fruitless and Wasteful Expenditure:**

The wasteful and fruitless expenditure accounted brought forward in 2009 was the interest paid to SARS for the late payment of PAYE. This was accounted for as an expense in 2008. This was condoned by the Accounting Officer during the current financial year. The current year irregular expenditure is a s a result of finance lease contracts not being renewed and there is continuous use of the assets. (Use of assets outside a contract).



## DETAILED STATEMENT OF COMPREHENSIVE INCOME

|  | Note | 2011<br>R'000   | 2010<br>R'000  |
|--|------|-----------------|----------------|
| <b>Revenue</b>   |      | <b>395 433</b>  | <b>353 946</b> |
| Registration of deeds and sale of information              |      | 350 533         | 301 558        |
| Other Income   |      | 672             | 261            |
| Grant from Department of Rural Development and Land Reform | 20   | 40 819          | 49 240         |
| Investment Revenue   | 11   | 3 409           | 2 887          |
| <b>Operating expenses</b>                                  |      | <b>419 684</b>  | <b>353 821</b> |
| Advertising  |      | 278             | 61             |
| Auditors remuneration                                      | 13   | 3 602           | 534            |
| Bad Debts  |      | 546             | 920            |
| Bank Charges   |      | 152             | 146            |
| Cleaning   |      | 4 025           | 3 611          |
| Consumables  |      | 125             | 170            |
| Depreciation, amortisation and impairments                 |      | 28 239          | 29 149         |
| Employee costs   |      | 257 984         | 222 619        |
| Entertainment  |      | 486             | 374            |
| IT Expenses  |      | 35 787          | 33 915         |
| Lease rental on operating lease                            |      | 3 109           | 8 036          |
| Legal expenses   |      | 11 673          | 19 260         |
| Loss on disposal of assets                                 |      | 10 674          | 618            |
| Other consulting and professional fees                     |      | 38 759          | 6 919          |
| Other expenses   |      | 123             | 336            |
| Printing and stationery                                    |      | 3 614           | 3 916          |
| Repairs and maintenance                                    |      | 7 833           | 10 284         |
| Security   |      | 2 582           | 3 312          |
| Staff welfare  |      | 33              | 7              |
| Subscriptions  |      | 901             | 708            |
| Telephone and fax  |      | 2 982           | 3 306          |
| Training   |      | 579             | 581            |
| Transport and freight                                      |      | 3 011           | 2 606          |
| Travel - local   |      | 2 587           | 2 433          |
| Finance Costs  | 12   | 139             | 125            |
| <b>Surplus/(Deficit) for the year</b>                      |      | <b>(24 390)</b> | <b>-</b>       |





# Part 3: Agricultural Land Holdings Account

DEPARTMENT OF RURAL DEVELOPMENT & LAND REFORM



## **Annual Financial Statements for the year ended 31 March 2011**





# Part 3: Agricultural Land Holdings Account

DEPARTMENT OF RURAL DEVELOPMENT & LAND REFORM

## Report of the Auditor-General

to Parliament on the Agricultural Land Holdings Account

### Report on the Financial Statements

#### Introduction

1. I have audited the accompanying financial statements of the Agricultural Land Holdings Account, which comprise the statement of financial position as at 31 March 2011, and the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 116 to 131.

#### Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor-General's responsibility

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996) and section 4 of the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with International Standards on Auditing and General Notice 1111 of 2010 issued in Government Gazette 33872 of 15 December 2010. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.



## Opinion

7. In my opinion, the financial statements of the Agricultural Land Holdings Account for the year ended 31 March 2011 are prepared, in all material respects, in accordance with the South African Statements of Generally Recognised Accounting Practice (SA Statements of GRAP) and in the manner required by the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

## Emphasis of matter

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

## Financial reporting framework

9. As disclosed in note 1.14 to the financial statements, the National Treasury approved the application of Directive 4: Transitional provisions for medium- and low-capacity municipalities, which granted the trading entity exemption from the measurement requirements of inventory for a period of three years beginning on 1 April 2009.

## Significant uncertainties

10. As disclosed in note 22 to the financial statements, the trading entity has applied to the National Treasury to retain its surplus funds. Approval of this request was uncertain at 31 March 2011

## Report on other legal and regulatory requirements

11. In accordance with the PAA and in terms of General Notice 1111 of 2010 issued in Government Gazette 33872 of 15 December 2010, I include below my findings on the annual performance report as set out on pages 116 to 130 and material non-compliance with laws and regulations applicable to the trading entity.

## Predetermined objectives

### Presentation of reported predetermined objectives

12. The strategic objectives, programme outputs, indicators and targets of the Agricultural Land Holdings Account are incorporated in the reported programme performance of the Department of Rural Development and Land Reform and are not separately identifiable from reported information under programme 5. As a result, findings relating to the audit of predetermined objectives are reported as part of the audit report on the Department of Rural Development and Land Reform.

## Compliance with laws and regulations

### Expenditure management

13. The accounting officer did not take effective and appropriate steps to prevent and detect irregular expenditure as per the requirements of section 38(1)(c)(ii) of the PFMA and Treasury Regulation (TR) 9.1.1.
14. The accounting officer did not take effective and appropriate steps to prevent fruitless and wasteful expenditure as per the requirements of section 38(1)(c)(ii) and (iii) of the PFMA and TR 9.1.1.

## Internal control

15. In accordance with the PAA and in terms of General Notice 1111 of 2010 issued in Government Gazette 33872 of 15 December 2010, I considered internal control relevant to my audit, but not for the purpose of expressing an opinion on the effectiveness of internal control. The matters reported below are limited to the significant deficiencies that resulted in the findings on the annual performance report and the findings on compliance with laws and regulations included in this report.

## Leadership

16. The accounting officer did not exercise oversight responsibility over compliance with laws and regulations and reporting relating to performance management.

## Other reports

### Investigations

17. An investigation was conducted by the internal auditors into alleged fraud and corruption relating to the certification of services rendered by a supplier while the services were not rendered. The case was handed over to the Special Investigations Unit of the National Treasury for further criminal investigation.

*Auditor-General*

Pretoria  
31 July 2011



## Statement of Financial Position

For the year ended 31 March 2011

|  | <i>Notes</i> | 2011<br>R'000    | 2010<br>R'000    |
|--|--------------|------------------|------------------|
| <b>ASSETS</b>  |              |                  |                  |
| <b>Current Assets</b>                                      |              |                  |                  |
| Cash and cash equivalents                                  | 2            | 259 377          | 511 370          |
| Trade and other receivables from exchange transactions     | 3            | 29 275           | 26 568           |
| Trade and other receivables from non exchange transactions | 4            | 105 005          | 42 899           |
| Inventories  | 5            | 4 315 093        | 3 216 912        |
| <b>TOTAL ASSETS</b>  |              | <b>4 708 750</b> | <b>3 797 749</b> |
| <b>LIABILITIES</b>   |              |                  |                  |
| <b>Current Liabilities</b>                                 |              |                  |                  |
| Trade and other payables from exchange transactions        | 6            | 14 317           | 37 926           |
| Trade and other payables from non exchange transactions    | 7            | -                | 80 003           |
| <b>TOTAL LIABILITIES</b>                                   |              | <b>14 317</b>    | <b>117 929</b>   |
| <b>NET ASSETS</b>  |              |                  |                  |
| Reserves   | 11           | -                | 2 637 823        |
| Accumulated surplus  |              | 4 694 433        | 1 041 997        |
| <b>Total Net Assets</b>                                    |              | <b>4 694 433</b> | <b>3 679 820</b> |
| <b>TOTAL NET ASSETS AND LIABILITIES</b>                    |              | <b>4 708 750</b> | <b>3 797 749</b> |

## Statement of Financial Performance

For the year ended 31 March 2011

|                                   | Notes | 2011<br>R'000    | 2010<br>R'000    |
|-----------------------------------|-------|------------------|------------------|
| <b>REVENUE</b>                    |       | <b>1 086 555</b> | <b>1 117 255</b> |
| <b>Non- exchange transactions</b> | 8     | <b>1 028 480</b> | <b>1 041 116</b> |
| - Grant Income Non exchange       |       | 1 028 480        | 1 041 116        |
| <b>Exchange transactions</b>      |       | <b>58 075</b>    | <b>76 139</b>    |
| - Rental Income                   |       | 35 458           | 32 263           |
| - Sale of farms                   |       | -                | 40 716           |
| - Interest                        |       | 22 617           | 3 160            |
| <b>EXPENDITURE</b>                |       | <b>(71 942)</b>  | <b>(75 258)</b>  |
| Cost of farms disposed            |       | -                | (40 716)         |
| Operating expenses                | 10    | (39 424)         | (10 621)         |
| Impairment of assets              |       | (32 473)         | (23 598)         |
| Finance costs                     | 9     | (45)             | (323)            |
| <b>Surplus for the year</b>       |       | <b>1 014 613</b> | <b>1 041 997</b> |



## Statement of Changes in Net Assets

For the year ended 31 March 2011

|  | <i>Note</i> | Non Distributable<br>Reserves<br>R'000 | Accumulated Surplus<br>R'000 | Total Net Assets<br>R'000 |
|--|-------------|--|------------------------------|---------------------------|
| Balance at 01 April 2009   |             | -                                      | -                            | -                         |
| Transfer of assets from Department: Rural<br>Development and Land Reform |             | 2 637 823                              | -                            | 2 637 823                 |
| Surplus for the year 2010  |             | -                                      | 1 041 997                    | 1 041 997                 |
| Balance at 01 April 2010   | 11          | <b>2 637 823</b>                       | <b>1 041 997</b>             | <b>3 679 820</b>          |
| Transfer to accumulated surplus  |             | (2 637 823)                            | 2 637 823                    | -                         |
| Surplus for the year 2011  |             | -                                      | 1 014 613                    | 1 014 613                 |
| <b>Balance at 31 March 2011</b>  |             | <b>-</b>                               | <b>4 694 433</b>             | <b>4 694 433</b>          |



## Cash Flow Statement

For the year ended 31 March 2011

|   | <i>Notes</i> | 2011<br>R'000      | 2010<br>R'000    |
|---|--------------|--------------------|------------------|
| <b>Cash flows from operating activities</b>                   |              |                    |                  |
| <b>Cash receipts</b>  |              |                    |                  |
| Sale of Goods and Other Services                              |              | 58 322             | 12 648*          |
| Grant Income  |              | 1 028 480          | 1 041 116 *      |
| Interest Income   |              | 19 901             | -                |
|   |              | <b>1 106 703</b>   | <b>1 053 764</b> |
| <b>Cash paid to suppliers and employees</b>                   |              |                    |                  |
| Suppliers and other   |              | (1 358 651)        | (542 059)*       |
| Interest paid   |              | (45)               | (335)*           |
|   |              | <b>(1 358 696)</b> | <b>(542 394)</b> |
| <b>Net (Decrease)/Increase cash from operating activities</b> | 12           | <b>(251 993)</b>   | <b>511 370</b>   |
| <b>Net (Decrease)/increase in cash and cash equivalents</b>   |              |                    |                  |
| Cash at the beginning of the year                             |              | 511 370            | -                |
| <b>Total cash at end of the year</b>                          | 2            | <b>259 377</b>     | <b>511 370</b>   |

\* These receipts and payment were done by the department on behalf of the entity, except for receipts of R511 370 318 received directly by the entity.





# Notes to the Annual Financial Statements

For the year ended 31 March 2011

## 1. Presentation of Annual Financial Statements

### Basis of Preparation:

The annual financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practices (GRAP), and the effective interpretations issued by the Accounting Standards Board ("ASB").

A summary of the significant accounting policies, which have been applied, are disclosed below.

In the absence of a GRAP standard, the GRAP hierarchy in GRAP 3 Accounting policies, changes in accounting estimates and errors is used to develop an appropriate accounting policy. In terms of GRAP 3, judgment must be used when developing an accounting policy. In applying judgment, Directive 5 – The GRAP Reporting Framework is based on the hierarchy outlined in paragraph .12 of the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors. Paragraph .12 states that, in the absence of a Standard of GRAP dealing with a particular transaction or event, the pronouncements of the following standard setters should be used, in descending order, to develop an appropriate accounting policy. However, this should only be done to the extent that the requirements are not in conflict with the Standards of GRAP or the Framework for the Preparation and Presentation of Financial Statements:

- (a) International Public Sector Accounting Standards Board (IPSASB).
- (b) International Accounting Standards Board (IASB), Framework for the Preparation and Presentation of Financial Statements.
- (c) Accounting Practices Board (APB).
- (d) Accounting Practices Committee (APC) of the South African Institute of Chartered Accountants (SAICA).

Where a Standard of GRAP has been issued, but is not yet in effect, an entity may select to apply the principles established in that Standard in developing an appropriate accounting policy dealing with a particular transaction or event before applying paragraph .12 of the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

An entity first adopts the Standard of GRAP before it applies the related Interpretation of the Standards of GRAP. Judgment has been applied when developing an accounting policy for government grants and for accounting for the transfer of assets since there are no effective GRAP standards that provide guidance on the accounting treatment relating to these items. The Trading Entity's policies, so determined, are as far as possible based on approved GRAP Standards where these are available. The accounting policies in relation to these are summarised below.

### 1.1. Significant judgments and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgment is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgments include:

#### Inventories

Management has applied professional judgement in the classification of farms and related assets as inventory and believes that this best reflects the current approved strategy in respect of how these assets will be used to achieve land reform objectives. There is a currently some uncertainty as to whether this strategy will change in the near future from one of buying and selling farming assets to one of leasing out assets without the concomitant transfer of ownership. In 2011, a portion of inventory was leased out to pilot the alternative strategy prior to reaching a final decision in this regard. No other significant transactions in respect of selling or leasing land took place during the current year. Until such time as a final decision has been reached and approved on the strategy, management continues to classify the farming assets as inventory to be sold during the normal course of the entity's business."

The assets transferred from the Department have been treated in accordance with policy set out in 1.9 below. Professional judgment was required to determine the most appropriate policy to be used in the absence of guidance in terms of GRAP at the time of the transfer, but the appropriateness of the resulting accounting treatment that was applied in the prior year has subsequently been confirmed by the publication of GRAP 105 on Transfers of Functions between Entities Under Common Control.

#### Trade receivables

The trading entity assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the trading entity makes judgments as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

#### Fair value estimation

The carrying value less impairment provision of trade receivables and payables approximate their fair values.

## Impairment testing

The trading entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. All non financial assets were assessed for impairment at the end of the financial year. An impairment write-down was not required.

## Biological Assets

The entity recognises expenditure on biological assets as an expense in the statement of financial performance where it is not probable that future economic benefits associated with Biological Assets will flow to the entity. This is because it is difficult for the trading entity to demonstrate ongoing control of these assets after they have been placed in the custody of the beneficiary / farmer.

## 1.2. Revenue

### Revenue from non-exchange transactions:

Revenue from non-exchange transactions refers to transactions where the trading entity received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

### Revenue from exchange transactions:

Revenue from exchange transactions is measured at the fair value of the consideration received or receivable taking into account the amount of any discounts allowed by the entity, for goods and services provided in the normal course of business.

Revenue from the sale of farms is recognised when all the following conditions have been satisfied:

- (a) The entity has transferred to the purchaser the significant risks and rewards of ownership of the goods.
- (b) The entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- (c) The amount of revenue can be measured reliably.
- (d) It is probable that the economic benefits or service potential associated with the transaction will flow to the entity.
- (e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Rental revenue arising from operating leases is accounted for on a straight line basis over the lease terms.

Government grant revenue is accounted as per Accounting Policy Note 1.3

## 1.3. Government Grants

The transfer from the Department of Rural Development and Land Reform is recognised when it is appropriated and probable that future economic benefits will flow to the entity and when the amount can be measured reliably. A transfer is recognised as revenue to the extent that there is no further obligation arising from the receipt of the transfer payment.

## 1.4. Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

### Operating leases – lessor

Operating lease income is recognised as income on a straight-line basis over the lease term.

Income for leases is disclosed under revenue in surplus or deficit.

### Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset (liability). This asset (liability) is not discounted.

Any contingent rents are expensed in the period they are incurred.

## 1.5. Inventories

As explained in further detail in note 1.14, the Trading Entity is currently not required to comply with the measurement requirements of GRAP 12 Inventories because of the application of approved transitional provisions. However, as the Trading Entity progresses towards full compliance with the Standard, the following accounting policy will apply:

Inventories are measured at the lower of cost and current replacement cost where they are held for:

- (a) distribution at no charge or for a nominal charge, or
- (b) consumption in the production process of goods to be distributed at no charge or for a nominal charge.

All other inventory is measured at the lower of cost and net realisable value. Current replacement cost is the cost the entity would incur to acquire the asset on the reporting date.



The cost of inventories comprises of all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Agricultural land, farm infrastructure, intangible assets, farm equipment and other farming vehicles that meet the definition of Inventory as per GRAP 12 are classified as inventory.

## 1.6. Financial Instruments

### Classification

The trading entity classifies financial assets and financial liabilities into the following categories:

- Loans and receivables
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re assessed on an annual basis, except for derivatives and financial assets designated as at fair value through surplus or deficit, which shall not be classified out of the fair value through surplus or deficit category.

### Initial recognition and measurement

Financial instruments are recognised initially when the trading entity becomes a party to the contractual provisions of the instruments.

The trading entity classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

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

### Subsequent measurement

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

### Impairment of financial assets

At each reporting date the trading entity assesses all financial assets, other than those at fair value through surplus or deficit, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the trading entity, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

Impairment deficits are recognised in surplus or deficit.

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

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

### Inter departmental receivable

Inter departmental receivables are classified as loans and receivables.

### Inter departmental payables

Inter departmental payables are classified as financial liabilities measured at amortised cost.

Inter departmental receivables and payables occur between the Department of Rural Development and Land Reform and the trading entity.

### Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured at the sum of 25% of trade receivables outstanding for over 3 6 months, 50% of trade receivables outstanding for over 6 12 months and 75% of trade receivables outstanding for more than 12 months. The allowance is determined on a portfolio basis for debtors grouped into similar risk categories. Individual debtors that have been specifically identified as possibly being impaired are removed from the portfolio of debtors and tested for impairment individually.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the deficit is recognised in surplus or deficit within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in surplus or deficit.

Trade and other receivables are classified as loans and receivables.

### Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and are subject to an insignificant risk of changes in value. These are classified as loans receivables.

#### 1.7. Services in kind

The trading entity does not recognise services in kind as revenue. Services in kind are disclosed under related parties.

#### 1.8. Public Sector Practices and Policies: Inter relationship with national government

The Agricultural Land Holdings Account operates as a trading entity under the administration of the Department: Rural Development and Land Reform. Policies and procedures applicable to the Department: Rural Development and Land Reform are applicable except where accounting policies of the trading entity state otherwise.

#### 1.9. Transfer of Assets from the Department

The transfer of the assets from the Department to the trading entity has been treated in accordance with the principles established in the new, not-yet-effective Standard of GRAP on Transfers of Functions Between Entities Under Common Control (GRAP 105). Although not early adopted, this standard provides adequate guidance on determining the recognition and measurement principles for assets transferred from the Department. Assets transferred in terms of a transfer of functions between entities under common control are brought in at their carrying amounts, rather than fair value. The carrying amounts of the assets in question approximate the carrying value that would have been determined had the Department been applying GRAP on the date of transfer. Although the source of guidance used in arriving at this treatment has been updated since the prior year, the resulting treatment remains unchanged and therefore is not considered to represent a change in accounting policy.

#### 1.10. Commitments

No provision is made for projects approved for recapitalisations at year-end, unless the service in terms of the contract has been delivered or the contract is of an onerous nature. Where a project has been approved, but has not been accrued for or provided for, it is disclosed as commitments in the notes to the financial statements.

#### 1.11. Irregular, Fruitless and Wasteful Expenditure

Irregular expenditure means expenditure, other than unauthorized expenditure, incurred in contravention of, or that is not in accordance with a requirement of any applicable legislation, including:

- The PFMA, or
- The state Tender Board Act, 1968 (act No.88 Of 1986), or any regulations made in terms of that Act; or
- Any national legislation providing for procurement in the National Government.

Fruitless and wasteful expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised. Any irregular, fruitless and wasteful expenditure is charged against surplus or deficit in the period in which it is incurred.

#### 1.12. Unauthorised Expenditure" means

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, trading entity or organ of state and expenditure in the form of a grant that is not permitted in terms of the Public Finance Management Act (No.1 of 1999 as amended by Act 29 of 1999). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

#### 1.13. Other non financial receivables

Other non financial receivables consist of transfer payment to strategic partners for recapitalisation of PLAS' farms, are recognised as prepayment and expended when a report is received from the strategic partner outlining how the funds were utilised.



#### 1.14. Transitional Provisions

On first time adoption of GRAP in the prior period, based on the advice and approval of the Office of the Accountant General, the Trading Entity applied Directive 4: Transitional Provisions for medium and low capacity municipalities as issued by the Accounting Standards Board (ASB). The Directive is applied to account for assets and liabilities acquired prior to adoption of the Standards of GRAP.

##### Classes of Assets Affected :

##### Inventory

According to Directive 4, inventories that were acquired prior to first-time adoption of the Standard of GRAP on Inventories (GRAP 12) are exempt from the measurement requirements of that Standard during the three year measurement period, starting from the date of first time adoption of the Standard. The entity is therefore not required to measure those inventories for a period of three years beginning on 1 April 2009. It is envisaged by the Trading entity that full compliance with GRAP 12 will be achieved at the latest on 31 March 2012. Notwithstanding the transitional provisions, the entity will endeavor to comply with the Standard of GRAP on Inventories as soon as possible. Although the effect of this transitional provision is that inventories are not currently required to be measured at the lower of cost and net realisable value during the measurement period, the Trading Entity has taken steps in the current year to consider possible impairments of inventory and, where possible, adjusted for the effects thereof.

#### 1.15. EFFECT OF NEW STANDARDS OF GRAP AND INTERPRETATIONS

##### 1.15.1 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The following approved Standards of GRAP that are not yet effective are not likely to affect the annual financial statements when they are adopted as these standards have been used to formulate the current accounting policies and disclosures.

##### GRAP 18 Segment Reporting:

Requires additional disclosures on the various segments of the business in a manner that is consistent with the information reported internally to management of the entity. The precise impact of this on the financial statements of the Trading Entity is still being assessed. This standard does not yet have an effective date.

##### GRAP 21 – Impairment of Non-Cash Generating Assets

This standard becomes effective for years beginning on or after 1 April 2012. It determines the requirements and provides additional guidance on how to impair non-cash generating assets, being assets that are not held to generate any sort of commercial benefit. In particular, it provides guidance on how to determine an assets recoverable service amount in the absence of any future cash flows. Since the Trading Entity does not currently hold any such assets, this is expected to have a limited impact on the financial statements.

##### GRAP 23 – Revenue from Non-Exchange Transactions

This standard becomes effective for years beginning on or after 1 April 2012. It determines the requirements and provides additional guidance on how to account for revenue from non-exchange transactions. The key principles established by this standard have already been utilized to develop appropriate accounting policies and therefore it is not expected to have a significant impact on the financial statements when it becomes effective.

##### GRAP 24 – Presentation of Budget Information in the Annual Financial Statements

This standard becomes effective for years beginning on or after 1 April 2012. It determines the specific requirements and provides additional guidance on how to present a comparison between budgeted and actual amounts in the financial statements, as required by GRAP 1. This is expected to increase the level of disclosures currently being provided in terms of the interim guidance from the Accountant General's Office.

##### GRAP 25 – Employee Benefits

Similar requirements to those in terms of IAS 19: Employee Benefits. Since IAS 19 has been applied in prior years, no significant impact on the financial statements of the Trading Entity is expected. This standard does not yet have an effective date.

##### GRAP 26 – Impairment of cash-generating assets

This standard becomes effective for years beginning on or after 1 April 2012. It determines the requirements and provides additional guidance on how to impair cash generating assets, being assets that are expected to generate some sort of commercial benefit. The standard requires a similar treatment to that currently required by IAS 36, the principles of which have already been incorporated into the accounting policies of the Trading Entity in the prior year. As a result, the impact of this standard becoming effective is expected to be limited.

##### GRAP 104 – Financial Instruments

This standard will introduce some relatively significant changes when compared to IAS 39, especially in the way financial assets are classified and treated. However, the impact on the Trading Entity's financial statements is not expected to be significant and is still being assessed. This standard does not yet have an effective date.

##### GRAP 105 – Transfer of Function Between Entities Under common Control

This standard provides the accounting treatment for transfers of functions between entities under common control and has already been referred to in developing an appropriate accounting policy for the treatment of the assets transferred to the Trading Entity from the Department.

**GRAP 106 – Transfer of Function Between Entities Not Under common Control**

This standard deals with other transfers of functions and requires the entity to measure transferred assets and liabilities at fair value. It is unlikely that the Trading Entity will enter into any such transactions in the foreseeable future.

**GRAP 107 – Mergers**

This standard deals with requirements for accounting for a merger between two or more entities, and is unlikely to have an impact on the financial statements of the Trading Entity in the foreseeable future.

This revised standard will have an impact on the trading entity but this impact is not yet known.

**The following interpretations have also been issued and are expected to have an insignificant impact on the financial statements, since they generally reflect the interpretations and principles already established under IFRS. Apart from the interpretations relating to leases, it is unlikely that the Trading Entity will encounter any of these issues in the normal course of its business.**

**Preface to Interpretations of the Standards of GRAP**

- IGRAP1 - Applying the Probability Test on Initial Recognition of Exchange Revenue.
- IGRAP2 - Changes in Existing Decommissioning Restoration and Similar Liabilities.
- IGRAP3 - Determining Whether an Arrangement Contains a Lease.
- IGRAP4 - Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds.
- IGRAP5 - Applying the Restatement Approach under the Standard of GRAP on Financial Reporting in Hyperinflationary Economies.
- IGRAP6 - Loyalty Programmes.
- IGRAP7 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.
- IGRAP8 - Agreements for the Construction of Assets from Exchange Transactions.
- IGRAP9 - Distributions of Non-cash Assets to Owners.
- IGRAP10 - Assets Received from Customers.
- IGRAP11 - Consolidation - Special Purpose Entities.
- IGRAP12 - Jointly Controlled Entities - Non-Monetary Contributions by Venturers.
- IGRAP13 - Operating Leases – Incentives.
- IGRAP14 - Evaluating the Substance of Transactions Involving the Legal Form of a Lease
- IGRAP15 - Revenue - Barter Transactions Involving Advertising Services.

The above standards are effective for year ends beginning on or after 01 April 2011 except for GRAP 104, which has no pronounced date.



## Notes to the Annual Financial Statements

For the year ended 31 March 2011

### 2. CASH AND CASH EQUIVALENTS

|                                       | 2011<br>R'000  | 2010<br>R'000  |
|---------------------------------------|----------------|----------------|
| Cash and cash equivalents consist of: |                |                |
| Cash at bank                          | <u>259 377</u> | <u>511 370</u> |

Cash and deposits are held with a registered banking institution which is subjected to insignificant credit risk. The maximum exposure to credit risk at balance sheet date is the fair value of cash and cash equivalents mentioned above.

### 3. TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS

|                             |                      |                      |
|-----------------------------|----------------------|----------------------|
| Operating lease receivables | 28 902               | 25 630               |
| Deferred lease assets       | <u>373</u>           | <u>938</u>           |
|                             | <b><u>29 275</u></b> | <b><u>26 568</u></b> |

#### Credit quality of trade and other receivables

The carrying value of operating lease receivables of R28 902 (R25 630, 2010), is stated after an allowance for impairment of R42 701 (R23 598, 2010) and gross operating lease receivables value of R 71 603 (R49 228, 2010). The allowance for impairment of operating lease receivables is determined from the age analysis of operating lease receivables that are overdue for 90 days and more. The prospects of recovery are however assessed per individual account.

Trade and other receivables past due but not impaired

Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 31 March 2011, R28 902 (R25 630, 2010), were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

|                    |                      |                      |
|--------------------|----------------------|----------------------|
| Less than 3 months | 7 012                | 9 439                |
| 3 - 6 months       | 4 583                | 4 989                |
| 6 - 12 months      | 5 450                | 5 836                |
| Over 12 months     | <u>11 857</u>        | <u>5 366</u>         |
|                    | <b><u>28 902</u></b> | <b><u>25 630</u></b> |

Trade and other receivables impaired

The amount of the allowance is R42 701 as of 31 March 2011, and R23 598 as of 31 March 2010.

The ageing of the allowance is as follows:

|                       |               |               |
|-----------------------|---------------|---------------|
| 3 to 6 months         | 1 517         | 1 664         |
| Greater Than 6 months | <u>41 184</u> | <u>21 934</u> |

### 4. OTHER RECEIVABLES FROM NON EXCHANGE TRANSACTIONS

|   |                       |                      |
|---|-----------------------|----------------------|
| Department: Rural Development and Land Reform: Receivables* | 181                   | 42 899               |
| Deferred/prepaid expenses                                   | <u>104 824</u>        | <u>-</u>             |
|   | <b><u>105 005</u></b> | <b><u>42 899</u></b> |

\* The Inter departmental receivables relate to amounts collected on behalf of the Trading entity by the Department: Rural Development and Land Reform and not yet transferred at year end.

| <b>5. INVENTORIES</b>              | <b>2011<br/>R'000</b>   | <b>2010<br/>R'000</b>   |
|------------------------------------|-------------------------|-------------------------|
| Opening balance                    | 3 216 912               | -                       |
| Adjustments                        | (1 148)                 | -                       |
| Addition done during the year      | 1 110 789               | 3 216 912               |
| Impairment to Net Releasable Value | (12 610)*               | -                       |
| Work in progress                   | 1 150                   | -                       |
| Closing Balance                    | <u><u>4 315 093</u></u> | <u><u>3 216 912</u></u> |

As explained in the Accounting Policy Note 1.14, the Trading Entity is not required to comply with the measurement requirements of GRAP 12: Inventories during the measurement period stipulated in the transitional provisions set out in ASB Directive 4. The provisional amounts reported in this note represent the best historical cost information available to the entity at this stage, and the effect of any known impairments. The Trading Entity expects to be in full compliance with the measurement requirements of GRAP 12 by 31 March 2012.

\* Inventories written off relate to known instances where assets were damaged and stolen.

#### **6. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS**

|                                    |                      |                      |
|------------------------------------|----------------------|----------------------|
| Accrued expenses                   | 10 071               | 34 577               |
| Lease payments received in advance | <u>4 246</u>         | <u>3 349</u>         |
|                                    | <u><u>14 317</u></u> | <u><u>37 926</u></u> |

#### **7. OTHER PAYABLES FROM NON EXCHANGE TRANSACTIONS**

|  |          |                 |
|--|----------|-----------------|
| Department: Rural Development and Land Reform: Payables* | <u>-</u> | <u>(80 003)</u> |
|--|----------|-----------------|

The Inter departmental payables relates to payments made on behalf of the trading entity by the Department: Rural Development and Land Reform and not yet transferred at year end

#### **8. REVENUE: NON-EXCHANGE**

|              |                         |                         |
|--------------|-------------------------|-------------------------|
| Grant Income | <u><u>1 028 480</u></u> | <u><u>1 041 116</u></u> |
|--------------|-------------------------|-------------------------|

The grant was received from the Department: Rural Development and Land Reform for the purposes of executing the Proactive Land Acquisition Strategy.

#### **9. FINANCE COSTS**

|   |                  |                   |
|---|------------------|-------------------|
| Interest paid for late payment to conveyors | <u><u>45</u></u> | <u><u>323</u></u> |
|---|------------------|-------------------|

#### **10. GOODS AND SERVICES/OPERATING EXPENSES**

|  |                      |                      |
|--|----------------------|----------------------|
| Administrative expenses                          | 25                   | -                    |
| Assets expensed below capitalization threshold   | 995                  | -                    |
| Consultants, contractors and outsourced services | 11 118               | 6 514                |
| Courier and delivery services                    | 65                   | -                    |
| Maintenance and Repair costs                     | 3 797                | 1 109                |
| Training and Skills Development                  | 1 385                | 0                    |
| Other operating expenses                         | <u>22 039</u>        | <u>2 998</u>         |
|  | <u><u>39 424</u></u> | <u><u>10 621</u></u> |



| 11. RESERVES                           | 2011<br>R'000 | 2010<br>R'000    |
|--|---------------|------------------|
| Opening Balance                        | 2 637 823     | -                |
| Assets transferred from the department | -             | 2 637 823        |
| Transfer to Accumulated Surplus        | (2 637 823)   | -                |
|  | <u>-</u>      | <u>2 637 823</u> |

The reserves were transferred from the reserve account to the accumulated surplus account in accordance with GRAP 105: Transfer of function for entities under common control.

12. CASH GENERATED FROM OPERATIONS

|   |                  |                |
|---|------------------|----------------|
| Surplus for the period  | 1 014 613        | 1 041 996      |
| <b>Non Cash Movements:</b>  |                  |                |
| Increase in provision for bad debts   | 19 580           | -              |
| Write-off of inventory to net realisable value                                | 12 610           | -              |
| Transfer of assets  | -                | 2 637 823      |
| Increase: Inventories   | (1 110 791)      | (3 216 912)    |
| Increase: Trade and other receivables from exchange transactions              | (22 287)         | (26 567)       |
| Decrease/Increase: Trade and other receivables from non exchange transactions | (62 106)         | (42 899)       |
| Decrease/Increase: Trade and other payables from exchange transactions        | (23 609)         | 37 926         |
| Decrease/Increase: Trade and other payables from non exchange transactions    | (80 003)         | 80 003         |
| <b>Net cash (outflow)/inflow generated from operating activities</b>          | <u>(251 993)</u> | <u>511 370</u> |

13. FINANCIAL ASSETS BY CATEGORY

The accounting policies for financial instruments have been applied to the line items below:

| 2011   | Loans and receivables | Total          |
|--|-----------------------|----------------|
| Cash and cash equivalents                                  | 259 377               | 259 377        |
| Trade and other receivables from exchange transactions     | 29 275                | 29 275         |
| Trade and other receivables from non exchange transactions | 105 005               | 105 005        |
|  | <u>393 657</u>        | <u>393 657</u> |

The accounting policies for financial instruments have been applied to the line items below:

| 2010   | Loans and receivables | Total          |
|--|-----------------------|----------------|
| Cash and cash equivalents                                  | 511 370               | 511 370        |
| Trade and other receivables from exchange transactions     | 25 629                | 25 629         |
| Trade and other receivables from non exchange transactions | 42 899                | 42 899         |
|  | <u>579 898</u>        | <u>579 898</u> |

14. FINANCIAL LIABILITIES BY CATEGORY

The accounting policies for financial instruments have been applied to the line items below:

| 2011                     | Financial liabilities at<br>amortised cost | Total         |
|--------------------------|--|---------------|
| Trade and other payables | 14 317                                     | 14 317        |
|                          | <u>14 317</u>                              | <u>14 317</u> |

The accounting policies for financial instruments have been applied to the line items below:

| 2010  | Financial liabilities at<br>amortised cost | Total          |
|---|--|----------------|
| Trade and other payables from exchange transactions     | 37 926                                     | 37 926         |
| Trade and other payables from non exchange transactions | 80 003                                     | 80 003         |
|   | <u>117 929</u>                             | <u>117 929</u> |



**15. RELATED PARTIES****Relationships**

Controlling state entity: Department: Rural Development and Land Reform

The trading entity is a related party to other state departments and other state owned entities. The trading entity does not separately disclose related parties unless there are transactions or balances between the trading entity and the related parties.

|   | 2011<br>R'000 | 2010<br>R'000 |
|---|---------------|---------------|
| <b>Related party balances</b>                               |               |               |
| <b>Inter departmental receivables /(payables)</b>           |               |               |
| Department : Rural Development and Land Reform: Receivables | 181           | 42 899        |
| Department : Rural Development and Land Reform: Payables    | -             | (80 003)      |
| <b>Related party transactions</b>                           |               |               |
| <b>Grant Received</b>                                       |               |               |
| Department: Rural Development and Land Reform               | 1 028 480     | 1 041 116     |
| <b>Assets transferred for no consideration</b>              |               |               |
| Inventory   | -             | 2 630 371     |
| Account Receivables   | -             | 25 662        |
| Biological assets impaired included in the above inventory  | -             | (18 210)      |

No executive emoluments are paid by the entity, as they are remunerated by the Department of Rural Development & Land Reform.

The Department: Rural Development and Land Reform also provides administrative services to the trading entity at no cost. These are not accounted for but disclosed as services in kind. Refer to note 19.

**16. RISK MANAGEMENT****Financial risk management**

The trading entity's activities expose it to a variety of financial risks, credit risk and liquidity risk.

The trading entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the trading entity's financial performance. Risk management is carried out by a management committee of the department under the risk management framework approved by the Audit Committee

**Liquidity risk**

The table below analyses the trading entity's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

|   | Less than 3 Months | Between 3 and 6 months | Between 6 months & less than 1 year |   |
|---|--------------------|------------------------|-------------------------------------|---|
| <b>At 31 March 2011</b>                                 |                    |                        |                                     |   |
| Trade and other payables from exchange transactions     | 14 317             | -                      | -                                   | - |
| <b>At 31 March 2010</b>                                 |                    |                        |                                     |   |
| Trade and other payables from exchange transactions     | 37 926             | -                      | -                                   | - |
| Trade and other payables from non exchange transactions | 80 003             | -                      | -                                   | - |
|   | <u>117 929</u>     | -                      | -                                   | - |

**Interest rate risk**

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

All interest accrued is transferred to the National Revenue Fund.

**Credit risk**

Credit risk consists mainly of cash deposits, cash equivalents, and trade receivables. The trading entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter party.

|   | 2011<br>R'000  | 2010<br>R'000  |
|---|----------------|----------------|
| <b>Financial assets exposed to credit risk at year end were as follows:</b> |                |                |
| <b>Financial instrument</b>   |                |                |
| Cash and cash equivalents   | 259 377        | 511 370        |
| Trade and other receivables from exchange transactions                      | 29 275         | 25 629         |
| Trade and other receivables from non exchange transactions                  | 105 005        | 42 899         |
|   | <u>393 657</u> | <u>579 898</u> |

**17. RECONCILIATION OF BUDGET SURPLUS/(DEFICIT) STATEMENT OF FINANCIAL PERFORMANCE**

|   |                       |                       |
|---|-----------------------|-----------------------|
| <b>Net surplus per statement of financial performance</b> | <b>1 014 613</b>      | <b>1 041 997</b>      |
| <b>Adjusted for:</b>                                      |                       |                       |
| Surplus funds rolled-over                                 | 511 370               | -                     |
| Total expenditure per budget                              | (1 361 084)           | (530 626)             |
| Impairment of assets                                      | 32 633                | -                     |
| Other movement  | (18 767)              | -                     |
| <b>Net surplus per approved budget</b>                    | <b><u>178 765</u></b> | <b><u>511 370</u></b> |

**18. GOING CONCERN**

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

**19. SERVICES IN KIND**

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

**20. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE**

|   |           |            |
|---|-----------|------------|
| <b>Fruitless and Wasteful Expenditure</b> |           |            |
| Finance and legal Costs                   | <u>83</u> | <u>771</u> |

**Finance Costs:**

The expenditure relates to interest paid on late payment of legal fees on land transferred. The reasons for the wasteful expenditure are still under investigation and should the expenditure be deemed recoverable, this amount will be recorded as an asset in the statement of financial position.

**21. FUTURE MINIMUM LEASE PAYMENTS**

|                                       |               |               |
|---------------------------------------|---------------|---------------|
| Operating leases – as lessor (income) |               |               |
| Minimum lease payments due            |               |               |
| - within one year                     | 20 718        | 23 158        |
| - in second to fifth year inclusive   | 36 089        | 18 256        |
| - later than five years               | -             | 283           |
|                                       | <u>56 807</u> | <u>41 697</u> |

The trading entity has entered into lease agreements with identified beneficiaries for the lease of farms. The duration of the lease agreements are for periods between one to five years. Lease agreements contain escalation clauses of between 5% and 16% per annum.



**22. COMMITMENTS AND CONTINGENCIES**

|   | <b>2011</b>           | <b>2010</b>           |
|---|-----------------------|-----------------------|
|   | <b>R'000</b>          | <b>R'000</b>          |
| The trading entity has the following committed as at 31 March 2011. |                       |                       |
| Strategic partners/Recapitalisation projects                        | 125 003               | 193 959               |
| WIP/Recapitalisations   | 1 051                 | -                     |
| Guarantees Land purchases   | 41 205                | -                     |
| Project Management  | 96 870                | -                     |
| Land Bank   | <u>208 000</u>        | <u>208 000</u>        |
|   | <b><u>472 130</u></b> | <b><u>401 959</u></b> |

The trading entity has generated a net surplus of R1 014 613 000 for the financial year 2010/11 representing the net assets values of the assets of the entity. The net cash on hand is R259 376 701. The trading entity prepares its financial statement on accrual basis of accounting, therefore the surplus generated does not necessarily represents excess funds or unspent funds as were on cash basis of accounting.

National Treasury's approval has been sought to retain the surplus funds in order to complete projects in progress/farm's capital development.

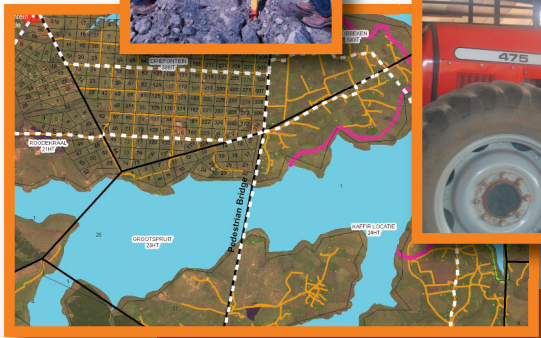
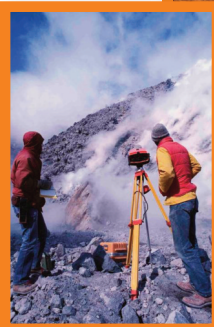
**23. COMPARATIVES FIGURES**

The comparatives information has been reorganized from previous year reported information to comply with reporting requirements (GRAP 101).



# Part 4

## human resource management



DEPARTMENT OF RURAL DEVELOPMENT & LAND REFORM





# Part 4: Human Resource Management

DEPARTMENT OF RURAL DEVELOPMENT & LAND REFORM

## Oversight Report

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Table 52: Report on consultant appointments using appropriated funds

# Service Delivery

The department developed a Service Delivery Improvement (SDI) Plan in conjunction with its Strategic Plan, as well as an Operational Plan. The following tables reflect the components of the SDI Plan as well as the progress made in the implementation of the plan.

**Table 1: Main Services Provided and Standards**

| Main services  | Actual customers   | Potential customers  | Standard of service  | Actual achievement against standards  |
|--|--|--|--|---|
| 1. Recapitalisation and development of farms in distress, acquired since 1994.   | <ul style="list-style-type: none"> <li>Land Reform beneficiaries.</li> <li>Mentors.</li> <li>Strategic partners.</li> <li>Service providers.</li> </ul>  | <ul style="list-style-type: none"> <li>Land Reform beneficiaries.</li> <li>Mentors.</li> <li>Strategic partners.</li> <li>Service providers.</li> </ul>  | <ul style="list-style-type: none"> <li>504 farms.</li> </ul>   | <ul style="list-style-type: none"> <li>82 % (411) farms were serviced.</li> </ul>   |
| 2. Provision of grants to facilitate access to land.   | <ul style="list-style-type: none"> <li>Land and tenure insecure individuals and communities .</li> <li>Land and tenure insecure communities.</li> <li>Persons/communities disposed of land rights.</li> <li>All spheres of government.</li> <li>Users of spatial information.</li> <li>Users of deeds registries (land owners).</li> </ul> | <ul style="list-style-type: none"> <li>Land and tenure insecure individuals.</li> <li>Land and tenure insecure communities.</li> <li>Persons/communities disposed of land rights.</li> <li>Aspirant/emerging black farmers.</li> <li>All spheres of government.</li> <li>Users of deeds registries (land owners).</li> </ul> | <ul style="list-style-type: none"> <li>The original target of 283, 592.0000 hectares was revised due to the transfer of R2 billion to Restitution.</li> <li>The revised and agreed target was 162 892 000 hectares.</li> </ul>   | <ul style="list-style-type: none"> <li>Target exceeded – 327,493.8873 hectares were delivered to LRAD &amp; PLAS beneficiaries. (51 097 1980 hectares were delivered to LRAD and the remainder to PLAS beneficiaries).</li> </ul>   |
| 3. Settlement of land restitution claims.  | <ul style="list-style-type: none"> <li>Restitution claimants.</li> </ul>   | <ul style="list-style-type: none"> <li>Land owners.</li> <li>Development agents.</li> </ul>  | <ul style="list-style-type: none"> <li>60 claims settled.</li> </ul>   | <ul style="list-style-type: none"> <li>Target exceeded – 457 claims settled and 124 507 hectares restored.</li> </ul>   |
| 4. Production and supply of maps (topographic, ortho-photos and aeronautic charts) aerial photographs and digital topographic information. | <ul style="list-style-type: none"> <li>DRDLR.</li> <li>Public sector.</li> <li>Aeronautic industry.</li> <li>Private sector.</li> <li>Individual clients.</li> </ul>   | <ul style="list-style-type: none"> <li>NGOs.</li> <li>Community leaders.</li> <li>Educators.</li> </ul>  | <ul style="list-style-type: none"> <li>1 650 maps to be produced and supplied in accordance with standards and specifications within 12 months of date of imaging.</li> <li>The turnaround time for maps and charts directly of the shelf will be one working day upon receipt of payment.</li> <li>Digital products will be dispatched within three working days after receipt of payment.</li> </ul> | <ul style="list-style-type: none"> <li>1 832 maps were produced.</li> <li>86 537 supplied in accordance with standards and specifications.</li> <li>The turnaround time for maps and charts directly available off the shelf of one day was achieved.</li> <li>Digital products were dispatched within three working days after payment.</li> </ul> |
| 5. Maintenance the National Control Survey Network (trigonometric station and town survey marks).  | <ul style="list-style-type: none"> <li>Survey Industry.</li> </ul>   | <ul style="list-style-type: none"> <li>Anyone requiring accurate positioning in relation to the national reference framework.</li> </ul>   | <ul style="list-style-type: none"> <li>980 permanent trigonometrical beacons to be maintained to ensure service delivery.</li> <li>One day turnaround time to receive and dispatch data on the national control survey network.</li> </ul>   | <ul style="list-style-type: none"> <li>1 113 permanent trigonometrical beacons were maintained.</li> <li>Turnaround time of all requests was within a day.</li> </ul>   |





| Main services   | Actual customers   | Potential customers  | Standard of service   | Actual achievement against standards   |
|---|--|--|---|--|
| 6. Registration of deeds.   | <ul style="list-style-type: none"> <li>Land owners.</li> <li>Potential land owners.</li> <li>Holders of real rights in land.</li> <li>Conveyancers/Notaries.</li> <li>Municipalities.</li> <li>Government departments.</li> <li>Financial institutions.</li> </ul>                             | <ul style="list-style-type: none"> <li>Landless individuals.</li> <li>Landless communities.</li> <li>Tenure insecure individuals.</li> <li>Tenure insecure communities.</li> </ul>   | <ul style="list-style-type: none"> <li>95% of deeds registered, delivered within 15 days.</li> </ul>  | <ul style="list-style-type: none"> <li>Partially achieved.</li> </ul>  |
| 7. Examination and approval of cadastral documents.   | <ul style="list-style-type: none"> <li>Professional land surveyors.</li> <li>Sectional title practitioners.</li> <li>Land owners.</li> <li>Developers.</li> </ul>  | <ul style="list-style-type: none"> <li>Professional land surveyors.</li> <li>Sectional title practitioners.</li> <li>Land owners.</li> <li>Developers.</li> </ul>  | <ul style="list-style-type: none"> <li>15 working days to examine and approve requests.</li> </ul>  | <ul style="list-style-type: none"> <li>Target not achieved. An average of 24 days taken to examine and approve. (Variance of nine days due to shortage of staff).</li> </ul>   |
| 8. Supply of cadastral related information.   | <ul style="list-style-type: none"> <li>Professional land surveyors.</li> <li>Sectional title practitioners.</li> <li>Conveyancers.</li> <li>Government departments.</li> <li>Provincial departments.</li> <li>Local authorities.</li> <li>Organs of State.</li> <li>General public.</li> </ul> | <ul style="list-style-type: none"> <li>Professional land surveyors.</li> <li>Sectional title practitioners.</li> <li>Conveyancers.</li> <li>Government departments.</li> <li>Provincial departments.</li> <li>Local authorities.</li> <li>Organs of State.</li> <li>General public.</li> </ul> | <ul style="list-style-type: none"> <li>15 working days to address one request.</li> </ul>   | <ul style="list-style-type: none"> <li>Target exceeded - 53 projects addressed within six working days.</li> </ul>   |
| 9. Co-ordination of the development and maintenance of Cadastral Information System (CIS).        | <ul style="list-style-type: none"> <li>All Surveyor-General Offices.</li> </ul>  | <ul style="list-style-type: none"> <li>All Surveyor-General Offices.</li> </ul>  | <ul style="list-style-type: none"> <li>65% completeness of National Spatial Data Set.</li> </ul>  | <ul style="list-style-type: none"> <li>88% target was exceeded.</li> </ul>   |
| 10. Provision of cadastral related training services.   | <ul style="list-style-type: none"> <li>Professional Land Surveyor in-Training (PLST) and interns.</li> </ul>   | <ul style="list-style-type: none"> <li>Professional Land Surveyor-in-Training (PLST) and interns.</li> </ul>   | <ul style="list-style-type: none"> <li>60 PLST.</li> <li>65 Pupil survey officers.</li> </ul>   | <ul style="list-style-type: none"> <li>31 PLST trained and 17 interns trained.</li> <li>60 Pupil survey officers undergoing training (two year course).</li> </ul>   |
| 11. Rendering cadastral related advisory service.   | <ul style="list-style-type: none"> <li>Professional Land Surveyors.</li> <li>Conveyancers.</li> <li>Developers.</li> <li>General public.</li> </ul>  | <ul style="list-style-type: none"> <li>Professional Land Surveyors.</li> <li>Conveyancers.</li> <li>Developers.</li> <li>General public.</li> </ul>  | <ul style="list-style-type: none"> <li>24 hours response time.</li> </ul>   | <ul style="list-style-type: none"> <li>24 hours target achieved.</li> <li>Advice delivered in four days on average.</li> </ul>   |
| 12. Equipping staff through training and development, with the necessary skills and competencies. | <ul style="list-style-type: none"> <li>DRDLR Staff.</li> </ul>   | <ul style="list-style-type: none"> <li>DRDLR Staff.</li> </ul>   | <ul style="list-style-type: none"> <li>80% staff trained.</li> <li>195 staff applications for bursaries.</li> <li>134 students supported by bursaries.</li> </ul>                                 | <ul style="list-style-type: none"> <li>Target partially achieved. 2 636 staff trained.</li> <li>Target achieved. 195 bursaries awarded to staff.</li> <li>Target exceeded. 215 students supported with bursaries.</li> </ul> |
| 13. Recruitment, selection and appointment staff.   | <ul style="list-style-type: none"> <li>Job applicants.</li> </ul>  | <ul style="list-style-type: none"> <li>Job applicants.</li> </ul>  | <ul style="list-style-type: none"> <li>Five working days.</li> </ul>  | <ul style="list-style-type: none"> <li>Target achieved.</li> </ul>   |
| 14. Provide communication services that support DRDLR core objectives.                            | <ul style="list-style-type: none"> <li>DRDLR staff.</li> <li>Land Reform beneficiaries.</li> </ul>   | <ul style="list-style-type: none"> <li>DRDLR staff.</li> <li>Land Reform beneficiaries.</li> </ul>   | <ul style="list-style-type: none"> <li>Public awareness campaigns implemented (on eg. CRDP, Recapitalisation, etc).</li> <li>Communication campaigns implemented as per project plans.</li> </ul> | <ul style="list-style-type: none"> <li>Target achieved. Achievements include production of CRDP video, CRDP information placed on website, etc.</li> <li>Targets achieved as per project plans.</li> </ul>                   |

**Table 2: Consultation arrangements with customers**

| Type of arrangement                      | Actual customers  | Potential customers   | Actual achievements  |
|--|---|---|--|
| Quarterly customer satisfaction surveys. | <ul style="list-style-type: none"> <li>• Land Reform beneficiaries.</li> <li>• Restitution claimants.</li> <li>• Land surveyors.</li> <li>• Conveyancers.</li> <li>• General public.</li> </ul> | <ul style="list-style-type: none"> <li>• CRDP beneficiaries.</li> </ul> | <ul style="list-style-type: none"> <li>• Partially achieved. Survey not conducted in all DRDLR offices.</li> </ul> |

**Table 3: Service delivery access strategy**

| Access strategy            | Actual achievements  |
|----------------------------|--|
| Public Service Week (PSW). | <ul style="list-style-type: none"> <li>• PSW celebrations were held in Northern Cape, Western Cape, Eastern Cape, Free State, Mpumalanga and North West. Activities included community outreach programmes, deployment of senior managers to the frontline and information dissemination.</li> <li>• Deployed three senior managers to the City of Tshwane Metropolitan through Project Khaedu.</li> </ul>   |
| Signage.                   | <p>The following departmental offices were branded with the new name of the department:</p> <p><b>Free State</b><br/>           Free State Provincial Shared Service Centre<br/>           Fezile Dabi District Office<br/>           Lejwaleputswa District office<br/>           Thabo Mofutsanyane District office<br/>           Motheo District office<br/>           Deeds office</p> <p><b>KwaZulu-Natal</b><br/>           KZN Provincial Shared Service Centre<br/>           Pietermaritzburg District office<br/>           Newcastle District office<br/>           Durban Regional Land Claims Commission<br/>           Ladysmith District Office<br/>           Richards Bay District office<br/>           Port Shepstone District office<br/>           Vryheid District office</p> <p><b>Eastern Cape</b><br/>           Queenstown District office<br/>           Port Elizabeth District office<br/>           Mthatha District office<br/>           Mthatha Deeds office<br/>           East London Surveyor-General Office<br/>           King Williamstown Deeds office<br/>           Amathole District office</p> <p><b>Limpopo</b><br/>           Limpopo Provincial Shared Service Centre<br/>           Regional Land Claims Commission<br/>           Surveyor-General</p> <p><b>Mpumalanga</b><br/>           Mpumalanga Shared Service Centre<br/>           Nkangala District office<br/>           Hlanzeni District office<br/>           Piet Retief District office<br/>           Ermelo District office<br/>           Mpumalanga Deeds office<br/>           Surveyor-General office<br/>           Nelspruit Regional Land Claims Commission<br/>           Witbank Regional Land Claims Commission</p> <p><b>North West</b><br/>           North West Shared Service Centre<br/>           Vryburg Deeds office<br/>           Klerksdorp District office<br/>           Brits District office<br/>           Regional Land Claims Commission</p> <p><b>Gauteng</b><br/>           Pretoria Deeds<br/>           Pretoria Chief Registrar of Deeds<br/>           Johannesburg Deeds office</p> <p><b>Northern Cape</b><br/>           Northern Cape Shared Service Centre</p> |



| Access strategy                 | Actual achievements   |
|---------------------------------|---|
| Signage (continued).            | <b>Western Cape</b><br>Western Cape Shared Service Centre<br>George Regional Land Claims Commission<br>Western Cape Regional Land Claims Commission<br>Worcester District office<br>Stellenbosch District office<br>Beaufort-West District office<br>Bredasdorp District office<br>Clanwilliam District office<br>Cape Town District office |
| Geographical access of offices. | Established Provincial Shared Service Centres (PSSC) in all provinces.  |
| Website.                        | Chief Directorate: Surveys and Mapping launched a new website to ensure increased access to products and services.  |

**Table 4: Service information tools**

| Types of information tools     | Actual achievements                                     |
|--------------------------------|---|
| Exhibitions, workshops.        | No of exhibitions on departmental programmes/ services. |
| Number of outreach programmes. | No of outreach programmes.                              |

**Table 5: Complaints mechanism**

| Complaints mechanism   | Actual achievements   |
|--|---|
| Integration of the departmental complaints handling procedures and the Presidential Hotline. | Successfully completed. The Complaints Handling System (CHS) was launched in 2010/11. |
| Number of complaints received.   | 1 070 complaints were received via walk-ins, website and Presidential Hotline.        |
| Number of officials trained on the Complaints Handling System.                               | 58 branch and provincial representatives trained on CHS.                              |

## Expenditure

The department budgeted in terms of clearly defined programmes for the 2010/2011 financial year. The following tables summarise the final audited expenditure per Programme (Table 6) and by Salary Bands (Table 7). In particular, they provide an indication of the amount spent on Personnel Costs in terms of each of the Programmes or Salary Bands within the department. The tables thereafter provide a summary per Programme (Table 8) and Salary Bands (Table 9), of expenditure incurred as a result of salaries, overtime, housing allowance and medical assistance. In each case, the table provides an indication of the percentage of the Personnel Budget that was used for these items.

**Table 6: Personnel costs per Programme**

| Programme          | Total expenditure<br>(R'000) | Personnel expenditure<br>(R'000) | Training expenditure<br>(R'000) | Professional and special services<br>(R'000) | Personnel cost % of total expenditure | Average personnel cost per employee<br>(R'000) |
|--------------------|------------------------------|----------------------------------|---------------------------------|--|---------------------------------------|--|
| Administration     | 261,679                      | 242,247                          | 8,531                           | 10,901                                       | 19.95                                 | 274,345  |
| Cadastral Surveys  | 145,762                      | 145,183                          | 572                             | 7  | 11.96                                 | 223,702  |
| Restitution        | 212,070                      | 204,714                          | 605                             | 6,751  | 16.86                                 | 288,736  |
| Land Reform        | 278,605                      | 225,303                          | 665                             | 52,637                                       | 18.56                                 | 284,833  |
| Rural Development  | 158,889                      | 76,373                           | 3,719                           | 78,797                                       | 6.29                                  | 748,754  |
| Geo-Spatial        | 61,395                       | 61,215                           | 180                             | 0  | 5.04                                  | 200,704  |
| Deeds Registration | 398,287                      | 259,036                          | 7,579                           | 116,672                                      | 21.34                                 | 229,032  |
| <b>Total</b>       | <b>1,501,687</b>             | <b>1,214,071</b>                 | <b>21,851</b>                   | <b>265,765</b>                               | <b>100.00</b>                         | <b>265,661</b>                                 |

**Table 7: Personnel costs by salary bands**

| Salary bands                                    | Personnel expenditure<br>(R'000) | % Of total personnel cost | Average personnel cost per<br>employee<br>(R'000) |
|---|----------------------------------|---------------------------|---|
| Lower skilled (Levels 1-2)                      | 954                              | 0.07                      | 95,400  |
| Skilled (Levels 3-5)                            | 111,072                          | 9.14                      | 277,680   |
| Highly skilled production (Levels 6-8)          | 594,858                          | 48.99                     | 221,631   |
| Highly skilled supervision (Levels 9-12)        | 403,339                          | 33.22                     | 307,892   |
| Senior Management Services (SMS) (Levels 13-16) | 103,848                          | 8.55                      | 625,590   |
| <b>Total</b>                                    | <b>1,214,071</b>                 | <b>100.00</b>             | <b>265,661</b>                                    |

**Table 8: Salaries, overtime, housing allowance and medical assistance per Programme**

| Programme          | Salaries          |                           | Overtime          |                           | Housing allowance |                           | Medical assistance |                           |
|--------------------|-------------------|---------------------------|-------------------|---------------------------|-------------------|---------------------------|--------------------|---------------------------|
|                    | Amount<br>(R'000) | % of<br>personnel<br>cost | Amount<br>(R'000) | % of<br>personnel<br>cost | Amount<br>(R'000) | % of<br>personnel<br>cost | Amount<br>(R'000)  | % of<br>personnel<br>cost |
| Administration     | 210,182           | 17.31                     | 7,564             | 0.62                      | 6,839             | 0.56                      | 12,630             | 1.04                      |
| Cadastral Surveys  | 126,472           | 10.42                     | 362               | 0.03                      | 3,738             | 0.31                      | 6,984              | 0.58                      |
| Restitution        | 146,241           | 12.04                     | 659               | 0.05                      | 5,204             | 0.43                      | 9,711              | 0.79                      |
| Land Reform        | 152,146           | 12.53                     | 928               | 0.07                      | 5,212             | 0.43                      | 9,572              | 0.79                      |
| Rural Development  | 10,628            | 0.88                      | 44                | 0.00                      | 309               | 0.03                      | 569                | 0.05                      |
| Geo-Spatial        | 72,287            | 5.95                      | 0                 | -                         | 1,421             | 0.12                      | 2,856              | 0.24                      |
| Deeds Registration | 190,735           | 15.71                     | 43                | 0.00                      | 8,172             | 0.67                      | 14,622             | 1.20                      |
| <b>Total</b>       | <b>908,692</b>    | <b>74.85</b>              | <b>9,600</b>      | <b>0.74</b>               | <b>30,895</b>     | <b>2.54</b>               | <b>56,944</b>      | <b>4.69</b>               |

**Table 9: Salaries, overtime, housing allowance and medical assistance per salary bands**

| Salary bands                             | Salaries          |                           | Overtime          |                           | Housing allowance |                           | Medical assistance |                           |
|--|-------------------|---------------------------|-------------------|---------------------------|-------------------|---------------------------|--------------------|---------------------------|
|  | Amount<br>(R'000) | % of<br>personnel<br>cost | Amount<br>(R'000) | % of<br>personnel<br>cost | Amount<br>(R'000) | % of<br>personnel<br>cost | Amount<br>(R'000)  | % of<br>personnel<br>cost |
| Lower skilled (Levels 1-2)               | 8,461             | 0.70                      | 10                | 0.00                      | 286               | 0.02                      | 714                | 0.06                      |
| Skilled (Levels 3-5)                     | 80,321            | 6.62                      | 701               | 0.06                      | 4,476             | 0.37                      | 9,303              | 0.77                      |
| Highly skilled production (Levels 6-8)   | 348,136           | 28.68                     | 5,950             | 0.49                      | 17,269            | 1.42                      | 30,624             | 2.52                      |
| Highly skilled supervision (Levels 9-12) | 384,870           | 31.70                     | 2,280             | 0.19                      | 7,540             | 0.62                      | 14,977             | 1.23                      |
| SMS (Levels 13-16)                       | 86,904            | 7.16                      | 0                 | -                         | 1,325             | 0.11                      | 1,326              | 0.11                      |
| <b>Total</b>                             | <b>908,692</b>    | <b>74.85</b>              | <b>8,941</b>      | <b>0.74</b>               | <b>30,896</b>     | <b>2.54</b>               | <b>56,944</b>      | <b>4.69</b>               |



## Employment and vacancies

The following tables summarise the number of posts on the establishment, the number of employees, the vacancy rate, and whether there are any staff that are additional to the establishment. This information is presented in terms of three key variables: Programme (Table 10), Salary Band (Table 11) and Critical Occupations (Table 12). The department has identified critical occupations that need to be monitored. Table 12 provides establishment and vacancy information for the key critical occupations of the department. The vacancy rate reflects the percentage of posts that are not filled.

**Table 10: Employment and vacancies per Programme**

| Programme          | Number of posts | Number of posts filled | Vacancy rate | Number of posts filled additional to the establishment |
|--------------------|-----------------|------------------------|--------------|--|
| Administration     | 1,103           | 883                    | 19.94        | 14   |
| Cadastral Surveys  | 698             | 649                    | 7.02         | 117  |
| Restitution        | 762             | 709                    | 6.95         | 7  |
| Land Reform        | 849             | 791                    | 6.83         | 98   |
| Rural Development  | 111             | 102                    | 8.10         | 0  |
| Geo-Spatial        | 349             | 305                    | 12.60        | 22   |
| Deeds Registration | 1,191           | 1,131                  | 5.03         | 15   |
| <b>Total</b>       | <b>5,063</b>    | <b>4,570</b>           | <b>9.73</b>  | <b>273</b>   |

**Table 11: Employment and vacancies per salary bands**

| Programme                                | Number of posts | Number of posts filled | Vacancy rate | Number of posts filled additional to the establishment |
|--|-----------------|------------------------|--------------|--|
| Lower skilled (Levels 1-2)               | 11              | 10                     | 9.09         | 0  |
| Skilled (Levels 3-5)                     | 429             | 400                    | 6.75         | 63   |
| Highly skilled production (Levels 6-8)   | 2,914           | 2,684                  | 7.89         | 163  |
| Highly skilled supervision (Levels 9-12) | 1,489           | 1,310                  | 12.02        | 45   |
| SMS (Levels 13-16)                       | 220             | 166                    | 24.54        | 2  |
| <b>Total</b>                             | <b>5,063</b>    | <b>4,570</b>           | <b>9.73</b>  | <b>273</b>   |

**Table 12: Employment and vacancies per critical occupation**

| Occupation   | Number of posts | Number of posts filled | Vacancy rate | Number of posts filled additional to the establishment |
|--|-----------------|------------------------|--------------|--|
| Architects   | 38              | 32                     | 15.78        | 11   |
| Cartographers and Surveyors                            | 234             | 210                    | 10.25        | 32   |
| Cartographic Surveying and Related Technicians         | 135             | 130                    | 3.70         | 74   |
| Community Development Workers                          | 569             | 554                    | 2.63         | 82   |
| General Legal Administration and Related Professionals | 933             | 888                    | 4.82         | 15   |
| Social Sciences Related                                | 3,071           | 2,685                  | 12.56        | 51   |
| Other  | 83              | 71                     | 14.45        | 8  |
| <b>Total</b>   | <b>5,063</b>    | <b>4,570</b>           | <b>9.73</b>  | <b>273</b>   |

## Job evaluation

Within a nationally determined framework, executing authorities may evaluate or re-evaluate any job in their department in accordance with the Public Service Regulations, 2001. In terms of the Regulations, all vacancies on salary level 9 and higher must be evaluated before they are filled. Table 14 summarises the number of jobs that were evaluated during the year under review. Most of the department's posts have been evaluated during the 2009/2010 and 2010/2011 financial years. Table 15 provides a summary of the number of employees whose salary positions were upgraded due to their posts being upgraded. The number of employees might differ from the number of posts upgraded. This is because not all employees are automatically absorbed into the new posts and some of the posts upgraded could also be vacant. Table 16 summarises the number of cases where remuneration levels exceeded the grade determined by job evaluation process. Reasons for the deviation are provided in each case.

**Table 13: Job evaluation**

| Salary band                              | Number of posts | Number of jobs evaluated | % of posts evaluated per salary bands | Posts upgraded |                      | Posts downgraded |                      |
|--|-----------------|--------------------------|---------------------------------------|----------------|----------------------|------------------|----------------------|
|  |                 |                          |                                       | Number         | % of posts evaluated | Number           | % of posts evaluated |
| Lower skilled (Levels 1-2)               | 11              | 0                        | 0.00                                  | 0              | 0.00                 | 0                | 0.00                 |
| Skilled (Levels 3-5)                     | 429             | 0                        | 0.00                                  | 0              | 0.00                 | 0                | 0.00                 |
| Highly skilled production (Levels 6-8)   | 2,914           | 0                        | 0.00                                  | 0              | 0.00                 | 0                | 0.00                 |
| Highly skilled supervision (Levels 9-12) | 1,489           | 0                        | 0.00                                  | 0              | 0.00                 | 0                | 0.00                 |
| SMS Band A                               | 144             | 0                        | 0.00                                  | 0              | 0.00                 | 0                | 0.00                 |
| SMS Band B                               | 59              | 0                        | 0.00                                  | 0              | 0.00                 | 0                | 0.00                 |
| SMS Band C                               | 14              | 0                        | 0.00                                  | 0              | 0.00                 | 0                | 0.00                 |
| SMS Band D                               | 3               | 0                        | 0.00                                  | 0              | 0.00                 | 0                | 0.00                 |
| <b>Total</b>                             | <b>5,063</b>    | <b>0</b>                 | <b>0.00</b>                           | <b>0</b>       | <b>0.00</b>          | <b>0</b>         | <b>0.00</b>          |

**Table 14: Profile of employees whose Salary Positions were upgraded due to their posts being upgraded**

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

**Table 15: Employees whose salary level exceed the grade determined by the job evaluation process (in terms of PSR 1. V.C.3)**

| Occupation   | Number of employees | Job evaluation level | Remuneration level | Reason for deviation |
|--|---------------------|----------------------|--------------------|----------------------|
| Architects   | 1                   | 9                    | 10                 | Retention strategy   |
| Cartographers and Surveyors  | 7                   | 11                   | 12                 | Retention strategy   |
| Cartographic Surveying and Related Technicians   | 15                  | 3                    | 5                  | Retention strategy   |
| Community Development Workers  | 41                  | 7                    | 8                  | Retention strategy   |
| General Legal Administration and Related Professionals   | 4                   | 7                    | 10                 | Retention strategy   |
| Other  | 11                  | 9                    | 10                 | Retention strategy   |
| Other  | 9                   | 11                   | 12                 | Retention strategy   |
| Other  | 23                  | 6                    | 7                  | Retention strategy   |
| Total Number of Employees whose salaries exceeded the level determined by job evaluation process |                     |                      |                    | 111                  |
| Percentage of total Employment   |                     |                      |                    | 2.42                 |



**Table 16: Profile of employees whose salary level exceeds the grade determined by the job evaluation process (in terms of PSR 1. V.C.3)**

| Beneficiaries                      | African | Asian | Coloured | White | Total    |
|------------------------------------|---------|-------|----------|-------|----------|
| Female                             | 39      | 0     | 0        | 2     | 41       |
| Male                               | 69      | 1     | 0        | 0     | 70       |
| Total                              | 108     | 1     | 0        | 2     | 111      |
| <b>Employees with a disability</b> |         |       |          |       | <b>5</b> |

## Employment changes

This section provides information on changes in employment over the financial year. Turnover rates provide an indication of trends in the employment profile of the department. The following tables provide a summary of turnover rates by Salary Band (Table 18) and by Critical Occupations (Table 19). Table 20 identifies the major reasons why staff left the department.

**Table 17: Annual turnover rates per salary band**

| Salary band                              | Number of employees per band as at 1 April 2010 | Appointments and transfers into the department | Terminations and transfers out of the department | Turnover rate |
|--|---|--|--|---------------|
| Lower skilled (Levels 1-2)               | 0   | 13   | 3  | 0.00          |
| Skilled (Levels 3-5)                     | 457   | 31   | 88   | 19.25         |
| Highly skilled production (Levels 6-8)   | 2689  | 88   | 93   | 3.45          |
| Highly skilled supervision (Levels 9-12) | 1134  | 231  | 55   | 4.85          |
| SMS Band A                               | 81  | 51   | 4  | 4.93          |
| SMS Band B                               | 14  | 15   | 1  | 7.14          |
| SMS Band C                               | 12  | 2  | 6  | 50.00         |
| SMS Band D                               | 2   | 2  | 2  | 100.00        |
| Total                                    | 4389  | 433  | 252  | 5.74          |

**Table 18: Annual turnover rates by critical occupation**

| Occupation                    | Number of employees per band as at 1 April 2010 | Appointments and transfers into the department | Terminations and transfers out of the department | Turnover rate |
|-------------------------------|---|--|--|---------------|
| Architects                    | 26  | 6  | 2  | 7.69          |
| Cartographic, Surveying       | 178   | 34   | 15   | 8.42          |
| Cartographic and Surveyors    | 324   | 135  | 69   | 21.29         |
| Community Development Workers | 861   | 19   | 33   | 3.83          |
| General Legal Administration  | 1,019   | 46   | 42   | 4.12          |
| Social Sciences               | 117   | 15   | 3  | 2.56          |
| Other                         | 1864  | 178  | 88   | 4.72          |
| Total                         | 4389  | 433  | 252  | 5.74          |

**Table 19: Reasons why staff is leaving the department**

| Termination Type  | Number | % of total |
|---|--------|------------|
| Death   | 18     | 7.14       |
| Resignation   | 84     | 33.33      |
| Expiry of contract  | 116    | 46.03      |
| Dismissal (misconduct)  | 5      | 1.98       |
| Discharged due to ill-health                                      | 3      | 1.19       |
| Retirement  | 24     | 9.52       |
| Transfers to other Public service departments                     | 2      | 0.79       |
| Total   | 252    | 100.00     |
| Total number of employees who left as a % of the total employment |        | 5.74       |

**Table 20: Granting of employee initiated severance packages**

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

**Table 21: Promotions by critical occupation**

| Occupation                    | Employees as at 1 April 2010 | Promotions to another salary level | Salary level promotions as a % of employees by occupation | Progressions to another notch within a salary level | Notch progressions as a % of employees by occupation |
|-------------------------------|------------------------------|------------------------------------|---|---|--|
| Architects                    | 26                           | 5                                  | 19.23   | 3   | 11.53  |
| Cartographic, Surveying       | 178                          | 10                                 | 5.61  | 1   | 0.56   |
| Cartographic and Surveyors    | 324                          | 0                                  | 0.00  | 220   | 67.90  |
| Community Development Workers | 861                          | 20                                 | 2.32  | 506   | 58.76  |
| General Legal Administration  | 1,019                        | 15                                 | 1.47  | 798   | 78.31  |
| Social Sciences               | 117                          | 1                                  | 0.85  | 46  | 39.31  |
| Other                         | 1864                         | 169                                | 9.06  | 1108  | 59.44  |
| <b>Total</b>                  | <b>4389</b>                  | <b>220</b>                         | <b>5.01</b>   | <b>2682</b>   | <b>61.10</b>   |

**Table 22: Promotions by salary band**

| Salary Band                              | Employees as at 1 April 2010 | Promotions to another salary level | Salary level promotions as a % of employees by occupation | Progressions to another notch within a salary level | Notch progressions as a % of employees by occupation |
|--|------------------------------|------------------------------------|---|---|--|
| Lower skilled (Levels 1-2)               | 0                            | 0                                  | 0.00  | 0   | 0.00   |
| Skilled (Levels 3-5)                     | 457                          | 5                                  | 1.09  | 442   | 96.71  |
| Highly skilled production (Levels 6-8)   | 2689                         | 96                                 | 3.57  | 1632  | 60.69  |
| Highly skilled supervision (Levels 9-12) | 1134                         | 85                                 | 7.49  | 604   | 53.26  |
| SMS (Levels 13-16)                       | 109                          | 34                                 | 31.19   | 4   | 3.66   |
| <b>Total</b>                             | <b>4389</b>                  | <b>220</b>                         | <b>5.01</b>   | <b>2682</b>   | <b>61.10</b>   |





## Employment equity

The achievement of representivity in the public service is a requirement in terms of Chapter 10, section 195(i) of the Constitution of the Republic of South Africa. The department has developed an Employment Equity (EE) Plan, that is informed by Chapter 10 (section 195) and the provisions of the Employment Equity Act, 1998 (Act No. 55 of 1998) (EEA). The plan supports the creation of an enabling environment for improved service delivery as outlined in the departmental Strategic Plan 2011 to 2013. The tables in this section are based on the formats prescribed by the Employment Equity Act, 1998 (Act No. 55 of 1998).

**Table 23: Total number of employees (including employees with disabilities) in each of the following occupational categories**

| Occupational categories (SASCO)            | Male        |            |           |            | Female      |            |           |            | Total       |
|--|-------------|------------|-----------|------------|-------------|------------|-----------|------------|-------------|
|  | African     | Coloured   | Indian    | White      | African     | Coloured   | Indian    | White      |             |
| Legislators, senior officials and managers | 66          | 5          | 5         | 26         | 47          | 3          | 4         | 10         | 166         |
| Professionals                              | 995         | 82         | 25        | 152        | 912         | 100        | 36        | 201        | 2503        |
| Technicians and associate professionals    | 317         | 24         | 3         | 16         | 249         | 34         | 12        | 89         | 744         |
| Clerks                                     | 286         | 25         | 8         | 12         | 474         | 63         | 15        | 88         | 971         |
| Service and sales workers                  | 11          | 2          | 0         | 5          | 10          | 1          | 0         | 1          | 30          |
| Craft and related trades workers           | 22          | 1          | 1         | 4          | 1           | 3          | 0         | 3          | 35          |
| Elementary occupations                     | 65          | 4          | 0         | 1          | 41          | 10         | 0         | 0          | 121         |
| <b>Total</b>                               | <b>1762</b> | <b>143</b> | <b>42</b> | <b>216</b> | <b>1734</b> | <b>214</b> | <b>67</b> | <b>392</b> | <b>4570</b> |

|                                    |           |          |          |           |           |          |          |           |           |
|------------------------------------|-----------|----------|----------|-----------|-----------|----------|----------|-----------|-----------|
| <b>Employees with disabilities</b> | <b>24</b> | <b>5</b> | <b>2</b> | <b>20</b> | <b>21</b> | <b>4</b> | <b>1</b> | <b>17</b> | <b>94</b> |
|------------------------------------|-----------|----------|----------|-----------|-----------|----------|----------|-----------|-----------|

**Table 24: Total number of employees (including employees with disabilities) in each of the following occupational bands**

| Occupational categories (SASCO)                         | Male        |            |           |            | Female      |            |           |            | Total       |
|---|-------------|------------|-----------|------------|-------------|------------|-----------|------------|-------------|
|   | African     | Coloured   | Indian    | White      | African     | Coloured   | Indian    | White      |             |
| Top Management  | 9           | 0          | 0         | 1          | 4           | 1          | 0         | 0          | 15          |
| Senior Management                                       | 57          | 5          | 5         | 25         | 43          | 2          | 4         | 10         | 151         |
| Professionally qualified specialists and mid-management | 520         | 45         | 22        | 127        | 418         | 35         | 20        | 121        | 1308        |
| Skilled technical and academically qualified workers,   | 962         | 70         | 13        | 56         | 1130        | 152        | 42        | 260        | 2685        |
| Semi-skilled and discretionary decision making          | 209         | 22         | 2         | 7          | 135         | 24         | 1         | 1          | 401         |
| Unskilled and defined decision making                   | 5           | 1          | 0         | 0          | 4           | 0          | 0         | 0          | 10          |
| <b>Total</b>  | <b>1762</b> | <b>143</b> | <b>42</b> | <b>216</b> | <b>1734</b> | <b>214</b> | <b>67</b> | <b>392</b> | <b>4570</b> |

**Table 25: Recruitment**

| Occupational Bands  | Male       |          |          |          | Female     |          |          |          | Total      |
|---|------------|----------|----------|----------|------------|----------|----------|----------|------------|
|   | African    | Coloured | Indian   | White    | African    | Coloured | Indian   | White    |            |
| Top Management  | 2          | 0        | 0        | 0        | 40         | 0        | 0        | 0        | 2          |
| Senior Management   | 5          | 1        | 0        | 3        | 7          | 0        | 0        | 1        | 17         |
| Professionally qualified and experienced specialists and mid-management   | 37         | 2        | 3        | 2        | 19         | 0        | 1        | 2        | 66         |
| Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents | 61         | 1        | 1        | 2        | 55         | 1        | 3        | 1        | 125        |
| Semi-skilled and discretionary decision making  | 104        | 4        | 0        | 0        | 68         | 2        | 1        | 2        | 181        |
| Unskilled and defined decision making   | 2          | 0        | 0        | 0        | 1          | 0        | 0        | 0        | 3          |
| <b>Total</b>  | <b>211</b> | <b>8</b> | <b>4</b> | <b>7</b> | <b>150</b> | <b>3</b> | <b>5</b> | <b>6</b> | <b>394</b> |

|                                    |          |          |          |          |          |          |          |          |          |
|------------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| <b>Employees with disabilities</b> | <b>1</b> | <b>0</b> | <b>0</b> | <b>1</b> | <b>1</b> | <b>0</b> | <b>0</b> | <b>1</b> | <b>3</b> |
|------------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|

**Table 26: Promotions**

| Occupational Bands  | Male      |          |          |           | Female    |          |          |           | Total      |
|---|-----------|----------|----------|-----------|-----------|----------|----------|-----------|------------|
|   | African   | Coloured | Indian   | White     | African   | Coloured | Indian   | White     |            |
| Top Management  | 1         | 0        | 0        | 1         | 0         | 0        | 0        | 0         | 2          |
| Senior Management   | 13        | 0        | 1        | 6         | 9         | 1        | 1        | 1         | 32         |
| Professionally qualified and experienced specialists and mid-management   | 35        | 2        | 1        | 5         | 29        | 1        | 2        | 3         | 78         |
| Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents | 30        | 1        | 0        | 3         | 30        | 2        | 1        | 5         | 72         |
| Semi-skilled and discretionary decision making  | 9         | 4        | 1        | 7         | 8         | 3        | 1        | 2         | 35         |
| Unskilled and defined decision making   | 1         | 0        | 0        | 0         | 0         | 0        | 0        | 0         | 1          |
| <b>Total</b>  | <b>89</b> | <b>7</b> | <b>3</b> | <b>22</b> | <b>76</b> | <b>7</b> | <b>5</b> | <b>11</b> | <b>220</b> |

|                                    |          |          |          |          |          |          |          |          |          |
|------------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| <b>Employees with disabilities</b> | <b>2</b> | <b>0</b> | <b>0</b> | <b>1</b> | <b>3</b> | <b>0</b> | <b>1</b> | <b>1</b> | <b>8</b> |
|------------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|

**Table 27: Terminations**

| Occupational Bands  | Male       |          |          |           | Female    |          |          |           | Total      |
|---|------------|----------|----------|-----------|-----------|----------|----------|-----------|------------|
|   | African    | Coloured | Indian   | White     | African   | Coloured | Indian   | White     |            |
| Top Management  | 5          | 1        | 0        | 0         | 3         | 1        | 0        | 0         | 10         |
| Senior Management   | 6          | 0        | 1        | 2         | 6         | 0        | 0        | 1         | 16         |
| Professionally qualified and experienced specialists and mid-management   | 28         | 1        | 0        | 11        | 21        | 2        | 0        | 4         | 67         |
| Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents | 79         | 3        | 0        | 3         | 53        | 1        | 0        | 6         | 145        |
| Semi-skilled and discretionary decision making  | 4          | 1        | 0        | 0         | 6         | 0        | 0        | 0         | 11         |
| Unskilled and defined decision making   | 0          | 0        | 0        | 0         | 1         | 2        | 0        | 0         | 3          |
| <b>Total</b>  | <b>122</b> | <b>6</b> | <b>1</b> | <b>16</b> | <b>90</b> | <b>6</b> | <b>0</b> | <b>11</b> | <b>252</b> |
| <b>Employees with disabilities</b>  | <b>0</b>   | <b>0</b> | <b>0</b> | <b>0</b>  | <b>1</b>  | <b>0</b> | <b>0</b> | <b>1</b>  | <b>2</b>   |

**Table 28: Disciplinary action**

| Action                             | Male      |          |          |          | Female    |          |          |          | Total     |
|------------------------------------|-----------|----------|----------|----------|-----------|----------|----------|----------|-----------|
|                                    | African   | Coloured | Indian   | White    | African   | Coloured | Indian   | White    |           |
| Correctional counselling           | 0         | 0        | 0        | 0        | 2         | 0        | 0        | 1        | 3         |
| Verbal warning                     | 1         | 0        | 0        | 0        | 0         | 0        | 0        | 0        | 1         |
| Written warning                    | 6         | 0        | 0        | 0        | 4         | 0        | 0        | 0        | 10        |
| Serious written warning            | 0         | 0        | 0        | 0        | 0         | 0        | 0        | 0        | 0         |
| Final written warning              | 4         | 0        | 0        | 0        | 4         | 0        | 0        | 1        | 9         |
| Suspended without pay              | 1         | 0        | 0        | 0        | 0         | 0        | 0        | 0        | 1         |
| Fine                               | 0         | 0        | 0        | 0        | 0         | 0        | 0        | 0        | 0         |
| Demotion                           | 0         | 0        | 0        | 0        | 0         | 0        | 0        | 0        | 0         |
| Dismissal                          | 1         | 1        | 0        | 0        | 0         | 0        | 0        | 0        | 2         |
| Not guilty                         | 1         | 0        | 0        | 0        | 0         | 1        | 0        | 1        | 3         |
| Case withdrawn                     | 2         | 0        | 0        | 1        | 3         | 0        | 0        | 5        | 11        |
| <b>Total</b>                       | <b>16</b> | <b>1</b> | <b>0</b> | <b>1</b> | <b>13</b> | <b>1</b> | <b>0</b> | <b>8</b> | <b>40</b> |
| <b>Employees with disabilities</b> | <b>0</b>  | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b>  | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b>  |



**Table 29: Skills development**

| Occupational categories                    | Male        |           |           |            | Female      |           |           |            | Total       |
|--|-------------|-----------|-----------|------------|-------------|-----------|-----------|------------|-------------|
|  | African     | Coloured  | Indian    | White      | African     | Coloured  | Indian    | White      |             |
| Legislators, senior officials and managers | 20          | 5         | 5         | 12         | 18          | 0         | 2         | 4          | 66          |
| Professionals                              | 380         | 12        | 4         | 12         | 320         | 0         | 10        | 10         | 748         |
| Technicians and associate professionals    | 341         | 13        | 4         | 78         | 378         | 29        | 9         | 111        | 963         |
| Clerks                                     | 246         | 4         | 0         | 40         | 345         | 25        | 6         | 44         | 710         |
| Service and sales workers                  | 0           | 0         | 0         | 0          | 0           | 0         | 0         | 0          | 0           |
| Skilled agriculture and fishery workers    | 0           | 0         | 0         | 0          | 0           | 0         | 0         | 0          | 0           |
| Craft and related trades workers           | 0           | 0         | 0         | 0          | 0           | 0         | 0         | 0          | 0           |
| Plant and machine operators and assemblers | 0           | 0         | 0         | 0          | 0           | 0         | 0         | 0          | 0           |
| Elementary occupations                     | 79          | 0         | 0         | 0          | 65          | 5         | 0         | 0          | 149         |
| <b>Total</b>                               | <b>1066</b> | <b>34</b> | <b>13</b> | <b>142</b> | <b>1126</b> | <b>59</b> | <b>27</b> | <b>169</b> | <b>2636</b> |
| <b>Employees with disabilities</b>         | <b>24</b>   | <b>5</b>  | <b>2</b>  | <b>20</b>  | <b>22</b>   | <b>4</b>  | <b>1</b>  | <b>17</b>  | <b>94</b>   |

## Performance rewards

To encourage good performance, the department has granted the following performance rewards during the year under review. The information is presented in terms of race, gender, and disability (Table 31), salary bands (Table 32) and critical occupations (Table 33).

**Table 30: Performance rewards by race, gender, and disability**

| Category                    | Beneficiary Profile     |                                    |                         | Cost         |                           |
|-----------------------------|-------------------------|------------------------------------|-------------------------|--------------|---------------------------|
|                             | Number of beneficiaries | Total number of employees in group | % of total within group | Cost (R'000) | Average cost per employee |
| African females             | 496                     | 1713                               | 28.95                   | 2,484        | 5,008                     |
| African males               | 431                     | 1738                               | 24.79                   | 2,495        | 5,789                     |
| Coloured females            | 25                      | 210                                | 11.90                   | 158          | 6,320                     |
| Coloured males              | 17                      | 138                                | 12.31                   | 107          | 6,294                     |
| Indian females              | 24                      | 66                                 | 36.36                   | 151          | 6,292                     |
| Indian males                | 20                      | 40                                 | 50.00                   | 130          | 6,500                     |
| White females               | 220                     | 375                                | 58.66                   | 1,421        | 6,459                     |
| White males                 | 101                     | 196                                | 51.53                   | 611          | 6,050                     |
| Employees with a disability | 31                      | 94                                 | 32.97                   | 177          | 5,710                     |
| <b>Total</b>                | <b>1365</b>             | <b>4570</b>                        | <b>29.86</b>            | <b>7,734</b> | <b>5,665</b>              |



**Table 31: Performance rewards by salary bands for personnel below Senior Management Services**

| Salary bands                             | Beneficiary Profile     |                           |                                | Cost         |                           |  |
|--|-------------------------|---------------------------|--------------------------------|--------------|---------------------------|--|
|  | Number of beneficiaries | Total number of employees | % of total within salary bands | Cost (R'000) | Average cost per employee | Total cost as a % of the total personnel expenditure |
| Lower skilled (Levels 1-2)               | 4                       | 10                        | 40.00                          | 8            | 2,000                     | 0.00   |
| Skilled (Levels 3-5)                     | 177                     | 400                       | 44.25                          | 518          | 2,926                     | 0.04   |
| Highly skilled production (Levels 6-8)   | 794                     | 2,684                     | 29.58                          | 3,300        | 4,156                     | 0.27   |
| Highly skilled supervision (Levels 9-12) | 377                     | 1,310                     | 28.77                          | 3,636        | 9,644                     | 0.29   |
| <b>Total</b>                             | <b>1,352</b>            | <b>4,404</b>              | <b>30.69</b>                   | <b>7,462</b> | <b>5,519</b>              | <b>0.69</b>  |

**Table 32: Performance rewards by critical occupations**

| Critical Occupations          | Beneficiary Profile     |                           |                              | Cost         |                           |
|-------------------------------|-------------------------|---------------------------|------------------------------|--------------|---------------------------|
|                               | Number of beneficiaries | Total number of employees | % of total within occupation | Cost (R'000) | Average cost per employee |
| Architects                    | 3                       | 32                        | 8.57                         | 68           | 22,667                    |
| Cartographic, Surveying       | 112                     | 210                       | 39.29                        | 662          | 5,910                     |
| Cartographic and Surveyors    | 29                      | 130                       | 15.50                        | 126          | 4,344                     |
| Community Development Workers | 106                     | 554                       | 14.44                        | 568          | 5,358                     |
| General Legal Administration  | 424                     | 999                       | 42.44                        | 2,706        | 6,382                     |
| Social Sciences               | 15                      | 71                        | 21.42                        | 220          | 14,666                    |
| Other                         | 663                     | 2,408                     | 27.53                        | 1,169        | 1,763                     |
| <b>Total</b>                  | <b>1,352</b>            | <b>4,404</b>              | <b>30.69</b>                 | <b>5,519</b> | <b>4,082</b>              |

**Table 33: Performance related rewards (cash bonus) by salary band for Senior Management Services**

| Salary Band  | Beneficiary Profile     |                     |                        | Total Cost (R'000) | Average cost per employee | Total cost as a % of the total personnel expenditure |
|--------------|-------------------------|---------------------|------------------------|--------------------|---------------------------|--|
|              | Number of beneficiaries | Number of employees | % of total within band |                    |                           |  |
| Band A       | 13                      | 166                 | 7.83                   | 197                | 15,153                    | 0.01   |
| Band B       | 0                       | 0                   | 0                      | 0                  | 0                         | 0.00   |
| Band C       | 0                       | 0                   | 0                      | 0                  | 0                         | 0.00   |
| Band D       | 0                       | 0                   | 0                      | 0                  | 0                         | 0.00   |
| <b>Total</b> | <b>13</b>               | <b>166</b>          | <b>7.83</b>            | <b>197</b>         | <b>15,153</b>             | <b>0.01</b>  |

## Foreign workers

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

**Table 34: Foreign workers**

| Salary Band                              | 1 April 2010 |               | 31 March 2011 |               | Change   |               |
|--|--------------|---------------|---------------|---------------|----------|---------------|
|  | Number       | % of total    | Number        | % of total    | Number   | % of total    |
| Lower skilled (Levels 1-2)               | 0            | 0.00          | 0             | 0.00          | 0        | 0.00          |
| Skilled (Levels 3-5)                     | 0            | 0.00          | 0             | 0.00          | 0        | 0.00          |
| Highly skilled production (Levels 6-8)   | 0            | 0.00          | 0             | 0.00          | 0        | 0.00          |
| Highly skilled supervision (Levels 9-12) | 3            | 75.00         | 3             | 60.00         | 0        | 0.00          |
| SMS (Levels 13-16)                       | 1            | 25.00         | 2             | 40.00         | 1        | 100.00        |
| <b>Total</b>                             | <b>4</b>     | <b>100.00</b> | <b>5</b>      | <b>100.00</b> | <b>1</b> | <b>100.00</b> |

**Table 35: Foreign workers by major occupation**

| Major Occupation  | 1 April 2010 |               | 31 March 2011 |               | Change   |               |
|---|--------------|---------------|---------------|---------------|----------|---------------|
|   | Number       | % of total    | Number        | % of total    | Number   | % of total    |
| Top Management  | 0            | 0.00          | 0             | 0.00          | 0        | 0             |
| Senior Management   | 0            | 0.00          | 0             | 0.00          | 0        | 0             |
| Professionally qualified and experienced specialists and mid-management   | 4            | 100.00        | 5             | 100.00        | 1        | 100.00        |
| Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents | 0            | 0.00          | 0             | 0.00          | 0        | 0             |
| Semi-skilled and discretionary decision making  | 0            | 0.00          | 0             | 0.00          | 0        | 0             |
| Unskilled and defined decision making   | 0            | 0.00          | 0             | 0.00          | 0        | 0             |
| <b>Total</b>  | <b>4</b>     | <b>100.00</b> | <b>5</b>      | <b>100.00</b> | <b>1</b> | <b>100.00</b> |

## Leave

The Public Service Commission identified the need for careful monitoring of sick leave within the public service. The following tables provide an indication of the use of sick leave (Table 36) and disability leave (Table 37). In both cases, the estimated cost of the leave is also provided. Table 38 summarises the utilisation of annual leave.

**Table 36: Sick leave, 1 January 2010 to 31 December 2010**

| 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)               | 53            | 76.05                             | 7                                    | 70.00                                 | 8                         | 12                     |
| Skilled (Levels 3-5)                     | 3,346         | 76.16                             | 350                                  | 87.50                                 | 9                         | 983                    |
| Highly skilled production (Levels 6-8)   | 21,077        | 81.20                             | 2,317                                | 86.32                                 | 9                         | 10,071                 |
| Highly skilled supervision (Levels 9-12) | 7,680         | 76.43                             | 975                                  | 74.42                                 | 8                         | 8,454                  |
| SMS (Levels 13-16)                       | 591           | 85.16                             | 97                                   | 58.43                                 | 6                         | 1,527                  |
| <b>Total</b>                             | <b>32,747</b> | <b>77.40</b>                      | <b>3,746</b>                         | <b>81.96</b>                          | <b>9</b>                  | <b>21,047</b>          |



**Table 37: Disability leave (temporary and permanent) 1 January 2010 to 31 December 2010**

| Salary band                              | Total days   | % days with medical certification | Number of employees using sick leave | % of total employees using sick leave | Average days per employee | Estimated cost (R'000) |
|--|--------------|-----------------------------------|--------------------------------------|---------------------------------------|---------------------------|------------------------|
| Lower skilled (Levels 1-2)               | 0            | 0.00                              | 0                                    | 0                                     | 0                         | 0                      |
| Skilled (Levels 3-5)                     | 158          | 100                               | 7                                    | 1.25                                  | 22                        | 49                     |
| Highly skilled production (Levels 6-8)   | 516          | 100                               | 19                                   | 0.40                                  | 27                        | 247                    |
| Highly skilled supervision (Levels 9-12) | 559          | 100                               | 12                                   | 0.91                                  | 47                        | 578                    |
| SMS (Levels 13-16)                       | 30           | 100                               | 2                                    | 18.07                                 | 15                        | 70                     |
| <b>Total</b>                             | <b>1,263</b> | <b>100</b>                        | <b>40</b>                            | <b>0.87</b>                           | <b>32</b>                 | <b>944</b>             |

**Table 38: Annual leave, 1 January 2010 to 31 December 2010**

| Salary bands                             | Total days taken | Average per employee | Number of employees who took leave |
|--|------------------|----------------------|------------------------------------|
| Lower skilled (Levels 1-2)               | 201              | 20                   | 10                                 |
| Skilled (Levels 3-5)                     | 7,956            | 17                   | 400                                |
| Highly skilled production (Levels 6-8)   | 55,219           | 15                   | 2,644                              |
| Highly skilled supervision (Levels 9-12) | 27,373           | 20                   | 1,310                              |
| SMS (Levels 13-16)                       | 2,676            | 17                   | 152                                |
| <b>Total</b>                             | <b>93,425</b>    | <b>20</b>            | <b>4,516</b>                       |

**Table 39: Capped leave, 1 January 2010 to 31 December 2010**

| Salary bands                             | Total days taken | Average per employee | Number of employees who took leave |
|--|------------------|----------------------|------------------------------------|
| Lower skilled (Levels 1-2)               | 0                | 0                    | 0                                  |
| Skilled (Levels 3-5)                     | 18               | 4                    | 37                                 |
| Highly skilled production (Levels 6-8)   | 277              | 5                    | 24                                 |
| Highly skilled supervision (Levels 9-12) | 247              | 4                    | 37                                 |
| SMS (Levels 13-16)                       | 6                | 4                    | 75                                 |
| <b>Total</b>                             | <b>548</b>       | <b>4</b>             | <b>33</b>                          |

**Table 40: Leave payouts, 1 April 2010 to 31 March 2011**

The following table summarises payments made to employees as a result of leave that was not taken.

| REASON  | Total Amount (R'000) | Number of employees | Average payment per employee |
|---|----------------------|---------------------|------------------------------|
| Leave payout for 2010/11 due to non-utilisation of leave for the previous cycle | 1,385                | 115                 | 11,776                       |
| Capped leave payouts on termination of service for 2010/11                      | 1,740                | 155                 | 11,226                       |
| Current leave payout on termination of service for 2010/11                      | 514                  | 67                  | 7,314                        |
| <b>Total</b>  | <b>3,639</b>         | <b>337</b>          | <b>10,374</b>                |

# Health promotion programmes & HIV/AIDS

**Table 41: 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 |
|--|------------------------------------|
| None   | None                               |

**Table 42: 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.  | X   |    | Mr A Swanepoel<br>Acting Director: Human Resource Management   |
| 2. Does the department have a dedicated unit or has it designated specific staff members to promote the health and well being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose. | X   |    | Employee Wellness Sub-directorate: Programme Manager, two Deputy Managers and two Admin Support Services.  |
| 3. Has the department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of this Programme.   | X   |    | Employee Wellness Programmes (EWP): Two policies have been developed (EWP Policy and HIV&AIDS Policy), Psychosocial Services, Health Promotion activities, Life Skills programmes and HIV&AIDS management including VCT.   |
| 4. Has the department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.                          | X   |    | Nine Provincial Employee Health and Wellness Committees have been established. These Committees are under review for compliance with the Employee Assistance Programme Association (EAPA) standards and DPSA regulations. They represent stakeholders from HRM managers and union representatives. |
| 5. Has the department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.  | X   |    | HIV and AIDS & Employee Wellness Policies under review.  |
| 6. Has the department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.   | X   |    | HIV&AIDS policy is being implemented. Awareness and education on HIV&AIDS Management. Provision of care and support by in-house and service providers through Psychosocial Services.   |
| 7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have you achieved.   | X   |    | VCT was incorporated in Health and Wellness events and World AIDS Day. The total number of attendance was 2 837; the number of VCT participants is 1 306 which gives a percentage of 46% and for the total establishment, a percentage of 29%.   |
| 8. Has the department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.   | X   |    | Analysis of health screening including HIV & AIDS results and designing programmes to address identified problems.   |





# Labour relations

**Table 43: Collective agreements, 1 April 2010 to 31 March 2011**

|                                    |             |
|------------------------------------|-------------|
| <b>Total collective agreements</b> | <b>None</b> |
|------------------------------------|-------------|

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

**Table 44: Misconduct and disciplinary hearings finalised, 1 April 2010 to 31 March 2011**

| <b>Outcomes of disciplinary hearings</b> | <b>Number</b> | <b>% of total</b> |
|--|---------------|-------------------|
| Correctional counselling                 | 0             | 0.00              |
| Verbal warning                           | 0             | 0.00              |
| Written warning                          | 1             | 14.28             |
| Final written warning                    | 2             | 28.57             |
| Suspended without pay                    | 1             | 14.28             |
| Fine                                     | 0             | 0.00              |
| Demotion                                 | 0             | 0.00              |
| Dismissal                                | 2             | 28.57             |
| Not guilty                               | 1             | 14.28             |
| Case withdrawn                           | 0             | 0.00              |
| <b>Total</b>                             | <b>7</b>      | <b>100.00</b>     |

**Table 45: Types of misconduct addressed at disciplinary hearings**

| <b>Type of misconduct</b>            | <b>Number</b> | <b>% of total</b> |
|--------------------------------------|---------------|-------------------|
| Abuse of State vehicle               | 0             | 0.00              |
| Assault/Foul language                | 1             | 20.00             |
| Irregularities/Theft/Fraud/Bribery   | 4             | 80.00             |
| Abuse of internet                    | 0             | 0.00              |
| Unauthorised absenteeism/Late coming | 0             | 0.00              |
| Drunk on duty                        | 0             | 0.00              |
| <b>Total</b>                         | <b>5</b>      | <b>100.00</b>     |

**Table 46: Grievances lodged, 1 April 2010 to 31 March 2011**

|  | <b>Number</b> | <b>% of total</b> |
|--|---------------|-------------------|
| Number of grievances resolved            | 18            | 42.85             |
| Number of grievances not resolved        | 24            | 57.14             |
| <b>Total number of grievances lodged</b> | <b>42</b>     | <b>100.00</b>     |

**Table 47: Disputes lodged with Councils, 1 April 2010 to 31 March 2011**

|  | <b>Number</b> | <b>% of total</b> |
|--|---------------|-------------------|
| Number of disputes upheld              | 4             | 50.00             |
| Number of disputes dismissed           | 4             | 50.00             |
| <b>Total number of disputes lodged</b> | <b>8</b>      | <b>100.00</b>     |

**Table 48: Strike actions, 1 April 2010 to 31 March 2011**

|  |      |
|--|------|
| Total number of person working days lost               | 48   |
| Total cost (R'000) of working days lost                | 1120 |
| Amount (R'000) recovered as a result of no work no pay | 1120 |

**Table 49: Precautionary suspensions, 1 April 2010 to 31 March 2011**

|  |     |
|--|-----|
| Number of people suspended                         | 15  |
| Number of people whose suspension exceeded 30 days | 15  |
| Average number of days suspended                   | 45  |
| Cost (R'000) of suspensions                        | 722 |

# Skills development

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

**Table 50: Training needs identified, 1 April 2010 to 31 March 2011**

| Occupational categories                    | Gender | Number of employees as at 1 April 2010 | Training needs identified at start of reporting period |   |                         |             |
|--|--------|--|--|---|-------------------------|-------------|
|  |        |  | Learnerships   | Skills programmes & other short courses | Other forms of training | Total       |
| Legislators, senior officials and managers | Female | 56                                     | 0  | 24                                      | 0                       | 24          |
|  | Male   | 72                                     | 0  | 42                                      | 0                       | 42          |
| Professionals                              | Female | 1166                                   | 0  | 340                                     | 0                       | 340         |
|  | Male   | 1275                                   | 0  | 408                                     | 0                       | 408         |
| Technicians and associate professionals    | Female | 374                                    | 0  | 527                                     | 0                       | 527         |
|  | Male   | 350                                    | 0  | 436                                     | 0                       | 436         |
| Clerks                                     | Female | 599                                    | 0  | 420                                     | 0                       | 420         |
|  | Male   | 323                                    | 0  | 290                                     | 0                       | 290         |
| Service and sales workers                  | Female | 11                                     | 0  | 70                                      | 0                       | 70          |
|  | Male   | 17                                     | 0  | 79                                      | 0                       | 90          |
| Craft and related trades workers           | Female | 6                                      | 0  | 0                                       | 0                       | 0           |
|  | Male   | 27                                     | 0  | 0                                       | 0                       | 0           |
| Elementary occupations                     | Female | 48                                     | 0  | 0                                       | 0                       | 0           |
|  | Male   | 65                                     | 0  | 0                                       | 0                       | 0           |
| Sub Total                                  | Female | 2260                                   | 0  | 1381                                    | 0                       | 1381        |
|  | Male   | 2129                                   | 0  | 1255                                    | 0                       | 1255        |
| <b>Total</b>                               |        | <b>4389</b>                            | <b>0</b>   | <b>2636</b>                             | <b>0</b>                | <b>2636</b> |

**Table 51: Training provided, 1 April 2010 to 31 March 2011**

| Occupational categories                    | Gender | Number of employees as at 1 April 2010 | Training needs identified at start of reporting period |   |                         |             |
|--|--------|--|--|---|-------------------------|-------------|
|  |        |  | Learnerships   | Skills programmes & other short courses | Other forms of training | Total       |
| Legislators, senior officials and managers | Female | 56                                     | 0  | 24                                      | 0                       | 24          |
|  | Male   | 72                                     | 0  | 42                                      | 0                       | 42          |
| Professionals                              | Female | 1166                                   | 0  | 340                                     | 0                       | 340         |
|  | Male   | 1275                                   | 0  | 408                                     | 0                       | 408         |
| Technicians and associate professionals    | Female | 374                                    | 0  | 527                                     | 0                       | 527         |
|  | Male   | 350                                    | 0  | 436                                     | 0                       | 436         |
| Clerks                                     | Female | 599                                    | 0  | 420                                     | 0                       | 420         |
|  | Male   | 323                                    | 0  | 290                                     | 0                       | 290         |
| Service and sales workers                  | Female | 11                                     | 0  | 70                                      | 0                       | 70          |
|  | Male   | 17                                     | 0  | 79                                      | 0                       | 90          |
| Craft and related trades workers           | Female | 6                                      | 0  | 0                                       | 0                       | 0           |
|  | Male   | 27                                     | 0  | 0                                       | 0                       | 0           |
| Elementary occupations                     | Female | 48                                     | 0  | 0                                       | 0                       | 0           |
|  | Male   | 65                                     | 0  | 0                                       | 0                       | 0           |
| Sub Total                                  | Female | 2260                                   | 0  | 1381                                    | 0                       | 1381        |
|  | Male   | 2129                                   | 0  | 1255                                    | 0                       | 1255        |
| <b>Total</b>                               |        | <b>4389</b>                            | <b>0</b>   | <b>2636</b>                             | <b>0</b>                | <b>2636</b> |



## Injury on duty

The following tables provide basic information on injury on duty.

| Nature of injury on duty              | Number    | % of total    |
|---------------------------------------|-----------|---------------|
| Required basic medical attention only | 20        | 100.00        |
| Temporary total disablement           | 0         | 0.00          |
| Permanent disablement                 | 0         | 0.00          |
| Fatal                                 | 0         | 0.00          |
| <b>Total</b>                          | <b>23</b> | <b>100.00</b> |

## Utilisation of consultants

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

**Table 52: Report on consultant appointments using appropriated funds**

| NATURE OF CONSULTING SERVICES                        | AMOUNT PAID           |
|--|-----------------------|
| Accountants and Auditors                             | 1 417 764.51          |
| Audit Committee (Non-officials)                      | 264 110.40            |
| Communications                                       | 91 200.00             |
| Financial Management                                 | 30 917 165.34         |
| Human Resource                                       | 12 931.18             |
| Organisational                                       | 1 569 547.44          |
| Project Management                                   | 99 671 347.38         |
| Research and Advisory Services                       | 19 700 762.12         |
| Valuer   | 4 304 994.26          |
| Translations and Transcriptions                      | 446 703.60            |
| Geoinformatic Services                               | 1 887 258.65          |
| Land and Quantity Surveyors                          | 3 748 909.00          |
| Town Planner   | 463 841.02            |
| Agriculture  | 28 454 089.43         |
| Private firm: Advice                                 | 8 487 826.01          |
| State Attorney: Advice                               | 49 126 333.89         |
| State Attorney: Conveyancing                         | 5 900.00              |
| State Attorney: Messenger of Court                   | 1 376.95              |
| Board Members  | 6 010.80              |
| Qualification Verification                           | 14 080.00             |
| Engineering Agriculture                              | 2 289 357.58          |
| Land Designer  | 239 720.18            |
| <b>Total Consultants &amp; Professional Services</b> | <b>253 121 229.74</b> |

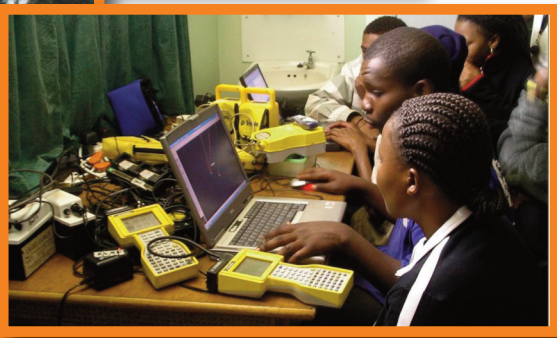
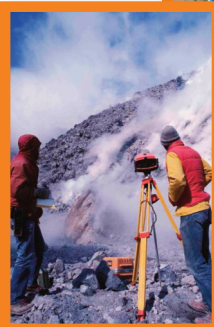
# Part 5

**DEPARTMENT OF RURAL DEVELOPMENT & LAND REFORM**



# Part 5

## Additional Information



**DEPARTMENT OF RURAL DEVELOPMENT & LAND REFORM**





# Abbreviations & Acronyms

DEPARTMENT OF RURAL DEVELOPMENT & LAND REFORM

|                 |  |
|-----------------|--|
| <b>AG:</b>      | Auditor-General  |
| <b>APB:</b>     | Accounting Practices Board   |
| <b>ASB:</b>     | Accounting Standards Board   |
| <b>APC:</b>     | Accounting Practices Committee                                       |
| <b>ASGISA:</b>  | Accelerated and Shared Growth Initiative for South Africa            |
| <b>CPA:</b>     | Communal Property Act  |
| <b>CoS:</b>     | Council of Stakeholders  |
| <b>CRDP:</b>    | Comprehensive Rural Development Programme                            |
| <b>DTI:</b>     | Department of Trade and Industry                                     |
| <b>e-RAP:</b>   | E-Rural Access Programme   |
| <b>ESTA:</b>    | Extension of Security of Tenure Act                                  |
| <b>FES:</b>     | Farm Equity Scheme   |
| <b>GAAP:</b>    | Generally Accepted Accounting Practice                               |
| <b>GRAP:</b>    | Generally Recognised Accounting Practice                             |
| <b>IASB:</b>    | International Accounting Standards Board                             |
| <b>ICASA:</b>   | Independent Communications Authority of South Africa                 |
| <b>ICT:</b>     | Information Communication Technology                                 |
| <b>IPSASB:</b>  | International Public Sector Accounting Standards Board               |
| <b>LRAD:</b>    | Land Redistribution for Agricultural Development                     |
| <b>LTA:</b>     | Land Tenure Act  |
| <b>MPCCs:</b>   | Multipurpose Community Centres                                       |
| <b>MTEF:</b>    | Medium Term Expenditure Framework                                    |
| <b>MTSF:</b>    | Medium Term Strategic Framework                                      |
| <b>NARYSEC:</b> | National Rural Youth Service Corps                                   |
| <b>NCOP:</b>    | National Council of Provinces  |
| <b>NPI:</b>     | Non Profit Institution   |
| <b>PAA:</b>     | Public Audit Act   |
| <b>PDPs:</b>    | Personnel Development Plans  |
| <b>PFMA:</b>    | Public Finance Management Act  |
| <b>PIE:</b>     | Protection of Illegal Eviction                                       |
| <b>PLAS:</b>    | Proactive Land Acquisition Strategy                                  |
| <b>PPM:</b>     | Public Private Monitoring  |
| <b>PPP:</b>     | Public Private Partnership   |
| <b>RID:</b>     | Rural Infrastructure Development                                     |
| <b>SAICA:</b>   | South African Institution of Chartered Accountants                   |
| <b>SCOAS:</b>   | Standard Charts of Accounts  |
| <b>SEDA:</b>    | Small Enterprise Development Agency                                  |
| <b>SETA:</b>    | State Enterprise Training Agency                                     |
| <b>SG:</b>      | Surveyor-General   |
| <b>SIU:</b>     | Special Investigating Unit   |
| <b>SLAG:</b>    | Settlement of Land Acquisition Grant                                 |
| <b>SPLAG:</b>   | Settlement and Production Land Acquisition Grant                     |
| <b>STRIF:</b>   | Social, Technical, Rural Livelihoods and Infrastructure Facilitation |
| <b>TBVC:</b>    | Transkei, Bophuthatswana, Venda, and Ciskei                          |
| <b>TR:</b>      | Treasury Regulation  |
| <b>VVAs:</b>    | Village Viewing Areas  |





|                      |  |
|----------------------|--|
| <b>Augment</b>       | To increase the amount or value of something   |
| <b>Batho Pele</b>    | People First   |
| <b>Bedevilled</b>    | To cause a lot of problems for someone   |
| <b>Cadastral</b>     | Is a comprehensive register of the metes-and-bounds real property of a country.                              |
| <b>Cohesion</b>      | A situation in which people or things combine well to form a unit.   |
| <b>Exorbitant</b>    | It is when you over price something.   |
| <b>Geospatial</b>    | Is an approach to applying statistical analysis and other information techniques to geographical based data. |
| <b>Mitigation</b>    | Facts that help to explain a crime or mistake and make it seems less bad.                                    |
| <b>Moratorium</b>    | An official agreement to stop an activity temporarily.   |
| <b>Protracted</b>    | Continuing for a long time, especially longer than its normal or necessary.                                  |
| <b>Restitution</b>   | Formally the act of returning something that was lost or stolen to the person it belongs to.                 |
| <b>Repealing</b>     | Reversal or removal.   |
| <b>Topographical</b> | The study of the features of land; for example hills, rivers, and the process of making maps.                |





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