

VOTE 11

DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT

| R thousand | 2016/17 | | | |
|----------------------------------|--|------------------------|----------|---------------|
| | Main appropriation | Adjusted appropriation | Decrease | Increase |
| Amount to be appropriated | 777 853 | 831 585 | | 53 732 |
| of which: | | | | |
| Current payments | 717 548 | 772 941 | | 55 393 |
| Transfers and subsidies | 18 090 | 10 671 | (7 420) | |
| Payments for capital assets | 42 214 | 47 945 | | 5 731 |
| Payment for financial assets | | 28 | | 28 |
| Executive authority | MEC for Agriculture and Rural Development | | | |
| Accounting officer | Head of Department | | | |

1. Vision and Mission

Vision

An economically transformed agricultural sector and sustainable environmental management for healthy, food secure, developed rural and urban communities in Gauteng.

Mission

To radically modernize and transform agriculture, the environment and rural development by:

- Promoting environmental protection and management;
- Expanding access to agricultural opportunities;
- Maximising food security;
- Up-scaling rural development;
- Promoting the One Health System; and
- Supporting sustainable livelihoods and communities.

2. Changes to programme purpose, objective and measures

No changes.

3. Summary of Adjusted Estimates of Departmental Expenditure 2016/17

TABLE 11.1: DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT

| R thousand | Main Appropriation | 2016/17 Adjustments | | | | | | | Total Adjustments | Adjusted Appropriation |
|--------------------------------------|--------------------|---|----------------------|------------------------|----------------------|---------------------------|------------------------------|--------------------------------|-------------------|------------------------|
| | | Function Shifts, Surrenders and Suspensions | Roll-overs: National | Roll-overs: Provincial | Virements and Shifts | Unforeseeable/unavoidable | Additional Funding: National | Additional Funding: Provincial | | |
| 1. Administration | 181 196 | | | | (1 500) | | | 5 000 | 3 500 | 184 696 |
| 2. Agriculture and Rural Development | 379 368 | | | | (1 200) | | | 4 500 | 3 300 | 382 668 |
| 3. Environmental Affairs | 217 289 | | | | 2 700 | | | 44 232 | 46 932 | 264 221 |
| Total for programmes | 777 853 | | | | | | | 53 732 | 53 732 | 831 585 |

| Economic classification | Main Appropriation | 2016/17 Adjustments | | | | | | | Total Adjustments | Adjusted Appropriation |
|---|--------------------|---|----------------------|------------------------|----------------------|---------------------------|------------------------------|--------------------------------|-------------------|------------------------|
| | | Function Shifts, Surrenders and Suspensions | Roll-overs: National | Roll-overs: Provincial | Virements and Shifts | Unforeseeable/unavoidable | Additional Funding: National | Additional Funding: Provincial | | |
| Current payments | 717 548 | | | | 3 161 | | | 52 232 | 55 393 | 772 941 |
| Compensation of employees | 409 708 | | | | (4 309) | | | | (4 309) | 405 400 |
| Salaries & wages | 355 684 | | | | (4 811) | | | | (4 811) | 350 874 |
| Social contributions | 54 024 | | | | 502 | | | | 502 | 54 526 |
| Goods and services | 307 840 | | | | 7 470 | | | 52 232 | 59 702 | 367 541 |
| Transfers and subsidies | 18 090 | | | | (8 920) | | | 1 500 | (7 420) | 10 671 |
| Departmental agencies and accounts | 12 847 | | | | (9 271) | | | | (9 271) | 3 577 |
| Higher education institutions | 4 210 | | | | (224) | | | | (224) | 3 986 |
| Public corporations and private enterprises | 400 | | | | | | | 1 500 | 1 500 | 1 900 |
| Households | 633 | | | | 575 | | | | 575 | 1 208 |
| Payments for capital assets | 42 214 | | | | 5 731 | | | | 5 731 | 47 945 |
| Buildings and other fixed structures | 30 839 | | | | 4 119 | | | | 4 119 | 34 958 |
| Machinery and equipment | 11 060 | | | | 1 612 | | | | 1 612 | 12 672 |
| Software and other intangible assets | 315 | | | | | | | | | 315 |
| Payments for financial assets | | | | | 28 | | | | 28 | 28 |
| Total economic classification | 777 853 | | | | | | | 53 732 | 53 732 | 831 585 |

The table above indicates the main appropriation and adjustments for the current financial year. The department was allocated an original budget of R777.9 million which comprises of the equitable share and conditional grants. An amount of R53.7 million is availed to the department to fund various clean development projects under the Gauteng Cleaner Production and Remediation programme financed by the Development Bank of Southern Africa (R39 million); Bontle ke Botho (BkB) greening campaigns (R5.2 million); completion of the hydroponics tunnels in De Deur Emfuleni as well as the establishment of the chicken processing facility in Kaalbasfontein (R2.5 million); tenant installation services at the department's new office building (R5 million) and the Ntirhisano food security programme (R2 million).

Funds amounting to R51 million are reprioritized and shifted within the programmes under compensation of employees to fill critical vacant posts within programmes and to goods and services to ease pressures within various items. Furthermore, funds are also moved from projects which are progressing slowly to projects that are ready for implementation.

4. Details of Adjustments to Estimates of Departmental Expenditure 2016/17

Programme 1: Administration

TABLE 11.2: PROGRAMME 1: ADMINISTRATION

| R thousand | Main Appropriation | 2016/17 Adjustments | | | | | | | Total Adjustments | Adjusted Appropriation |
|-----------------------------|--------------------|---|----------------------|------------------------|----------------------|---------------------------|------------------------------|--------------------------------|-------------------|------------------------|
| | | Function Shifts, Surrenders and Suspensions | Roll-overs: National | Roll-overs: Provincial | Virements and Shifts | Unforeseeable/unavoidable | Additional Funding: National | Additional Funding: Provincial | | |
| 1. Office of the MEC | 5 766 | | | | (1 435) | | | | (1 435) | 4 331 |
| 2. Senior Management | 25 987 | | | | (405) | | | | (405) | 25 582 |
| 3. Corporate Services | 74 604 | | | | (195) | | | | (195) | 74 409 |
| 4. Financial Management | 74 839 | | | | 535 | | | 5 000 | 5 535 | 80 374 |
| Total for programmes | 181 196 | | | | (1 500) | | | 5 000 | 3 500 | 184 696 |

| Economic classification | Main Appropriation | 2016/17 Adjustments | | | | | | | Total Adjustments | Adjusted Appropriation |
|--------------------------------------|--------------------|---|----------------------|------------------------|----------------------|---------------------------|------------------------------|--------------------------------|-------------------|------------------------|
| | | Function Shifts, Surrenders and Suspensions | Roll-overs: National | Roll-overs: Provincial | Virements and Shifts | Unforeseeable/unavoidable | Additional Funding: National | Additional Funding: Provincial | | |
| R thousand | | | | | | | | | | |
| Current payments | 176 314 | | | | (2 011) | | | 5 000 | 2 989 | 179 303 |
| Compensation of employees | 113 273 | | | | (1 300) | | | | (1 300) | 111 973 |
| Salaries & wages | 98 190 | | | | (1 515) | | | | (1 515) | 96 675 |
| Social contributions | 15 083 | | | | 215 | | | | 215 | 15 298 |
| Goods and services | 63 041 | | | | (711) | | | 5 000 | 4 289 | 67 330 |
| Transfers and subsidies | 1 176 | | | | 362 | | | | 362 | 1 538 |
| Departmental agencies and accounts | 962 | | | | (85) | | | | (85) | 877 |
| Households | 214 | | | | 447 | | | | 447 | 661 |
| Payments for capital assets | 3 706 | | | | 121 | | | | 121 | 3 827 |
| Machinery and equipment | 3 706 | | | | 121 | | | | 121 | 3 827 |
| Heritage assets | | | | | | | | | | |
| Payments for financial assets | | | | | 28 | | | | 28 | 28 |
| Total economic classification | 181 196 | | | | (1 500) | | | 5 000 | 3 500 | 184 696 |

TABLE 11.3: DETAILS OF VIREMENTS AND SHIFTS PER ECONOMIC CLASSIFICATION: PROGRAMME 1: ADMINISTRATION

| Economic classification | Motivation | From | Motivation | To |
|------------------------------------|--|----------------|--|--------------|
| Current payments | | (7 693) | | 5 682 |
| Compensation of employees | Funds are shifted due to delays in the appointment of Knowledge and Project Management staff and migration of some officials in MEC's office to the Department of Economic Development. | (4 000) | Funds shifted to cover shortfall in Communication branch due to filling of critical vacant posts. | 2 700 |
| Goods and services | Funds are shifted due to slow spending in: active litigation matters; Travel and subsistence costs due to fewer international trips by MEC; Venues and facilities due to events being held in cost free municipal venues; and Catering due to minimal catering services provided on stakeholder engagements, including contracts for maintenance and repairs that were delayed due to change in department's official buildings. | (3 693) | Funds shifted to cover computer services due to department moving offices, printing of business cards and publishing the braille annual report as well as rental of photocopying machines at regional offices. | 2 982 |
| Transfers and subsidies | | (85) | | 447 |
| Departmental agencies and accounts | Funds are shifted from budget for skills levy as all PSETA transfers have been paid. | (85) | | |

| Economic classification | Motivation | From | Motivation | To |
|--------------------------------------|------------|----------------|--|--------------|
| Households | | | Funds are provided for leave gratuity and injury on duty benefits. | 447 |
| Payments for capital assets | | | | 121 |
| Machinery and equipment | | | Funds are shifted to cover office furniture and portable PA system, including provision of microphones for HOD's office. | 121 |
| Payments for financial assets | | | Funds are shifted to cover for debts written off | 28 |
| Total economic classification | | (7 778) | | 6 278 |

Virements and shifts

An amount of R4 million from compensation of employees is shifted within the programme due to some officials in the office of the MEC who migrated to the Department of Economic Development. These funds will ease spending pressures at sub-programs level as a result of filling critical posts within the programme. The department shifted an amount of R3.7 million within goods and services due to cost-saving measures implemented on items such as legal services, travel and subsistence. Funds are reprioritised from contractors to cover computer services and office rentals due to the department's moving of offices; printing of business cards; and publishing the braille annual report.

The virement of R1.5 million is shifted to Programme 2: Agriculture and Rural Development which relates to BBBEE functions which were previously under Corporate Services.

Additional provincial funding: R5 million

An amount of R5 million is allocated to the department for the tenant installation services at the department's new office building.

Programme 2: Agriculture and Rural Development

TABLE 11.4: PROGRAMME 2: AGRICULTURE AND RURAL DEVELOPMENT

| R thousand | Main Appropriation | 2016/17 Adjustments | | | | | | | Total Adjustments | Adjusted Appropriation |
|--|--------------------|---|----------------------|------------------------|----------------------|---------------------------|------------------------------|--------------------------------|-------------------|------------------------|
| | | Function Shifts, Surrenders and Suspensions | Roll-overs: National | Roll-overs: Provincial | Virements and Shifts | Unforeseeable/unavoidable | Additional Funding: National | Additional Funding: Provincial | | |
| 1.Sustainable Resource Management | 39 244 | | | | (500) | | | | (500) | 38 744 |
| 2.Farmer Support & Development | 176 665 | | | | (2 700) | | | 2 000 | (700) | 175 965 |
| 3.Veterinary Services | 85 767 | | | | 500 | | | | 500 | 86 267 |
| 4.Research & Technology Development Services | 39 699 | | | | | | | | | 39 699 |
| 5.Agricultural Economics Services | 29 771 | | | | | | | 2 500 | 2 500 | 32 271 |
| 6.Rural Development and Coordination | 8 222 | | | | 1 500 | | | | 1 500 | 9 722 |
| Total for programme | 379 368 | | | | (1 200) | | | 4 500 | 3 300 | 382 668 |

| Economic classification | Main Appropriation | 2016/17 Adjustments | | | | | | | Total Adjustments | Adjusted Appropriation |
|--------------------------------|--------------------|---|----------------------|------------------------|----------------------|---------------------------|------------------------------|--------------------------------|-------------------|------------------------|
| | | Function Shifts, Surrenders and Suspensions | Roll-overs: National | Roll-overs: Provincial | Virements and Shifts | Unforeseeable/unavoidable | Additional Funding: National | Additional Funding: Provincial | | |
| Current payments | 354 994 | | | | 8 618 | | | 4 500 | 13 118 | 368 111 |
| Compensation of employees | 150 056 | | | | (1 400) | | | | (1 400) | 148 657 |
| Salaries & wages | 131 066 | | | | (1 025) | | | | (1 025) | 130 043 |
| Social contributions | 18 990 | | | | (375) | | | | (375) | 18 614 |
| Goods and services | 204 936 | | | | 10 018 | | | 4 500 | 14 518 | 219 454 |
| Transfers and subsidies | 16 705 | | | | (9 368) | | | | (9 368) | 7 338 |

| Economic classification | Main Appropriation | 2016/17 Adjustments | | | | | | | Total Adjustments | Adjusted Appropriation |
|---|--------------------|---|----------------------|------------------------|----------------------|---------------------------|------------------------------|--------------------------------|-------------------|------------------------|
| | | Function Shifts, Surrenders and Suspensions | Roll-overs: National | Roll-overs: Provincial | Virements and Shifts | Unforeseeable/unavoidable | Additional Funding: National | Additional Funding: Provincial | | |
| R thousand | | | | | | | | | | |
| Provinces and municipalities | | | | | | | | | | |
| Departmental agencies and accounts | 11 885 | | | | (9 186) | | | | (9 186) | 2 700 |
| Higher education institutions | 4 210 | | | | (224) | | | | (224) | 3 986 |
| Public corporations and private enterprises | 400 | | | | | | | | | 400 |
| Households | 210 | | | | 42 | | | | 42 | 252 |
| Payments for capital assets | 7 669 | | | | (450) | | | | (450) | 7 219 |
| Machinery and equipment | 7 354 | | | | (450) | | | | (450) | 6 904 |
| Software and other intangible assets | 315 | | | | | | | | | 315 |
| Payments for financial assets | | | | | | | | | | |
| Total economic classification | 379 368 | | | | (1 200) | | | 4 500 | 3 300 | 382 668 |

TABLE 11.5 DETAILS OF VIREMENTS AND SHIFTS PER ECONOMIC CLASSIFICATION: PROGRAMME 2: AGRICULTURE AND RURAL DEVELOPMENT

| Economic classification | Motivation | From | Motivation | To |
|--------------------------------------|--|-----------------|--|---------------|
| Current payments | | (13 302) | | 21 920 |
| Compensation of employees | Funds are shifted due to delays in the approval for appointment of new extension officers and other staff categories in Land Care sub-programme. | (3 200) | Funds are shifted to cover expenditure for compensation of employees in Rural Development due to the disbanded Transformation Unit because functions and personnel moved to Rural Development. | 1 800 |
| Goods and services | Funds are shifted due to: Costs over-estimation for the establishment of the new Agri park; less fuel and oil consumed as tractors were not fully operational due to the drought season; livestock census project completed in a day which was less than anticipated; and budget for training of farmers centralised under Extension Recovery. | (10 102) | Funds are shifted to cover: Tractors audit, evaluation and verification costs for operational status; on-farm infrastructure such as piggery, poultry and shade nets structures in Sedibeng, Westrand and City of Tshwane; Agri parks maintenance; training and capacity building for smallholder farmers as well as office rentals. | 20 120 |
| Interest and rent on land | | | | |
| Transfers and subsidies | | (9 410) | | 42 |
| Departmental agencies and accounts | Funds are shifted due to budget for Agricultural Information Management System incorrectly allocated. Funds were already transferred to departmental agency National Agricultural Marketing Council (NAMC) in 2015/16. | (9 186) | | |
| Higher education institutions | Funds are shifted due to the budget allocated to higher education institutions is more than the proposal received from higher education institutions. | (224) | | |
| Households | | | Funds are shifted to cover for leave gratuity benefits and unexpected injury on duty. | 42 |
| Payments for capital assets | | (3 266) | | 2 816 |
| Machinery and equipment | Funds are shifted from budget for computers due to delays in submission of approvals to effect appointments, as well as farming activities that are no longer a priority because of the drought. | (3 266) | Funds are shifted to cover diagnostic equipment's for mobile clinics in the South and West corridors of Gauteng | 2 816 |
| Payments for financial assets | | | | |
| Total economic classification | | (25 978) | | 24 778 |

Virements and shifts

An amount of R3.2 million is shifted within compensation of employees due to delays in approval for appointment of new extension officers to ease spending pressure at sub-programs level and to fill critical posts within the programme. An amount of R10 million is shifted within goods and services to fund on-farm infrastructure such as piggery, poultry and shade nets structures which will optimize farm production at Sedibeng, Westrand and City of Tshwane developmental corridor. These funds will allow an increase in training and capacity building for emerging small farmers. Lastly, provision is made to Rural Social Compact implementation and construction of boreholes.

Furthermore, an amount of R9 million a once-off allocation erroneously captured under Agricultural Information Management System under transfers and subsidies. The funds were already transferred to departmental agency in 2015 and is shifted to goods and services for the Agri park maintenance services and South African society for agricultural extension (SASAE) conference and symposium. Funds amounting to R3 million are shifted within capital assets to fund diagnostic equipment for mobile clinics in the South and West corridors of Gauteng.

The virement of R1.5 million is received from Administration programme due to migration of transformation officials from Corporate Services to the Rural Development sub-programme.

Additional provincial funding: R4.5 million

An amount of R4.5 million is received as additional funding in this programme. An amount of R2.5 million is surrendered by Rand Water Foundation which relates to the construction of hydroponic tunnels in De Deur Emfuleni in 2014/15 as well as the establishment of the chicken processing facility in Kaalbasfontein. The projects contribute to the development and upgrading of agro-processing infrastructure in order to comply with the food safety standards. In addition, an amount of R2 million is allocated for production inputs such as vegetable seedlings, broilers and potato tubers for household food security, a project that is linked to Ntirhisano Food Security programme.

Programme 3: Environmental Affairs

TABLE 11.6: PROGRAMME 3: ENVIRONMENTAL AFFAIRS

| R thousand | Main Appropriation | 2016/17 Adjustments | | | | | | | Total Adjustments | Adjusted Appropriation |
|---|--------------------|---|----------------------|------------------------|----------------------|---------------------------|------------------------------|--------------------------------|-------------------|------------------------|
| | | Function Shifts, Surrenders and Suspensions | Roll-overs: National | Roll-overs: Provincial | Virements and Shifts | Unforeseeable/unavoidable | Additional Funding: National | Additional Funding: Provincial | | |
| 1.Environment Policy, Planning and Coordination | 17 432 | | | | 1 100 | | | 34 668 | 35 768 | 53 200 |
| 2.Compliance and Enforcement | 41 067 | | | | (2 950) | | | | (2 950) | 38 117 |
| 3.Environmental Quality Management | 42 005 | | | | 11 570 | | | 9 564 | 21 134 | 63 139 |
| 4.Biodiversity Management | 116 785 | | | | (7 020) | | | | (7 020) | 109 765 |
| Total for Programmes | 217 289 | | | | 2 700 | | | 44 232 | 46 932 | 264 221 |

| Economic classification | Main Appropriation | 2016/17 Adjustments | | | | | | | Total Adjustments | Adjusted Appropriation |
|---------------------------|--------------------|---|----------------------|------------------------|----------------------|---------------------------|------------------------------|--------------------------------|-------------------|------------------------|
| | | Function Shifts, Surrenders and Suspensions | Roll-overs: National | Roll-overs: Provincial | Virements and Shifts | Unforeseeable/unavoidable | Additional Funding: National | Additional Funding: Provincial | | |
| Current payments | 186 241 | | | | (3 446) | | | 42 732 | 39 286 | 225 527 |
| Compensation of employees | 146 379 | | | | (1 609) | | | | (1 609) | 144 770 |
| Salaries & wages | 126 427 | | | | (2 271) | | | | (2 271) | 124 156 |
| Social contribution | 19 952 | | | | 662 | | | | 662 | 20 614 |

| Economic classification | Main Appropriation | 2016/17 Adjustments | | | | | | | Total Adjustments | Adjusted Appropriation |
|---|--------------------|---|----------------------|------------------------|----------------------|---------------------------|------------------------------|--------------------------------|-------------------|------------------------|
| | | Function Shifts, Surrenders and Suspensions | Roll-overs: National | Roll-overs: Provincial | Virements and Shifts | Unforeseeable/unavoidable | Additional Funding: National | Additional Funding: Provincial | | |
| R thousand | | | | | | | | | | |
| Goods and services | 39 832 | | | | (1 837) | | | 42 732 | 40 895 | 80 757 |
| Transfers and subsidies | 209 | | | | 86 | | | 1 500 | 1 586 | 1 795 |
| Public corporations and private enterprises | | | | | | | | 1 500 | 1 500 | 1 500 |
| Households | 209 | | | | 86 | | | | 86 | 295 |
| Payments for capital assets | 30 839 | | | | 6 060 | | | | 6 060 | 36 899 |
| Buildings and other fixed structures | 30 839 | | | | 4 119 | | | | 4 119 | 34 958 |
| Machinery and equipment | | | | | 1 941 | | | | 1 941 | 1 941 |
| Total economic classification | 217 289 | | | | 2 700 | | | 44 232 | 46 932 | 264 221 |

TABLE 11.7: DETAILS OF VIREMENTS AND SHIFTS PER ECONOMIC CLASIFICATION: PROGRAMME 3: ENVIRONMENTAL AFFAIRS

| Economic classification | Motivation | From | Motivation | To |
|--------------------------------------|---|-----------------|--|---------------|
| Current payments | | (21 364) | | 17 918 |
| Compensation of employees | Funds are shifted from the budget of Infrastructure Development Management System (IDMS) capacity building due to slow progress in the recruitment process. Funds are also shifted from Conservation agencies sub-programme as the budget for compensation of employees is adequately funded. | (9 970) | Funds are shifted to fund shortfalls in compensation of employees due to filling of critical vacant posts. | 8 361 |
| Goods and services | Funds are shifted due to implementation of saving measures on items: Travel and subsistence - fewer travelling claims processed due to vacant posts; communications due to usage limits given to officials' telephones; property payments as overhead expenditure adequately funded; and from the budget of IDMS infrastructure projects which was incorrectly classified as contractors. | (11 394) | Funds are shifted to cover: Advertising costs for climate change event; shortfall on Environmental Impact Assessment (EIA) review system support; Bontle ke Botho campaigns; purchases of animals feed in the departmental nature reserves due to drought; MEC EIA open day; and cleaning materials for chalets in the departmental nature reserves. | 9 557 |
| Transfers and subsidies | | | | 86 |
| Households | | | Funds are shifted to cover for injury on duty and leave gratuity benefits. | 86 |
| Payments for capital assets | | | | 6 060 |
| Buildings and other fixed structures | | | Funds are shifted to cover shortfall in budget for the IDMS projects such as southern waterline, new pipe network and renovation of oxidation tank at nature reserves which were wrongly classified as contractors. | 4 119 |
| Machinery and equipment | | | Funds are shifted to cover accrual expenditure for motor vehicles. | 1 941 |
| Payments for financial assets | | | | |
| Total economic classification | | (21 364) | | 24 064 |

Virements and shifts

An amount of R10 million on compensation of employees is shifted, whereby R5 million is shifted within programme to ease spending pressure at sub-programs level and to fill critical vacant posts within the programme while an amount of R4.8 million is shifted from compensation of employees' budget for IDMS capacity building due to slow progress in the recruitment process to goods and services to make provision for Bontle ke Botho campaigns.

An amount of R4.7 million is shifted within goods and services for advertising costs for climate change event to cover shortfalls on Environmental Impact Assessment (EIA) review system support, make provision for purchases of animals feed in the departmental nature reserves as a result of drought and also cater for MEC EIA open day.

An amount of R6 million is shifted from goods and services to capital assets to make provision for the shortfall in the budget for the IDMS projects such as southern waterline; new pipe network; renovation of oxidation tank at nature reserves as well as machinery; and equipment in the form of motor vehicles.

The virement received by this programme amount to R2.7 million to fund shortfall in compensation of employees and make provision for the filling of critical posts.

Additional provincial funding: R44.2 million

An amount of R39 million was received from the Development Bank of Southern Africa (DBSA) Gauteng Cleaner Production and Remediation funds. An amount to the tune of R34.6 million will be disbursed under Environment Policy, Planning and Coordination sub-programme to implement the projects as follows :

- R1.5 million will be transferred to Council of Scientific and Industrial Research (CSIR) National Cleaner Production to co-fund the Gauteng Industrial Symbiosis Programme (GISP) which will contribute to waste minimization and cleaner production. The cleaner production project is in partnership with the National Cleaner Production Centre of South Africa which is a national programme that promotes the implementation of resource efficiency and cleaner production methodologies to assist industry to lower costs through reduced energy, water and materials usage, and waste management.
- R30 million for pilot project to integrate Gauteng waste pickers into the main waste economy by developing and undertaking material, marketing and finance for waste pickers, procurement of trikes such as Kariki - waste collection motorized transport. This is a flagship TER initiative that is about transforming the waste sector and bring the actors in the economic periphery that are marginalized and excluded from the main core of the waste economy.
- An amount of R2.5 million makes provision for developing a Gauteng City Region Climate Change Strategy which is in line with the Transformation, Modernization and Re-industrialization mandate of the province in order to change the Gauteng City Region into a low carbon economic footpath in line with the vision of the National Development Plan 2030 objective of sustainable development.
- Furthermore, funds to the value of R9.5 million are allocated to Environmental Quality Management and are disaggregated as follows:
- The department has been allocated an amount of R5.2 million for implementation of the Bontle ke Botho campaigns (BKB) through implantation of rehabilitating dump sites, greening and green cadet programmes. The programme aims to mobilize unemployed youth in the province, intensify education and awareness that will help community members at all levels gain the necessary knowledge, skills, attitude and values that enable them to participate meaningfully in addressing complex waste management and greening issues in their communities.
- An amount of R2.3 million from the DBSA is allocated for modernization and upgrading of the 31 Gauteng Air Quality Monitoring Infrastructure.
- Lastly, the department allocated R2 million to update the Gauteng air quality management plan ensuring air quality monitoring, modelling and mapping of pollution.

5. Expenditure 2015/16 and preliminary expenditure 2016/17

TABLE 11.8: EXPENDITURE 2015/16 AND PRELIMINARY EXPENDITURE 2016/17

| Department | 2015/16 | | | | 2016/17 | | |
|--------------------------------------|------------------------|-----------------------------|-------------------------|--|-------------------------|---------------------------|------------------------------|
| | Expenditure Outcome | | | | Preliminary expenditure | | |
| | Adjusted appropriation | April 2015 - September 2015 | April 2015 - March 2016 | April 2015 - March 2016 as a % of adjusted appropriation | Adjusted appropriation | April 2016-September 2016 | % change 15/16-16/17 Apr-Sep |
| R thousand | | | | | | | |
| 1. Administration | 174 919 | 83 184 | 173 025 | 100% | 184 696 | 95 348 | 15% |
| 2. Agriculture and Rural Development | 431 785 | 116 419 | 434 443 | 101% | 382 668 | 149 204 | 28% |
| 3. Environmental affairs | 205 236 | 77 128 | 203 968 | 100% | 264 221 | 104 960 | 36% |
| Total | 811 940 | 276 731 | 811 436 | 100% | 831 585 | 349 512 | 26% |

| Department | 2015/16 | | | | 2016/17 | | |
|---|------------------------|-----------------------------|-------------------------|--|-------------------------|---------------------------|------------------------------|
| | Expenditure Outcome | | | | Preliminary expenditure | | |
| | Adjusted appropriation | April 2015 - September 2015 | April 2015 - March 2016 | April 2015 - March 2016 as a % of adjusted appropriation | Adjusted appropriation | April 2016-September 2016 | % change 15/16-16/17 Apr-Sep |
| R thousand | | | | | | | |
| Current payments | 729 608 | 253 862 | 732 764 | 101% | 772 941 | 320 778 | 26% |
| Compensation of employees | 379 178 | 186 171 | 382 201 | 100% | 405 400 | 196 958 | 6% |
| Goods and Services | 350 430 | 67 691 | 350 563 | 102% | 367 541 | 123 820 | 83% |
| Transfers and subsidies | 26 245 | 9 651 | 26 846 | 102% | 10 671 | 5 542 | (43%) |
| Provinces and municipalities | 9 816 | 2 901 | 8 230 | 84% | | 2 376 | (18%) |
| Departmental agencies and accounts | 6 324 | 2 234 | 12 354 | 195% | 3 577 | 2 786 | (25%) |
| Higher education institutions | 3 806 | 2 786 | 3 786 | 99% | 3 986 | | (100%) |
| Public corporations & private enterprises | 5 703 | 1 000 | 1 000 | 18% | 1 900 | | (100%) |
| Households | 596 | 730 | 1 476 | 248% | 1 208 | 380 | |
| Payments for capital assets | 56 087 | 13 213 | 51 797 | 92% | 47 945 | 23 164 | 75% |
| Buildings and other fixed structures | 20 892 | 1 051 | 18 647 | 89% | 34 958 | 18 283 | 1640% |
| Machinery and equipment | 33 195 | 12 162 | 33 069 | 100% | 12 672 | 4 881 | (60%) |
| Software and other intangible assets | 2 000 | | 81 | 4% | 315 | | |
| Payments for financial assets | | 5 | 30 | | 28 | 28 | 460% |
| Total economic classification | 811 940 | 276 731 | 811 437 | 100% | 831 585 | 349 512 | 26% |

Expenditure trend for 2015/16

In the 2015/16 financial year, the department spent 100 per cent of its total adjusted budget allocation. The department initially received an allocation of R707 million which was then adjusted to R811 million.

Compensation of Employees

The department has spent the entire budget of R382 million which is equivalent to 100 per cent of its adjusted budget allocation. The department received an additional R15 million during adjustment budget to fill critical funded posts.

Goods and Services

The department spent R351 million with 2 per cent overspending of the R350 million adjusted budget allocated. The overspending is mainly due to removal of alien vegetation and waste management permaculture projects which were implemented through the tender process and were awarded in the third quarter. These projects were finalised in the fourth quarter. And therefore, expenditure increased drastically for the fourth quarter of the financial year.

Transfers and Subsidies

The department transferred R27 million which is equivalent to 102 per cent of the budget allocation. The transfers were as follows; R8 million to municipalities for maintenance of mechanisation inputs; R2 million to the Agricultural Research Council (ARC) for diagnostic laboratory services and research agenda projects; R9 million to the National Agricultural Marketing Council (NAMC) for information management systems project; R734 948 to the Agriseta and Cathseta for skills development levy; R4 million to Higher Education and Institutions for researches and bursaries; R1 million to Rand Water Foundation for Mma Tsepo Khumbane (MTK) awards; and expenditure incurred under Households relates to leave gratuity and injury on duty.

Payments for Capital Assets

The department spent R52 million which is equivalent to 92 per cent of its adjusted budget allocation. R29 million of the total expenditure on capital asset relates to infrastructure projects which were implemented in partnership with DID. The departmental expenditure of R25.8 million relates to acquisition of poultry and red meat mobile abattoirs and acquisition of desktop laptops and motor vehicles.

Expenditure trends for the first half of 2016/17

Compensation of Employees

The department spent R197 million of the main appropriation which is equivalent to 48 per cent. The 2 per cent under expenditure is attributed to the fact that performance bonuses for the 2016/17 financial year have not been paid.

Goods and Services

The department spent R124 million of the main appropriation which is equivalent to 40 per cent. The underspending is due to the fact that from the 1 July 2016, all infrastructure projects are required to follow the National Treasury IDMS process when undertaking infrastructure delivery. The IDMS requires the services of registered qualified Engineers, Architects, Town-Planners, and Quantity Surveyors to sign-off all TOR's and monitor these projects for delivery. GDARD has already started the process of creating a complete structure for infrastructure delivery. This is currently with DPSA awaiting approval. Furthermore, the department has issued a tender for the appointment of professional services for built environment in order to mitigate the current year projects.

Transfers and Subsidies

The department transferred R6 million of the main appropriation which is equivalent to 60 per cent. The expenditure incurred under households amounting to R380 000 relates to leave gratuity. The total amount of R876 000 under departmental agencies and accounts expenditure relates to skills development transferred to Agri Seta and Cath Seta, and R1.5 million was transferred to Agricultural Research Council (ARC) for diagnostic laboratory services. Lastly, an amount of R2.7 million was transferred to higher education institutions for research and bursaries.

Payments for Capital Assets

The department spent R23 million of the main appropriation which translates to 46 per cent.

6. Departmental receipts check percentages in the table and content

TABLE 11.9: DEPARTMENTAL RECEIPTS

| Department | 2015/16 Audited Outcome | | | | 2016/17 Actual Receipts | | |
|---|----------------------------|-----------------------|-----------------------|--|----------------------------|-------------------|------------------------------|
| R thousand | Adjusted appropriation | April 2015 - Sep 2015 | April 2015 - Mar 2016 | April 2015 - March 2016 as a % of adjusted appropriation | Adjusted appropriation | Apr 2016-Sep 2016 | % change 15/16-16/17 Apr-Sep |
| Tax receipts | | | | | | | |
| Sales of goods and services other than capital assets | 1 850 | 1 618 | 7 218 | 390% | 8 140 | 5 574 | 244% |
| Transfers received | | | | | | | |
| Fines, penalties and forfeits | | | | | 6 468 | | |
| Interest, dividends and rent on land | 4 | 4 | 7 | 0% | 5 | 7 | |
| Sales of capital assets | | | | | | | |
| Financial transactions in assets and liabilities | | 189 | 819 | | 200 | 1 374 | 627% |
| Total | 1 854 | 1 811 | 8 044 | 390% | 14 813 | 6 955 | 871% |

Revenue trends for the first half of 2016/17

The table above shows the contribution of each revenue source towards the total revenue generated as at the end of the second quarter of the 2016/17 financial year. The revenue estimates from the previous financial year has increased from R1.8 million to R14.8 million. This high escalation is due to revenue collected from departmental services which was previously in the Cost Recovery Trading Account; which is currently collected in the department's account. Revenue collection for the current financial year as at 30 September was R6.9 million which represents a huge growth when compared to the 2015/16 financial year in the second quarter.

The department is not adjusting the 2016/17 main appropriation. Own revenue generated from sales of goods and services increased from R1.6 million to R5.5 million in 2015/16 and 2016/17 financial years. This item consists of staff parking and accommodation, environmental authorisation application fees and commission insurance. Financial transactions in assets and liabilities increased collections from R189 000 to R1.4 million between the two financial years for the period under review. This consists of recoveries from previous year's expenditure and private sector debt and recoveries.

7. Changes to transfers and subsidies, conditional grants and infrastructure

7.1 Changes to transfers and subsidies

TABLE 11.10 CHANGES TO TRANSFERS AND SUBSIDIES

| R thousand | Main Appropriation | 2016/17 Adjustments | | | | | | | Total Adjustments | Adjusted Appropriation |
|---|--------------------|---|----------------------|------------------------|----------------------|---------------------------|------------------------------|--------------------------------|-------------------|------------------------|
| | | Function Shifts, Surrenders and Suspensions | Roll-overs: National | Roll-overs: Provincial | Virements and Shifts | Unforeseeable/unavoidable | Additional Funding: National | Additional Funding: Provincial | | |
| Programme 1: | 1 176 | | | | 362 | | | | 362 | 1 538 |
| Departmental Agencies and accounts | 962 | | | | (85) | | | | (85) | 877 |
| Households | 214 | | | | 447 | | | | 447 | 661 |
| Programme 2: | 16 706 | | | | (9 368) | | | | (9 368) | 7 338 |
| Departmental Agencies and accounts | 11 886 | | | | (9 186) | | | | (9 186) | 2 700 |
| Higher education institutions | 4 210 | | | | (224) | | | | (224) | 3 986 |
| Public corporations and private enterprises | 400 | | | | | | | | | 400 |
| Households | 210 | | | | 42 | | | | 42 | 252 |
| Programme 3: | 209 | | | | 86 | | | | 1 586 | 1 795 |
| Households | 209 | | | | 86 | | | | 86 | 295 |
| Departmental Agencies and accounts | | | | | | | | 1 500 | 1 500 | 1 500 |
| Total changes in transfer payments | 18 091 | | | | (8 920) | | | 1 500 | (7 420) | 10 671 |

Virements and shifts

Departmental agencies and accounts is reduced by R8.7 million since this amount was transferred to NAMC for Agricultural Information Management System in the previous financial year. Provision made under households is for leave gratuity and injury on duty anticipated expenditure. Funds allocated to higher education institutions is more than the amount in the proposals received from higher education institutions, as such an amount of R224 000 is moved from this item.

Additional provincial funding: R1.5 million

An additional funding of R1.5 million under Public Corporations & Private Enterprises will be transferred to Council for Scientific and Industrial Research (CSIR) to co-fund the Gauteng Industrial Symbiosis project (GISP) which contributes to waste minimisation and cleaner production.

7.2 Changes to Infrastructure

Refer to 2016 Adjusted Estimates of Capital Expenditure (AECE)

