

# PROVINCIAL BUDGET ALLOCATIONS 2017-2018 ANNUAL PERFORMANCE PLAN OF THE DRDLR

## PRESENTATION TO THE SELECT COMMITTEE ON LAND AND MINERAL RESOURCE

30 MAY 2017



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Department:  
Rural Development and Land Reform  
REPUBLIC OF SOUTH AFRICA

# APPROPRIATION PER PROGRAMME 2017/18

## Appropriation per Programme R'000

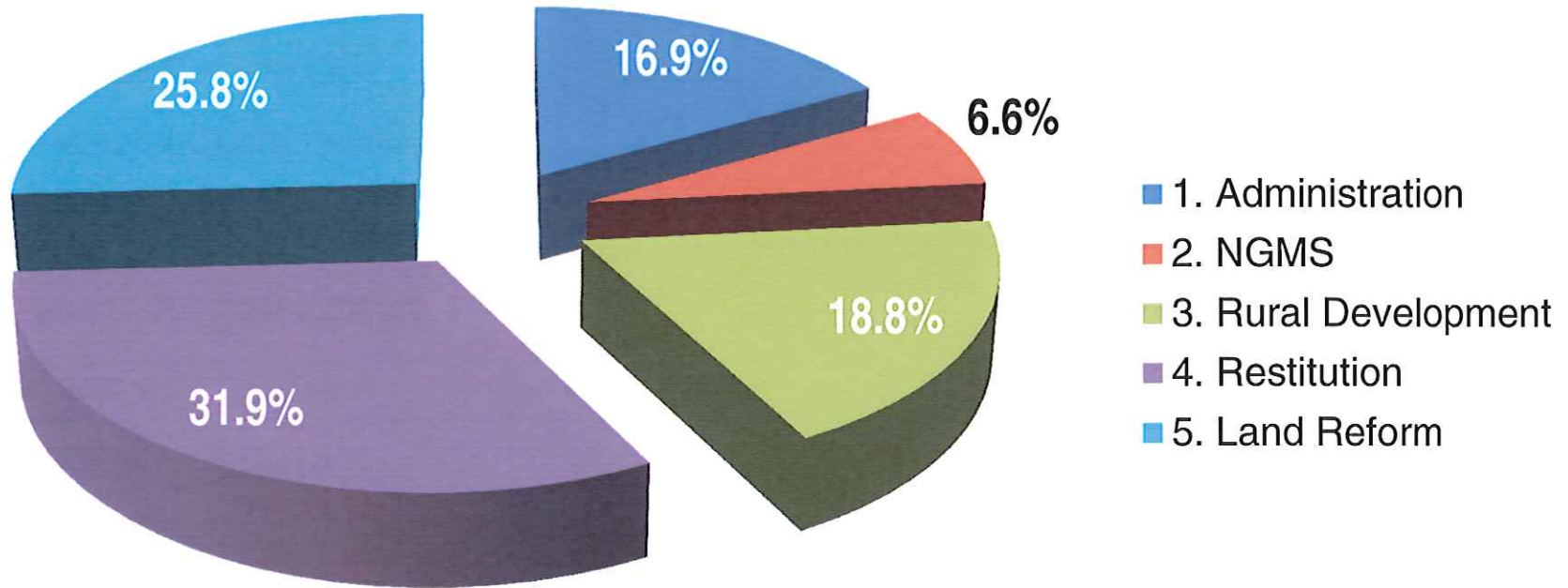
	2017/18	% of total Allocation
Administration	1,721,620	16.9%
NGMS	672,117	6.6%
Rural Development	1,914,896	18.8%
Restitution	3,247,384	31.9%
Land Reform	2,628,223	25.8%
<b>TOTAL</b>	<b>10,184,240</b>	<b>100.0%</b>



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# % ALLOCATION PER PROGRAMMES





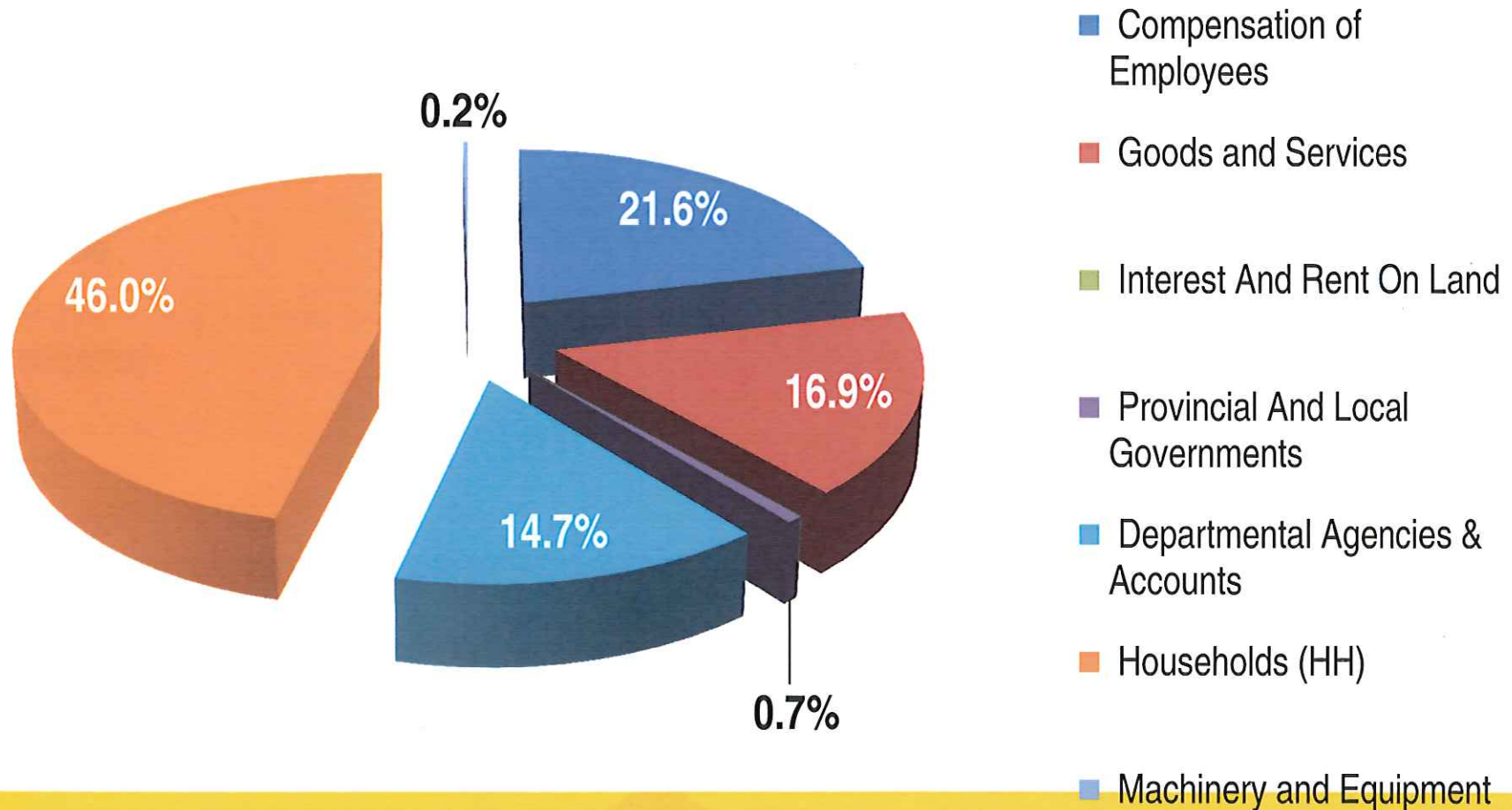
# APPROPRIATION PER ECONOMIC CLASSIFICATION 2017/18

## Appropriation per economic classification R'000

	2017/18	% of total Allocation
Compensation of Employees	2,194,584	21.5%
Goods and Services	1,715,466	16.8%
Provincial And Local Governments	67,542	0.7%
Departmental Agencies & Accounts	1,493,134	14.7%
Foreign Gov&International Organ	1,653	0.0%
Public Corporations & Priv Ent	1	0.0%
Non Profit Institutions (NPI)	3,492	0.0%
Households (HH)	4,683,435	46.0%
Machinery and Equipment	24,004	0.2%
Software & Other Intangible assets	929	0.0%
<b>TOTAL</b>	<b>10,184,240</b>	<b>100.0%</b>



# % PER ECONOMIC CLASSIFICATION



# PROVINCIAL OFFICE ALLOCATION

PROVINCIAL OFFICE	Final ENE allocation	%
		allocation to provincial budget
	R'000	%
Eastern Cape	712,716	11.1%
Free State	441,955	6.9%
Gauteng	412,278	6.4%
Kwa Zulu Natal	1,282,698	19.9%
Limpopo	925,414	14.4%
Mpumalanga	1,047,484	16.3%
Northern Cape	448,736	7.0%
North West	644,362	10.0%
Western Cape	525,757	8.2%
<b>TOTAL</b>	<b>6,441,400</b>	<b>100.0%</b>



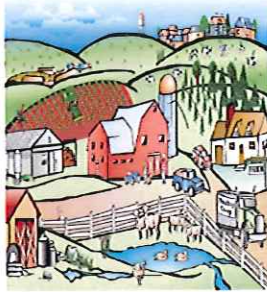
# PROVINCIAL ECONOMIC CLASSIFICATION ALLOCATION

Economic classification	Final ENE allocation	%
		allocation to Total baseline
	R'000	%
Compensation of Employees	1,386,974	21.53%
Goods and Services	345,804	5.37%
Provincial And Local Governments	67,518	1.05%
Households (HH)	4,630,835	71.89%
Machinery and Equipment	10,269	0.16%
<b>TOTAL</b>	<b>6,441,400</b>	<b>100.00%</b>



# BUDGET VS DEPARTMENT POLICY PRIORITIES

**R760.2 million**

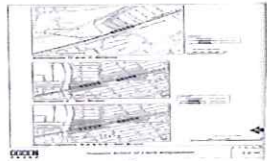


RID: Agri-hub; AVMP, FPSU, RVCP, Economic Infrastructure; Skills development; Revitalisation of Rural One Integrated Community Centre

**R432.9 million**

REID: Agri-industries; Job opportunities; Agric & Non-Agric Enterprises; Livelihoods; Skills Development

**R2.609 billion**



Land Claims

**R415.4 million**

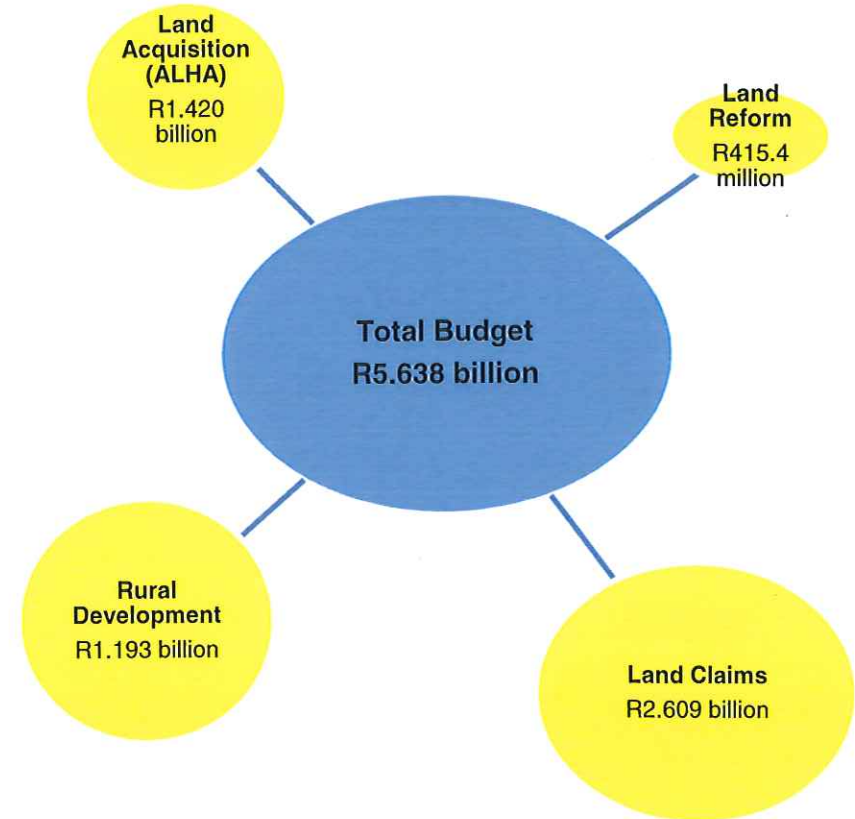


One Household-One Hectare; One Household 2 Dairy Cows Recapitalisation commitment

**R1.420 billion**



ALHA (Land Acquisition); One Household One Hectare and Recapitalisation



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# Household Projects: Per Branch & Province

PROVINCIAL OFFICE	Final ENE allocation	%
		allocation to provincial budget
<b>NARYSEC</b>	<b>R'000</b>	<b>%</b>
Eastern Cape	40 482	0.40%
Free State	40 482	0.40%
Gauteng	40 482	0.40%
Kwa Zulu Natal	40 482	0.40%
Limpopo	40 482	0.40%
Mpumalanga	40 482	0.40%
Northern Cape	40 482	0.40%
North West	40 482	0.40%
Western Cape	40 482	0.40%
<b>TOTAL</b>	<b>364 338</b>	<b>3.58%</b>

## Household Projects: Per Branch & Province

PROVINCIAL OFFICE	Final ENE allocation	% allocation to provincial budget
<b>RID</b>	<b>R'000</b>	<b>%</b>
Eastern Cape	154 821	1.52%
Free State	56 206	0.55%
Gauteng	62 779	0.62%
Kwa Zulu Natal	152 200	1.49%
Limpopo	86 650	0.85%
Mpumalanga	75 965	0.75%
Northern Cape	33 694	0.33%
North West	69 000	0.68%
Western Cape	68 890	0.68%
<b>TOTAL</b>	<b>760 204</b>	<b>7.46%</b>

## Household Projects: Per Branch & Province

PROVINCIAL OFFICE	Final ENE allocation	%
		allocation to provincial budget
<b>REID</b>	<b>R'000</b>	<b>%</b>
Eastern Cape	64 628	0.63%
Free State	34 393	0.34%
Gauteng	25 534	0.25%
Kwa Zulu Natal	83 456	0.82%
Limpopo	47 353	0.46%
Mpumalanga	40 043	0.39%
Northern Cape	35 901	0.35%
North West	34 301	0.34%
Western Cape	66 287	0.65%
<b>TOTAL</b>	<b>431 897</b>	<b>4.24%</b>





# Household Projects: Per Branch & Province

PROVINCIAL OFFICE	Final ENE allocation	%
		allocation to provincial budget
<b>Restitution</b>	R'000	%
EC: WHOLE PROVINCE	211,593	8.1%
FS: WHOLE PROVINCE	109,635	4.2%
GT: WHOLE PROVINCE	65,193	2.5%
KZN: WHOLE PROVINCE	581,990	22.3%
LP: WHOLE PROVINCE	514,574	19.7%
MP: WHOLE PROVINCE	524,105	20.1%
NC: WHOLE PROVINCE	204,533	7.8%
NW: WHOLE PROVINCE	248,429	9.5%
WC: WHOLE PROVINCE	149,026	5.7%
<b>TOTAL</b>	<b>2,609,078</b>	<b>100.0%</b>



## Household Projects: Per Branch & Province

PROVINCIAL OFFICE	Final ENE allocation	%
		allocation to provincial budget
LRD	R'000	%
Eastern Cape	49 898	0.49%
Free State	0	0.00%
Gauteng	22 480	0.22%
Kwa Zulu Natal	128 220	1.26%
Limpopo	54 076	0.53%
Mpumalanga	78 000	0.77%
Northern Cape	17 000	0.17%
North West	65 662	0.64%
Western Cape	60	0.00%
<b>TOTAL</b>	<b>415 397</b>	<b>4.08%</b>



## Household Projects: Per Branch & Province

PROVINCIAL OFFICE	Final ENE allocation	%
		allocation to provincial budget
LTA	R'000	%
Eastern Cape	600	0.63%
Free State	2,000	2.09%
Gauteng	8,000	8.35%
Kwa Zulu Natal	7,000	7.31%
Limpopo	700	0.73%
Mpumalanga	31,550	32.93%
Northern Cape	1,000	1.04%
North West	29,955	31.27%
Western Cape	15,000	15.66%
<b>TOTAL</b>	<b>95,805</b>	<b>100.00%</b>



## Departmental Agencies : Per Sub Programme

DEPARTMENTAL AGENCIES	Final ENE allocation	%
		allocation to provincial budget
SUB PROG	R'000	%
Agricultural Land Holding Account (ALHA)	1,419,601	95.1%
KZN Ingonyama Trust Board	19,727	1.3%
Office Of Valuer-General	49,806	3.3%
South Africn Geomatcs Council	4,000	0.3%
<b>TOTAL</b>	<b>1,493,134</b>	<b>100.0%</b>

## Provincial & Local Gov : Per Branch & Province

PROVINCIAL OFFICE	Final ENE allocation	%
		allocation to provincial budget
<b>Restitution</b>	R'000	%
EC: WHOLE PROVINCE		0.0%
FS: WHOLE PROVINCE	419	7.5%
GT: WHOLE PROVINCE		0.0%
KZN: WHOLE PROVINCE	419	7.5%
LP: WHOLE PROVINCE	437	7.8%
MP: WHOLE PROVINCE	1,210	21.5%
NC: WHOLE PROVINCE	870	15.5%
NW: WHOLE PROVINCE	1,840	32.7%
WC: WHOLE PROVINCE	426	7.6%
<b>TOTAL (Rates &amp; Taxes / Vehicle Licenses)</b>	<b>5,621</b>	<b>100.0%</b>

## Provincial & Local Gov : Per Branch & Province

PROVINCIAL OFFICE	Final ENE allocation	% allocation to provincial budget
LTA	R'000	%
EC: WHOLE PROVINCE	5,219	8.4%
FS: WHOLE PROVINCE	522	0.8%
GT: WHOLE PROVINCE	522	0.8%
KZN: WHOLE PROVINCE	3,017	4.9%
LP: WHOLE PROVINCE	2,298	3.7%
MP: WHOLE PROVINCE	46,974	75.9%
NC: WHOLE PROVINCE	1,799	2.9%
NW: WHOLE PROVINCE	1,499	2.4%
WC: WHOLE PROVINCE	27	0.0%
<b>TOTAL (Rates &amp; Taxes / Vehicle Licenses)</b>	<b>61,877</b>	<b>100.0%</b>





**AGRICULTURAL LAND HOLDING ACCOUNT (ALHA)  
2016/17 ESTIMATES OF NATIONAL EXPENDITURE (ENE)  
PRESENTATION**

**PRESENTED BY DIRECTOR:PLAS FMS**



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## Overview

- ❑ Overall budget allocation has decreased by 6% for 2017/18 and 2% for 2018/19. These decreases are depicted from the initial baseline allocation to the revised allocation on year-to year basis, represented by a significant 9.43% for 2017/18 and 12% for both 2018/19 and 2019/20 financial years respectively.
- ❑ Implementation of “Strengthening of Relative Rights (50/50) Programme” through National Empowerment Fund (NEF) continues in the outer years, budgeted at R525m, R551m and R579m for 2017/18, 2018/19, and 2019/20 respectively. This represents an average increase of 5% throughout the period. The entity is working with the Strategic Partner National Empowerment Fund to achieve the mandate of the Programme.
- ❑ One Hectare One Household (1H1H) programme/intervention is introduced in 2017/18-2019/20 with the following budgeted amounts R106.2m, R112.5m and R118.8m for the MTEF period. This represents an average increase of 6% throughout the period. The programme seeks to provide comprehensive farm development support to households on farms participating in the 1H1H initiative.
- ❑ Project Management Unit is budgeted at R71m, R71m and R35m for the 2017/18, 2018/19 and 2019/20 respectively representing a decrease of 0.25% over the period.



## TRANSFERS

GRANT INCOME / TRANSFERS RECEIVED	2017/18 ESTIMATE
	R 000'
ORIGINAL ENE ALLOCATION – GRANT INCOME	1 567 442
BUDGET CUTS ORIGINAL	(144 880)
	1 422 562
FURTHER CUTS (11/11/2016)	(2 961)
REVISED ENE ALLOCATION - GRANT	1 419 601





**STRATEGIC LAND ACQUISITION:  
(Land acquisition, SRR (50/50) and Planning)**

STRATEGIC LAND ACQUISITION	2017/18
	R '000
Eastern Cape	121 500
Free State	101 700
Gauteng	91 500
KwaZulu-Natal	130 000
Limpopo	120 000
Mpumalanga	127 120
Northern Cape	88 114
North West	142 647
Western Cape	44 634
<b>TOTAL</b>	<b>967 215</b>



## RECAPITALISATION AND DEVELOPMENT (Recapitalisation and One Hectare One Household 1H1H)

RECAPITALISATION AND DEVELOPMENT	2017/18
	R '000
Eastern Cape	41 000
Free State	32 800
Gauteng	27 500
KwaZulu-Natal	44 630
Limpopo	32 800
Mpumalanga	32 800
Northern Cape	44 142
North West	30 210
Western Cape	42 000
<b>TOTAL</b>	<b>327 882</b>

**Note**

Although the TOTAL Recap was split per province, no further break down is provided by the Branch for each category per province within Recap in terms of for example Recap and 1H1H has been provided. Analysis of the allocation per category shows that 68%, and 32% has been provided for 2017/18, whereas for the outer years a split of 65%, and 35% has been provided for 2018/19 and 69% and 31% in 2019/20..

## RATES AND TAXES

Province	2017/18
Limpopo	1 274 400
Nothern Cape	2 230 200
Western Cape	2 655 000
Gauteng	5 522 400
Free State	6 372 000
North West	6 584 400
Kwazulu Natal	7 221 600
Eastern Cape	7 965 000
Mpumalanga	10 620 000
<b>Totals</b>	<b>50 445 000</b>

**Note**

Rates and taxes budget has been estimated to increase by 6% all around per financial year and per province. These estimates are based on the current (2016/17) approved allocation. This is despite the low spending in the line item as the expected spending for the current financial year will meet the target.



# BUDGET VS DEPARTMENT POLICY PRIORITIES

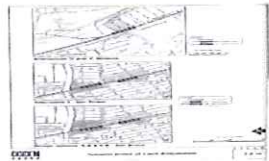
**R760.2 million**



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**R432.9 million**

REID: Agri-industries; Job opportunities; Agric & Non-Agric Enterprises; Livelihoods; Skills Development



**R2.609 billion**

Land Claims



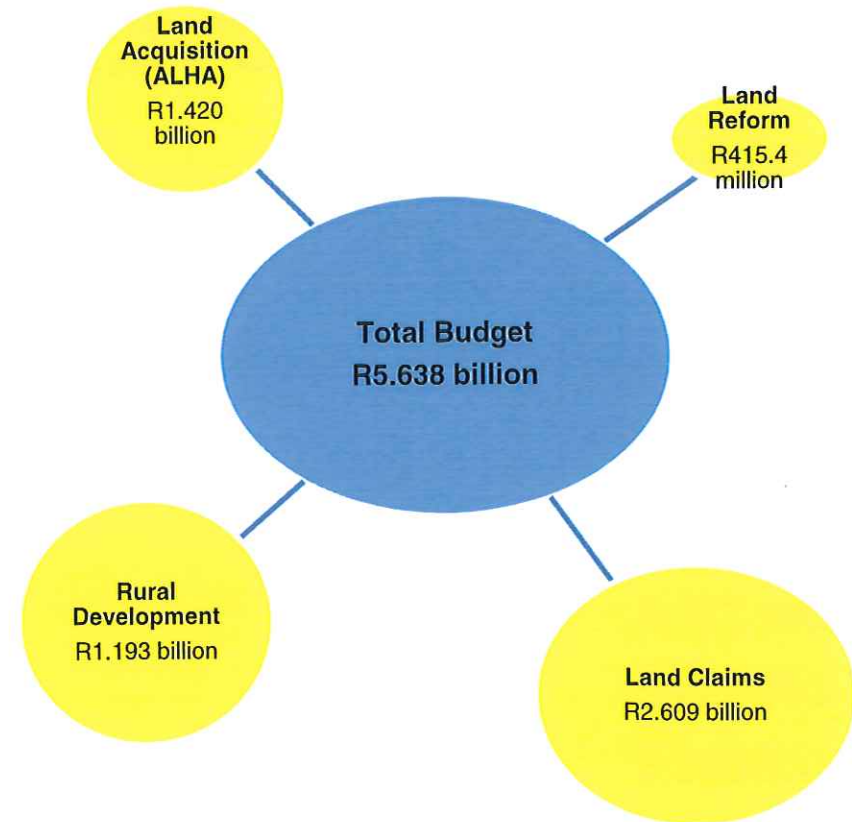
**R415.4 million**

One Household-One Hectare; One Household 2 Dairy Cows Recapitalisation commitment



**R1.420 billion**

ALHA (Land Acquisition); One Household One Hectare and Recapitalisation



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# STATE OF READINESS

- Demand/procurement plans were linked to project registers and budget to ensure that procurement is at the right time, and at the right cost;
- Demand/procurement plans were reliably determined and appropriate sourcing strategies were developed;
- A breakdown of monthly anticipated expenditure was developed;
- Delivery of services to be regularly monitored to ensure that scarce resources are efficiently and effectively used by regularly tracking, controlling and reporting on expenditure against performance;
- Continuation with enforcement of cost cutting measures



# KEY FACTS



## R5.230 billion or 51.4 % of overall budget

Contractual commitments (salaries, transfers to entities and organisational needs)



## R2.215 billion

Household projects commitments (carried over from 2016/17, Mou/SLA signed, orders issued to service providers)



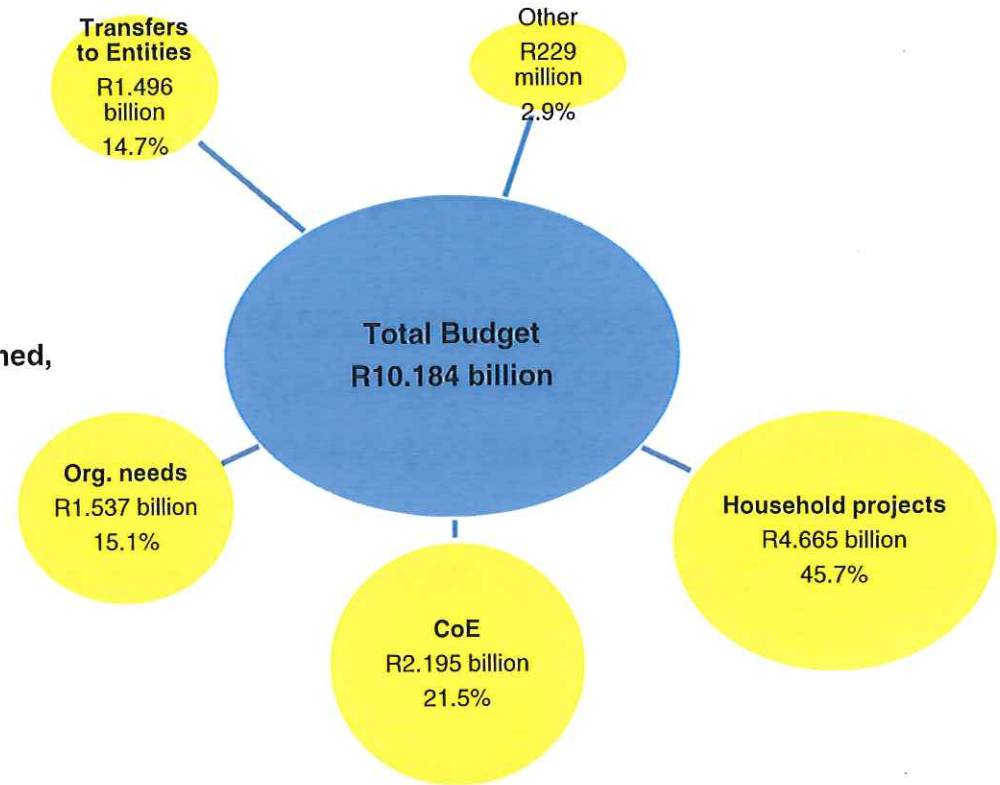
## R1.305 billion

Household projects to go through normal SCM processes e.g. tender



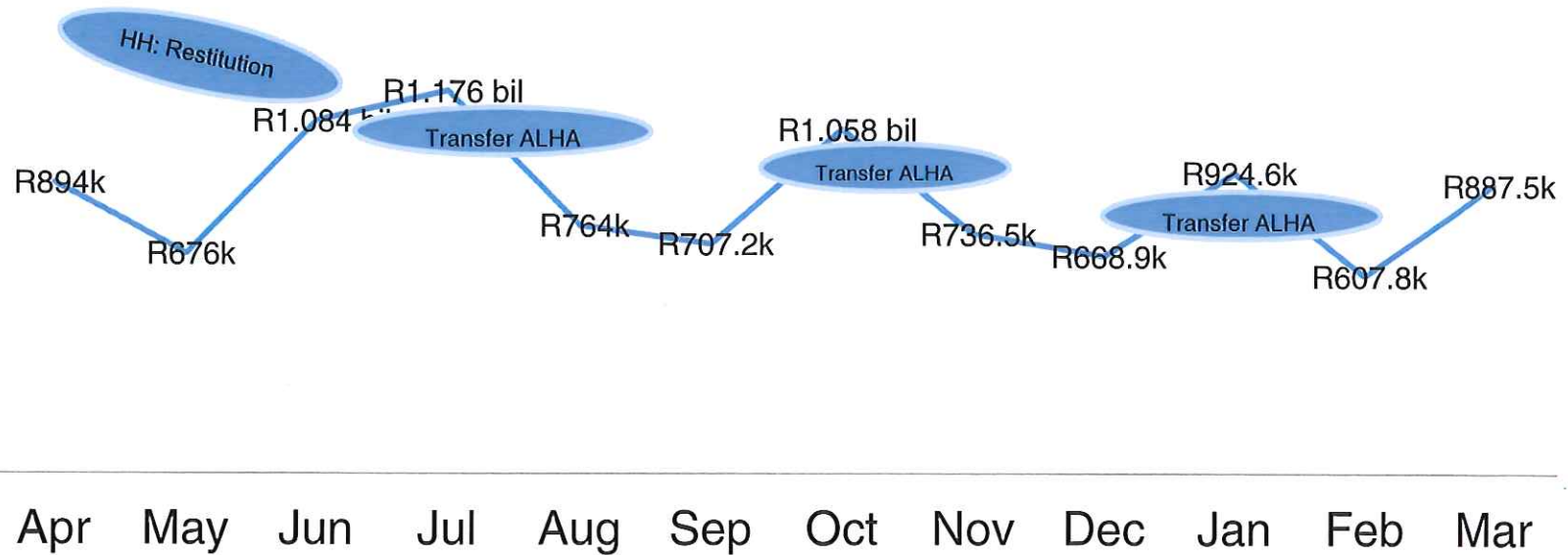
## 65.2% of household projects

to go through normal SCM process are projected to be awarded by October 2017





# EXPENDITURE: MONTHLY PROJECTIONS



## Expenditure trends

- Bulk of household commitments (mainly for Restitution grants) to be paid in June 2017;
- Expenditure is also expected to be high in July, October and January mainly due to quarterly transfers to entities (e.g. ALHA)

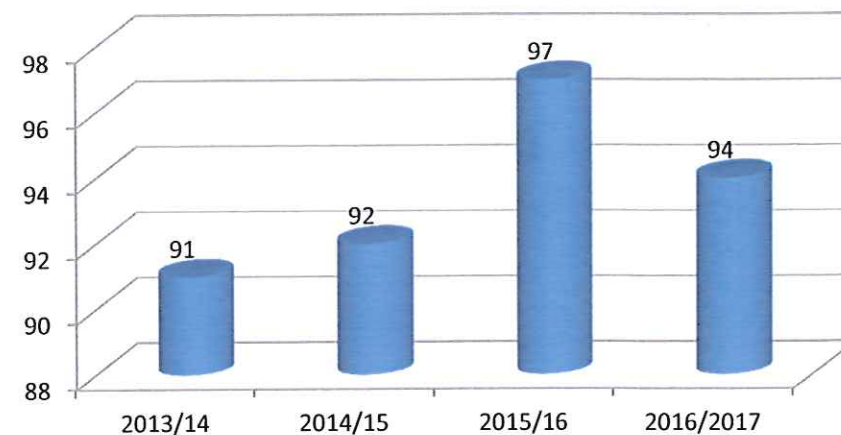


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# % COMPLIANCE WITH 30 DAYS PERIOD

Financial Year	% Paid
2013/14	91%
2014/15	92%
2015/16	97%
2016/17	94%



# REASONS FOR NON-COMPLIANCE

- **2013/14:** Department paid 91% of total invoices submitted that reflects 9% non-compliance with 30 days. Reasons for non compliance were invoice discrepancies, invalid tax clearance certificates and changes in banking details by suppliers without informing the department on time
- **2014/15:** Department paid 92% of total invoices submitted that reflects 8% non compliance with 30 days. Reasons for non compliance were invoice discrepancies, tax clearance certificates that expired and ex-post facto invoices (e.g. photo copy machine used after contract expired and invoices must be presented and approved by National Bid Adjudication Committee).
- **2015/16:** Department paid 97% of total invoices submitted that reflects 3% non compliance with 30 days. Reasons for non compliance were invoice discrepancies, tax clearance certificates that expired and ex-post facto invoices
- **2016/17:** Department paid 94% of total invoices submitted that reflects 6% non compliance with 30 days. Reasons for non compliance were invoice discrepancies, tax clearance certificates that expired and ex-post facto invoices



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## ACTION TAKEN BY THE DEPARTMENT TO COMPLY WITH 30 DAYS REGULATION

- **Discrepancies of invoices** – The department included the invalid invoices within 30 days report; going forward will exclude such invoices until the dispute is resolved. The department communicate the discrepancies with service provider eg. Quotation submitted without VAT or Interest while invoice submitted with VAT and Interest for payments. Department will request revised and valid invoice to be submitted.
- **Invalid tax clearance certificates** – When the department contracted the service provider tax clearance certificate was still valid. With the implementation of the CSD, the department is able to access Tax Clearance information, if Tax Clearance is not valid department communicates with service provider to address issues with SARS. Until queries/ issues with SARS are resolved the department will not include those invoices within 30 days report.
- **Changes in banking details by suppliers** - When the department contracted the service provider banking details were still valid. With the implementation of CSD, the suppliers update the banking details and must submit copy to the department. Until banking details issues are addressed the department will not included those invoices within 30 days report.
- **Ex-post facto invoices** – Contract management sends reminders to service provider and departmental officials three months before expiry date. If service providers don't collect machine and officials continue to use the machine; regarded as irregular expenditure - referred to Finance Control Committee (FCC) .
- The department established Finance Control Committee to ensure effective and efficient execution of the Irregular, Wasteful and Fruitless Expenditure and Financial misconduct policies.
- Consequences management is applied after investigation by FCC.



# THANK YOU



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